J.P. Morgan 2015 Insurance Conference

March 18, 2015 | New York

UNUM GROUP®

Safe Harbor Statement and Non-GAAP Financial Measures

Certain information in this presentation constitutes "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 and speak only as of the date made. These forward-looking statements, including statements about growth in after-tax operating income per share, weighted average risk-based capital ratios and cash and marketable securities, and premium income growth are subject to numerous assumptions, risks, and uncertainties, many of which are beyond our control. 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) sustained periods of low interest rates; (2) fluctuation in insurance reserve liabilities and claim payments due to changes in claim incidence, recovery rates, mortality rates, morbidity rates, and policy benefit 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;(3) unfavorable economic or business conditions, both domestic and foreign; (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) increased competition from other insurers and financial services companies due to industry consolidation, new entrants to our markets, or other factors; (8) changes in our financial strength and credit ratings; (9) damage to our reputation due to, among other factors, regulatory investigations, legal proceedings, external events, and/or inadequate or failed internal controls and procedures; (10) actual experience that deviates from our assumptions used in pricing, underwriting, and reserving; (11) actual persistency and/or sales growth that is higher or lower than projected; (12) 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; (13) effectiveness of our risk management program; (14) contingencies and the level and results of litigation; (15) availability of reinsurance in the market and the ability of our reinsurers to meet their obligations to us; (16) 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; (17) changes in accounting standards, practices, or policies; (18) fluctuation in foreign currency exchange rates; (19) ability to generate sufficient internal liquidity and/or obtain external financing; (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 about 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, 2014. The forward-looking statements in this press release are being made as of the date of this press release, and the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein, even if made available on our website or otherwise.

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 after-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.

Introduction

Unum Group

INTRODUCTION

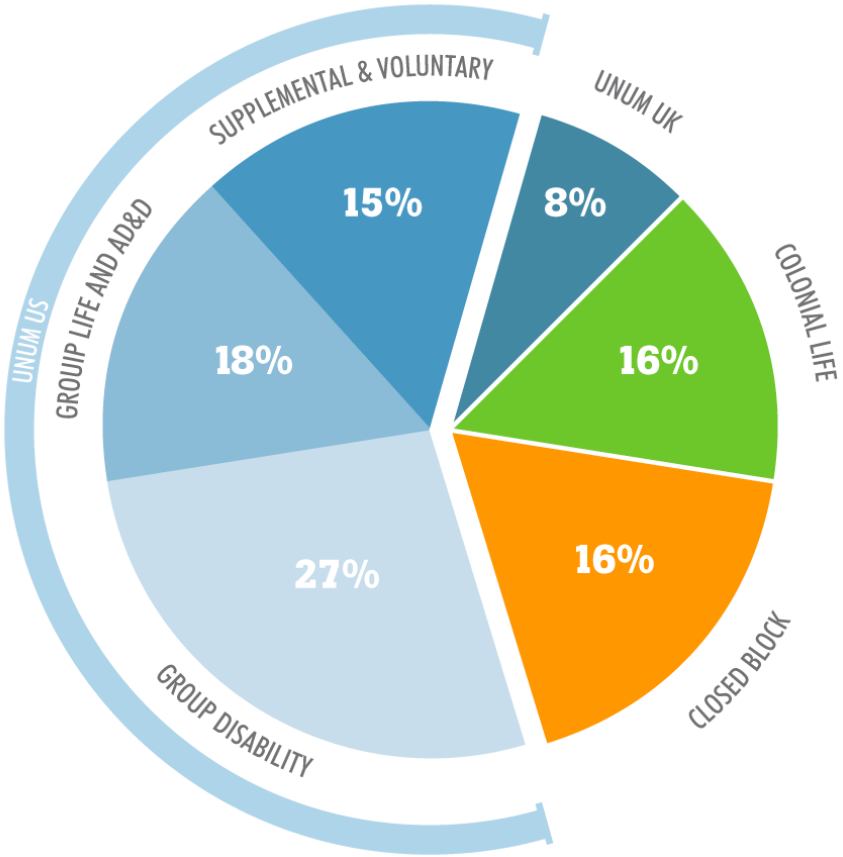
- Fortune 500 Company
- Leading market positions in US and UK
- Broad range of Employee Benefits solutions
- Multiple Distribution Platforms
- Over 25 million individual customers

Introduction

DIVERSIFIED EMPLOYEE BENEFITS PROVIDER

DISTRIBUTION OF PREMIUM INCOME

year ended 2014



FINANCIAL INFORMATION

year ended 2014

- After-tax Operating Earnings $899.1 million ($3.51 per share)
- Revenues – $10.5 billion
- Operating Return on Equity – 11.3%
- Book Value Per Share (excluding AOCI) $33.12

Introduction

TREMENDOUS NEED FOR OUR PRODUCTS

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

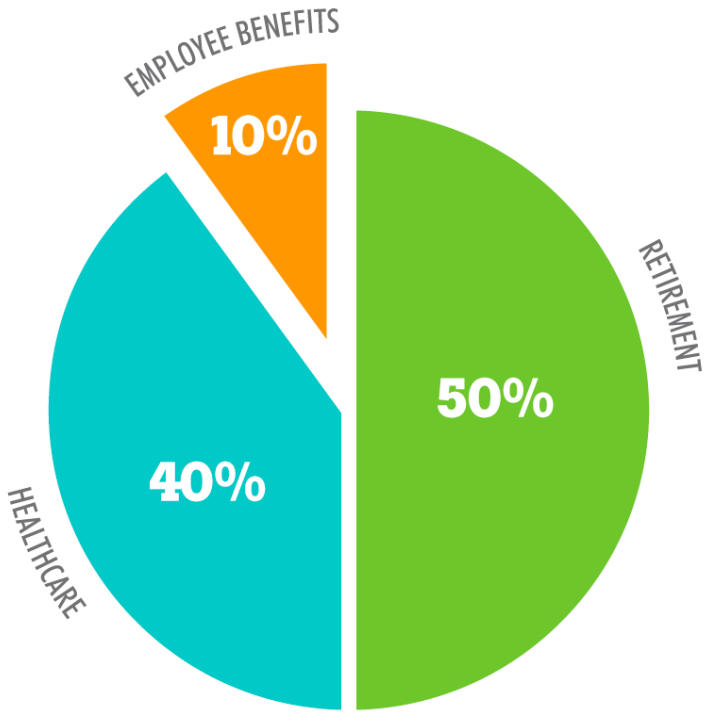
GOVERNMENT PRESSURES MOUNT

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

Introduction

EMPLOYEE BENEFITS AT THE WORKPLACE

DOLLARS SPENT AT WORKPLACE



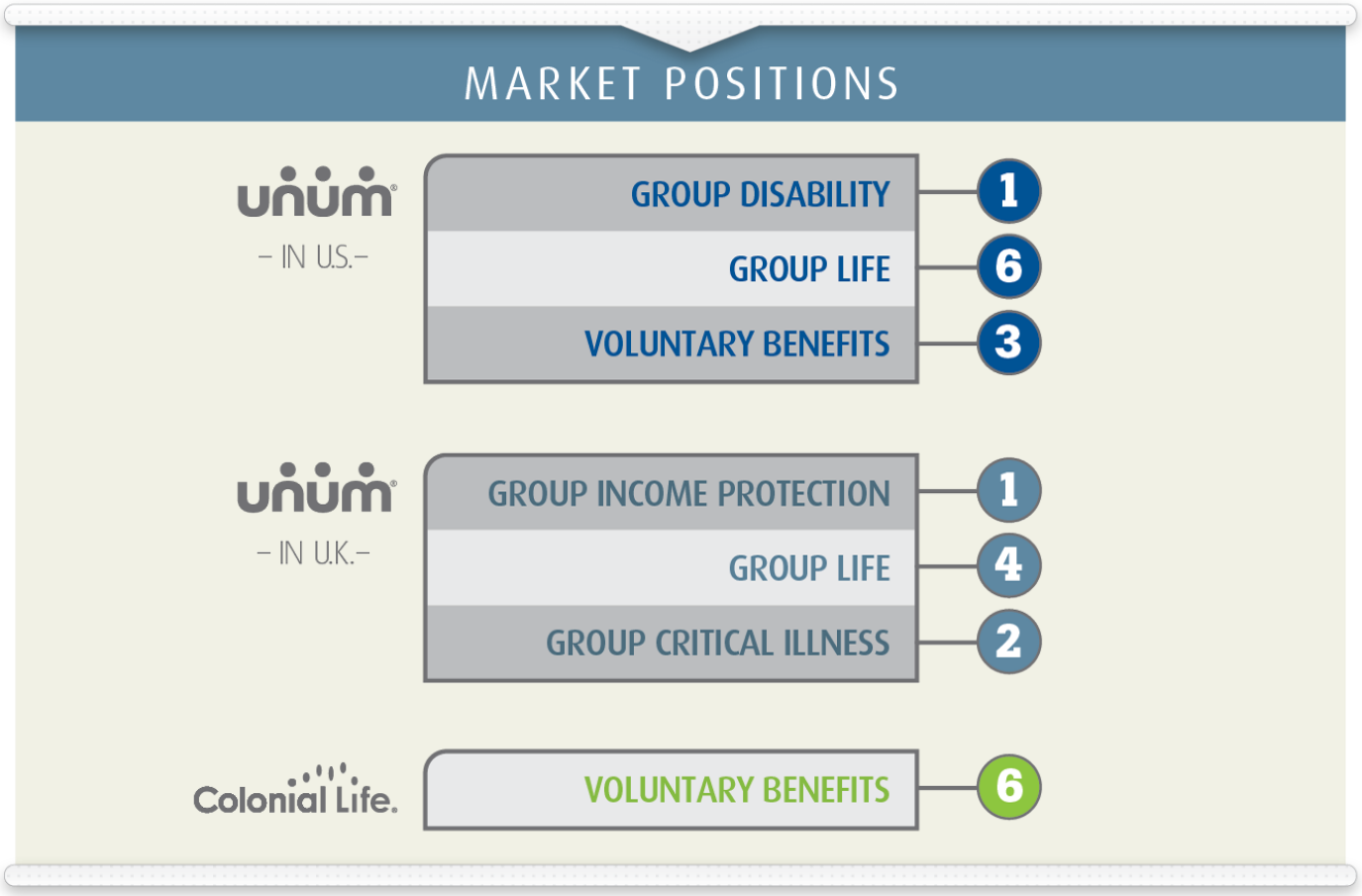
THE WORKPLACE IS A POWERFUL DISTRIBUTION CHANNEL

78%	LIFE
90%	DISABILITY
91%	RETIREMENT SAVINGS
84%	HEALTHCARE

Source: EBRI Databook on Employee Benefits; Updated December 2011

Introduction

LEADING MARKET POSITIONS

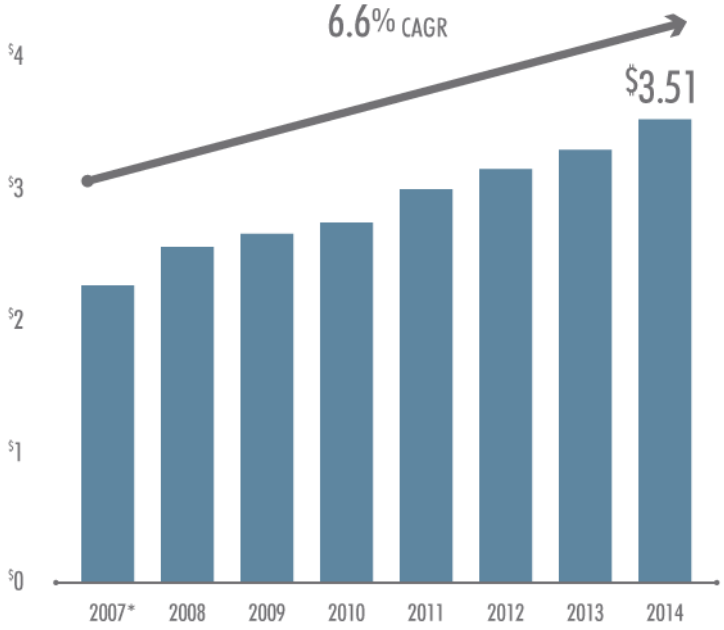


All Market Positions Based on inforce premiums.

Introduction

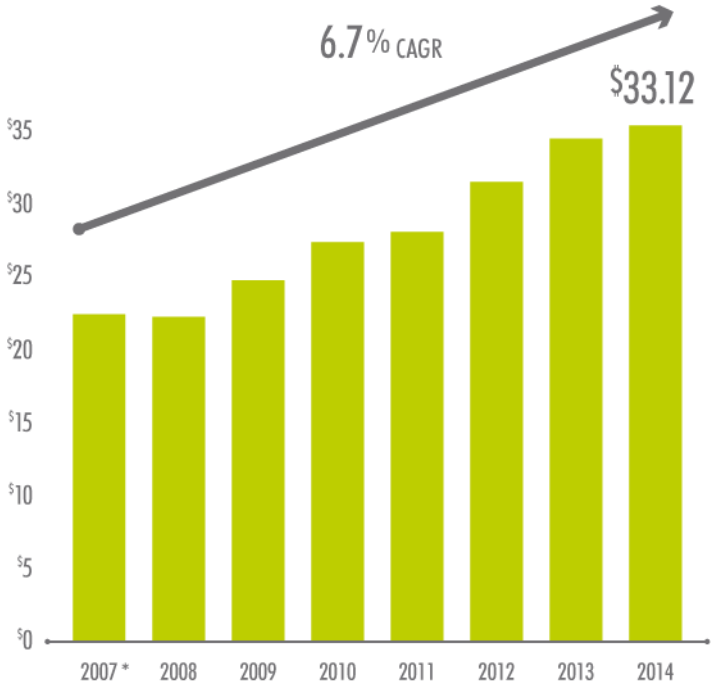
CONSISTENT GROWTH IN EPS AND BVPS

OPERATING EPS



BOOK VALUE PER SHARE

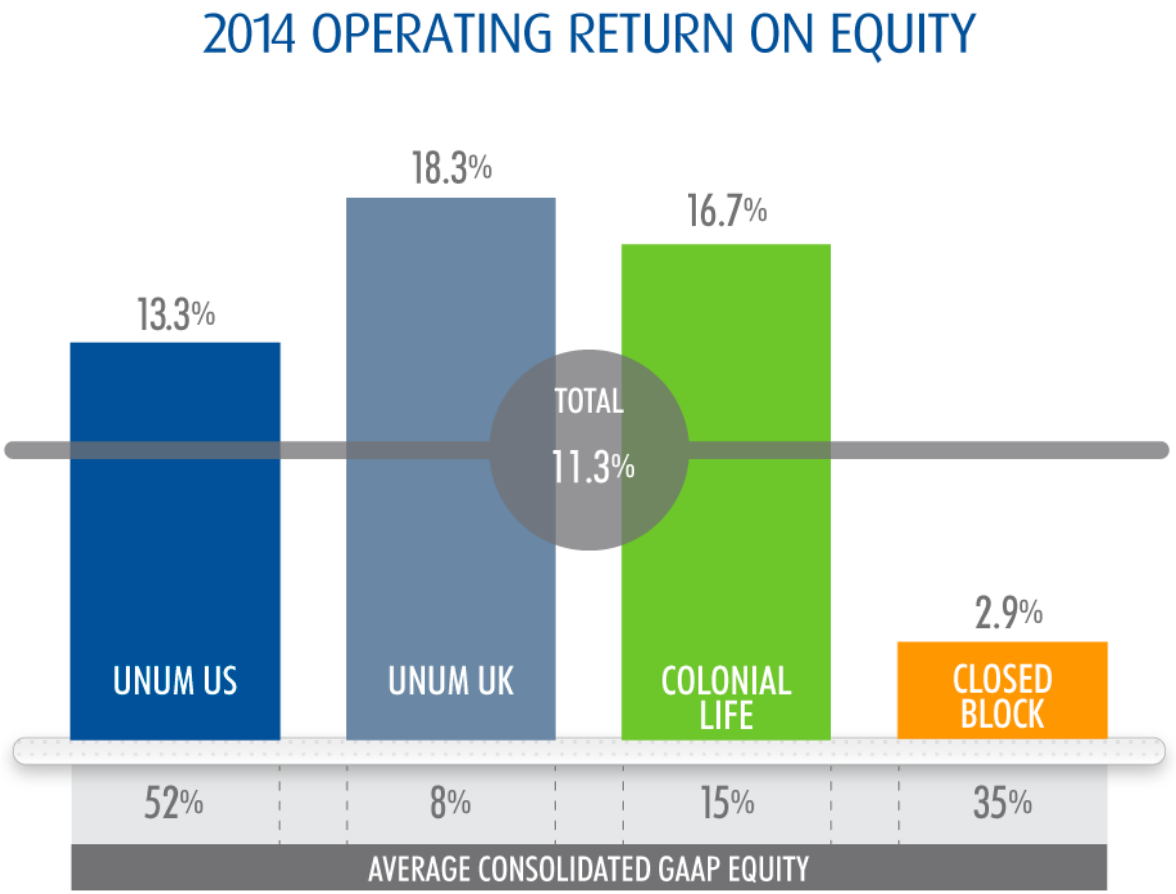
(ex AOCI)



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

Introduction

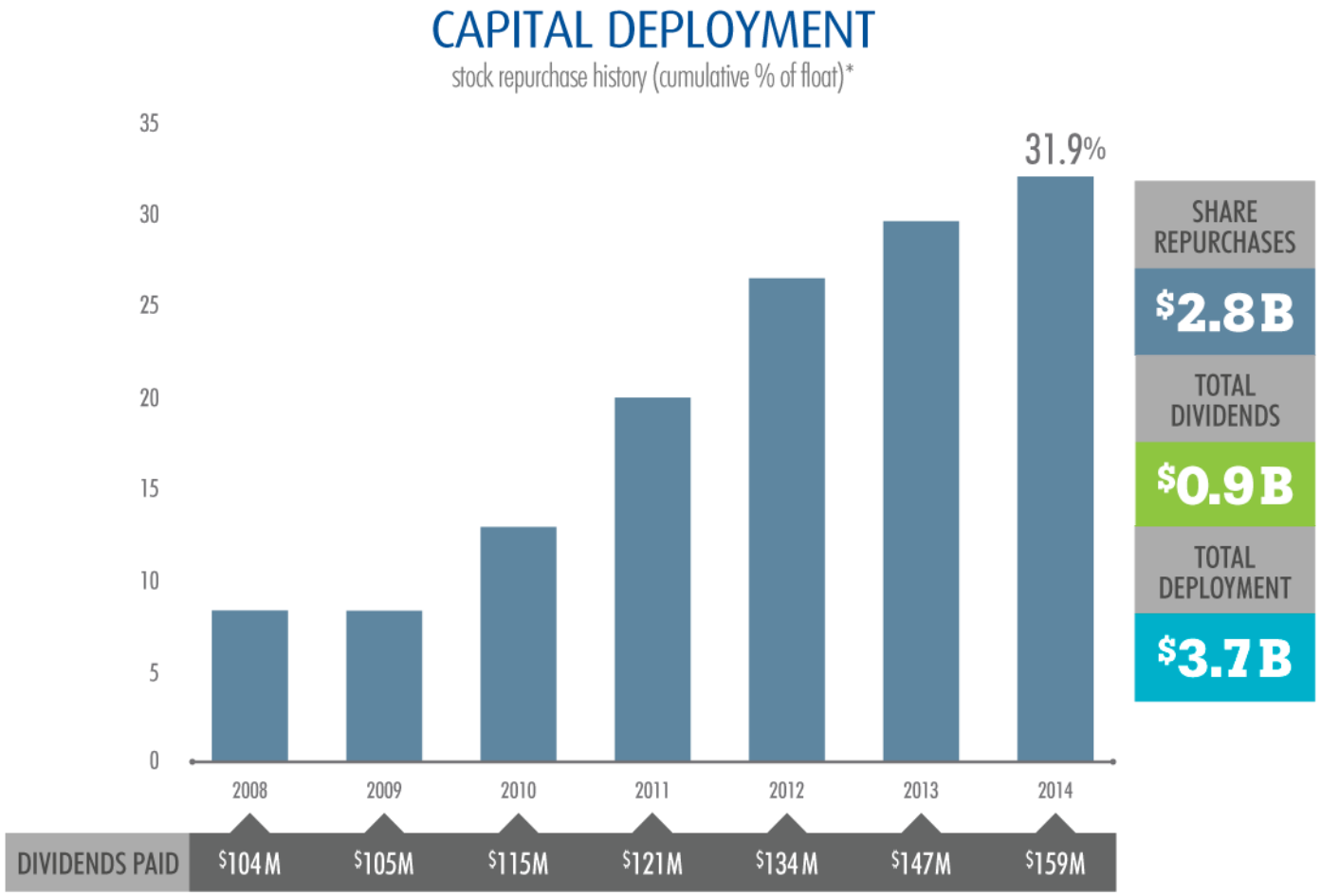
STRONG RETURN ON EQUITY



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

Introduction

A TRACK RECORD OF CONSISTENT AND PREDICTABLE CAPITAL DEPLOYMENT



*December 31, 2007 common shares outstanding.

Operating Performance

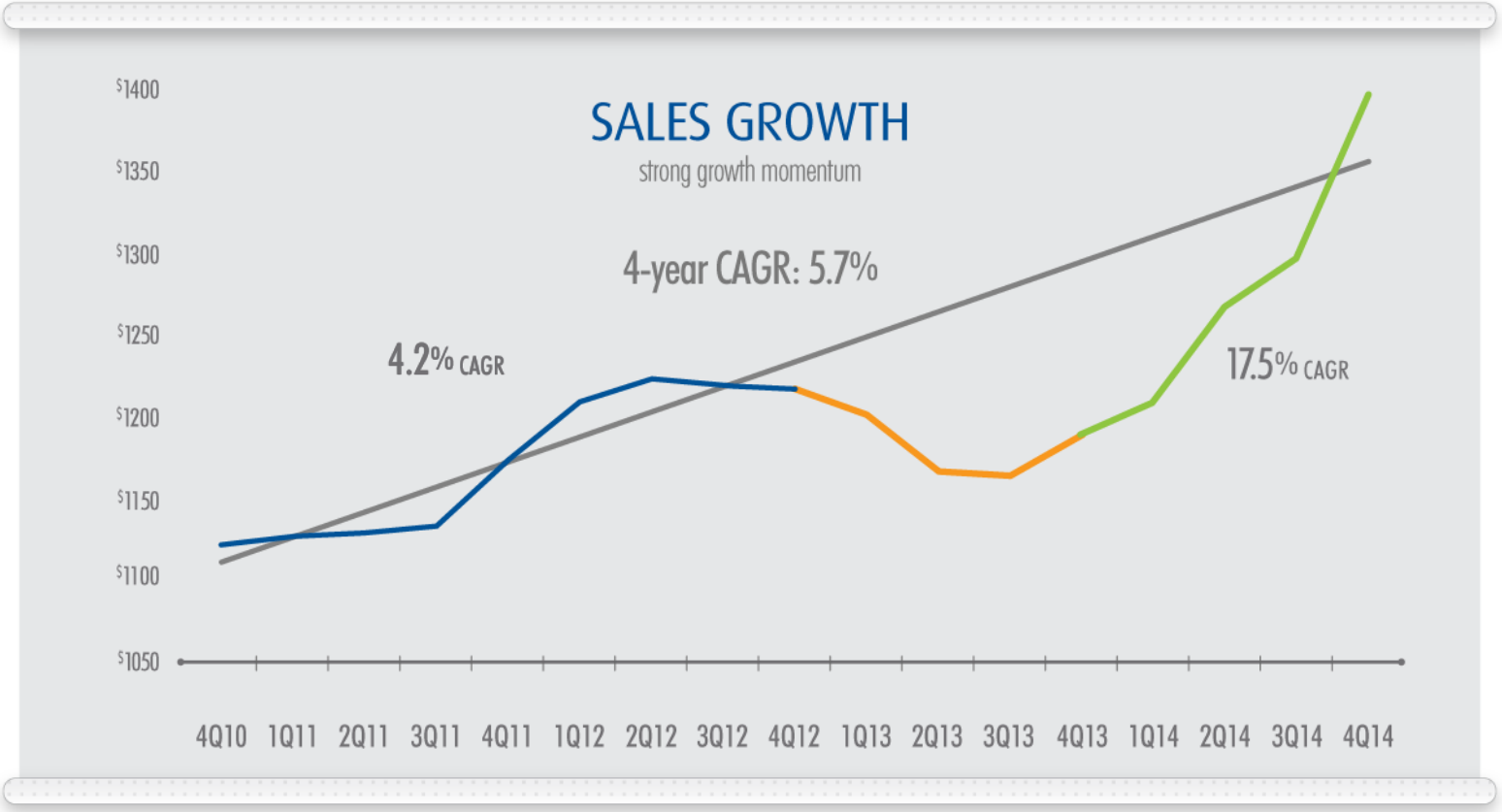
Unum Group

OPERATING PERFORMANCE

- Growth Metrics
- Managing Low Interest Rates
- Positioning Closed Block
- Capital Management
- 2015 Outlook

Operating Performance

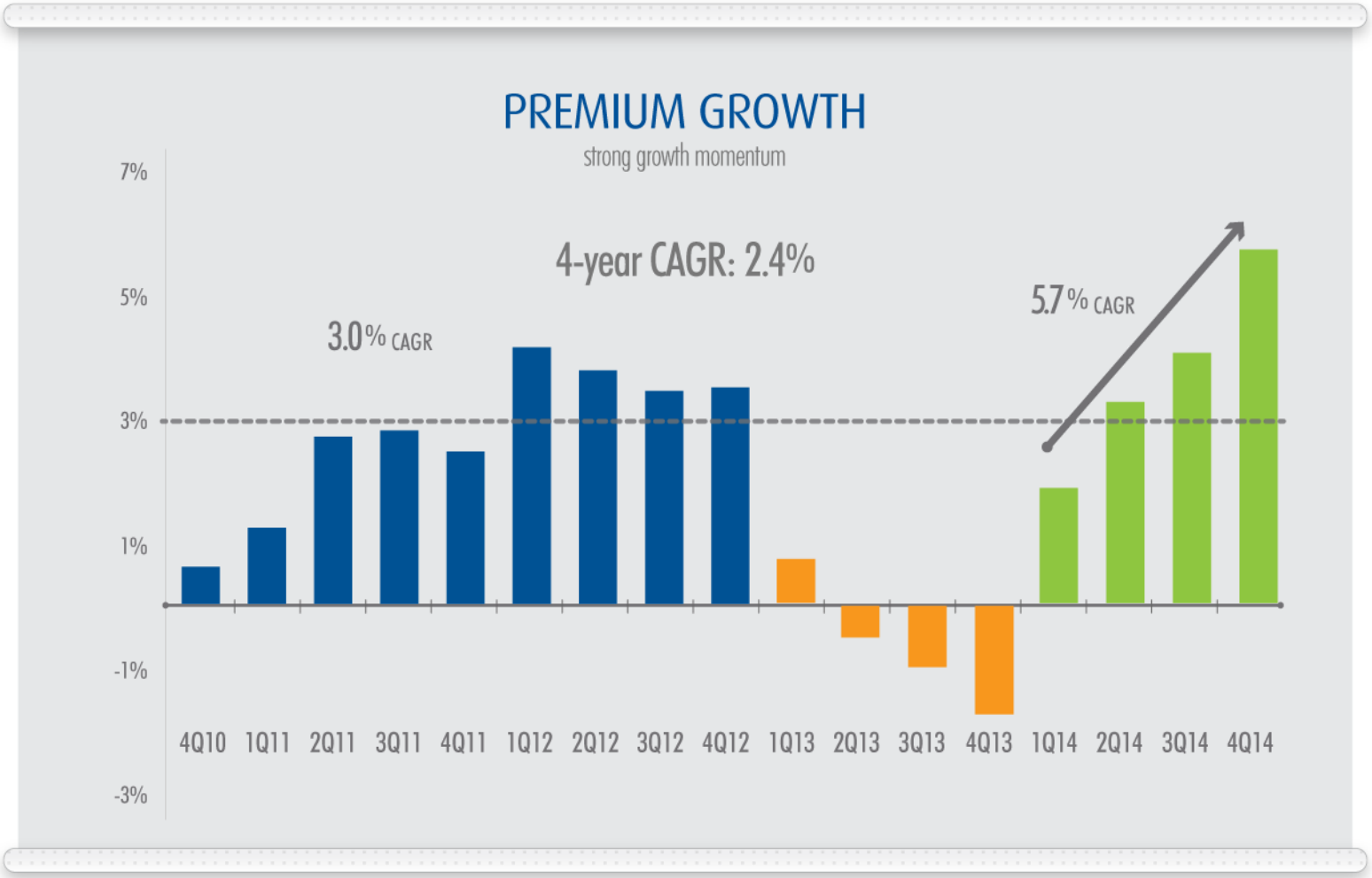
GROWTH METRICS | THE EMERGENCE OF PROFITABLE GROWTH



** 12-Month Rolling Sales (in $MM) for Core Operations, Excludes the Closed Block*

Operating Performance

GROWTH METRICS | THE EMERGENCE OF PROFITABLE GROWTH



** Year-Over-Year Change for Core Operations, Excludes the Closed Block*

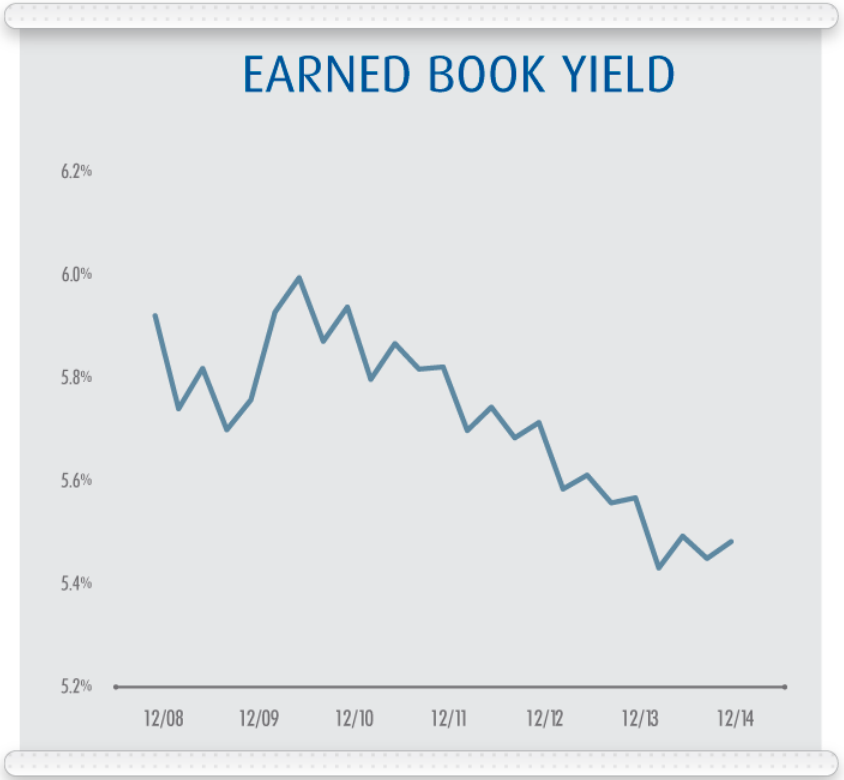
Operating Performance

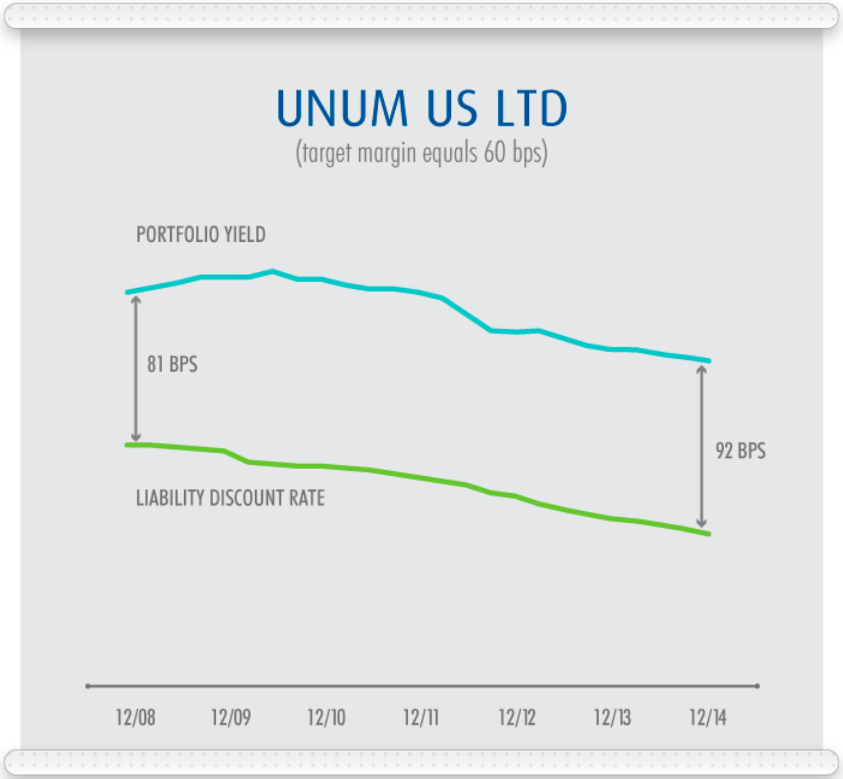
MANAGING LOW INTEREST RATES

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

Operating Performance

MANAGING LOW INTEREST RATES | DISCOUNT RATE ADJUSTMENTS



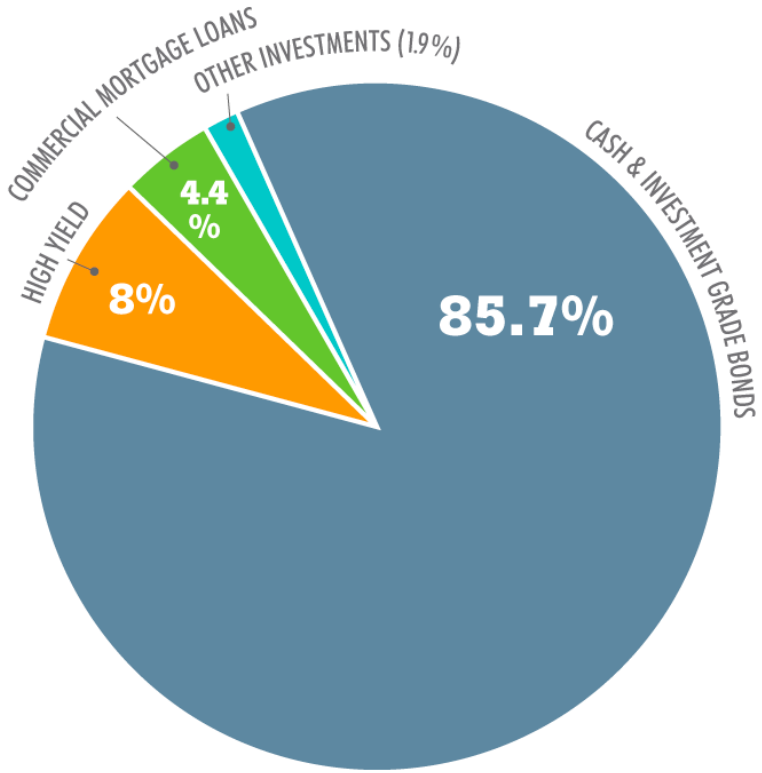


Investment Performance

MANAGING LOW INTEREST RATES | ASSET SELECTION

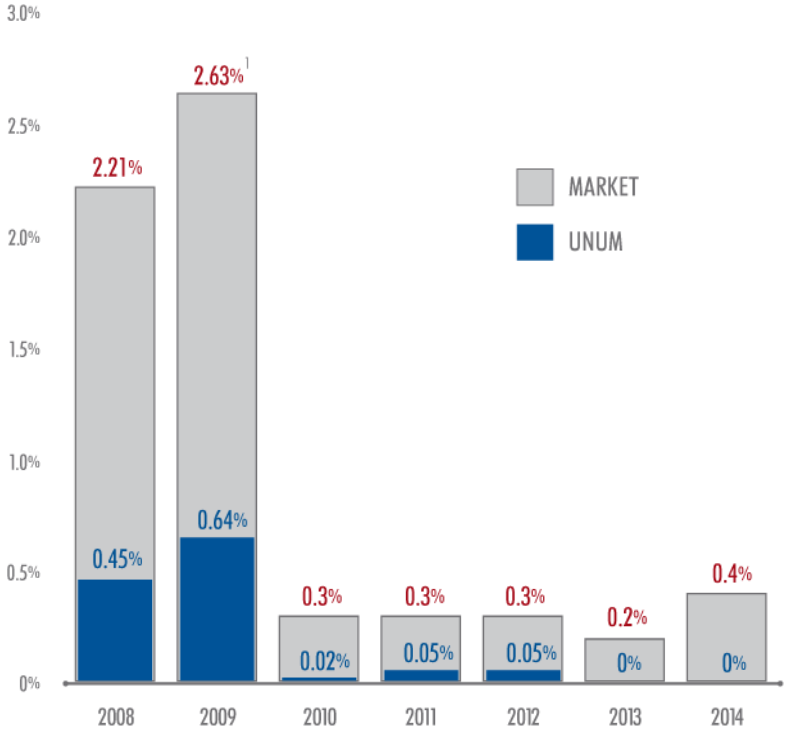
INVESTED ASSET DISTRIBUTION

year ended 2014 (book value $42.4B)



Investment grade bonds remain our core holding.

CREDIT LOSSES RELATIVE TO MOODY'S INDEX



[1] Formerly 5.12% due to Lehman; Moody's has subsequently removed it

Operating Performance

POSITIONING CLOSED BLOCK

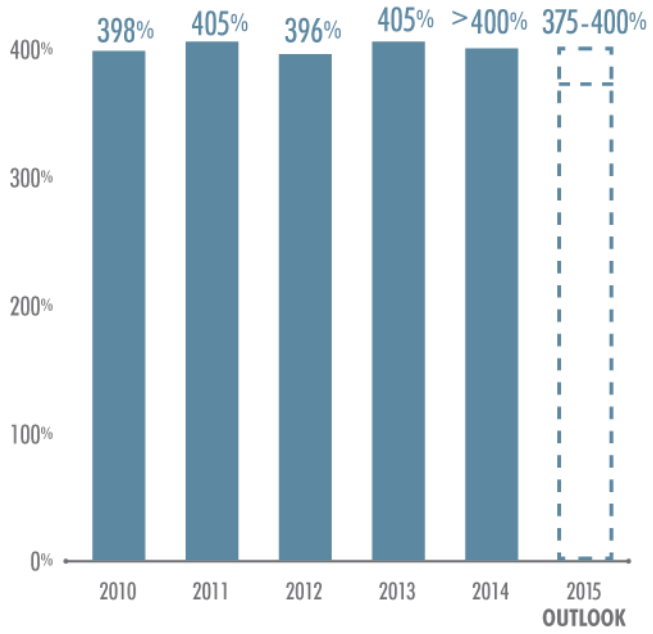
- Enhanced resources and modeling capabilities.
- Strengthened Long-Term Care GAAP reserves by $454 million after-tax.
- First Unum (New York) statutory reserve increase of approximately $150 million.
- Year-end 2014 capital metrics above our original 2014 outlook range.
- Actively increasing pricing where appropriate.

Operating Performance

CAPITAL MANAGEMENT

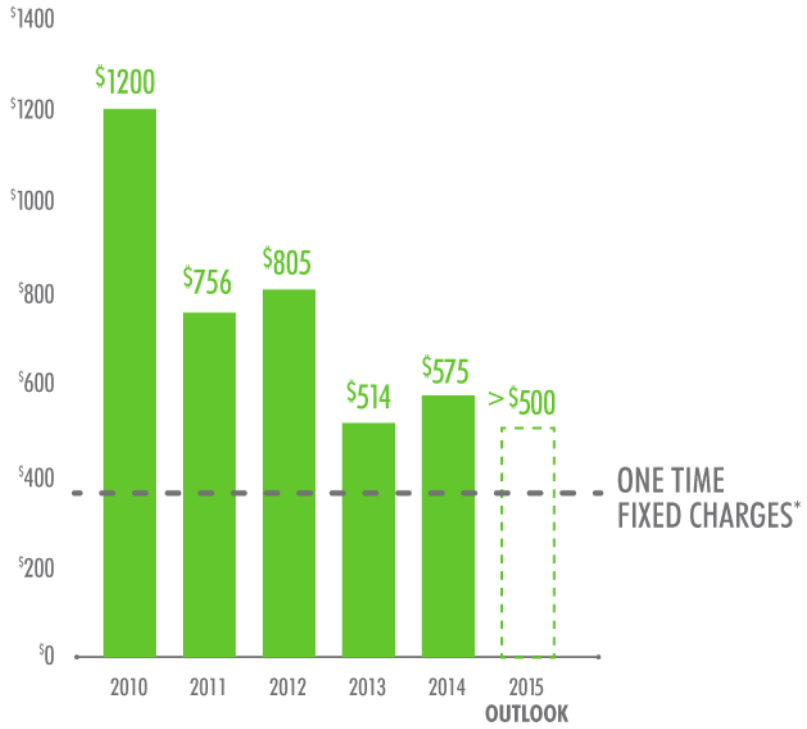
RISK BASED CAPITAL

(weighted average RBC for traditional US insurance companies)



HOLDING COMPANY CASH

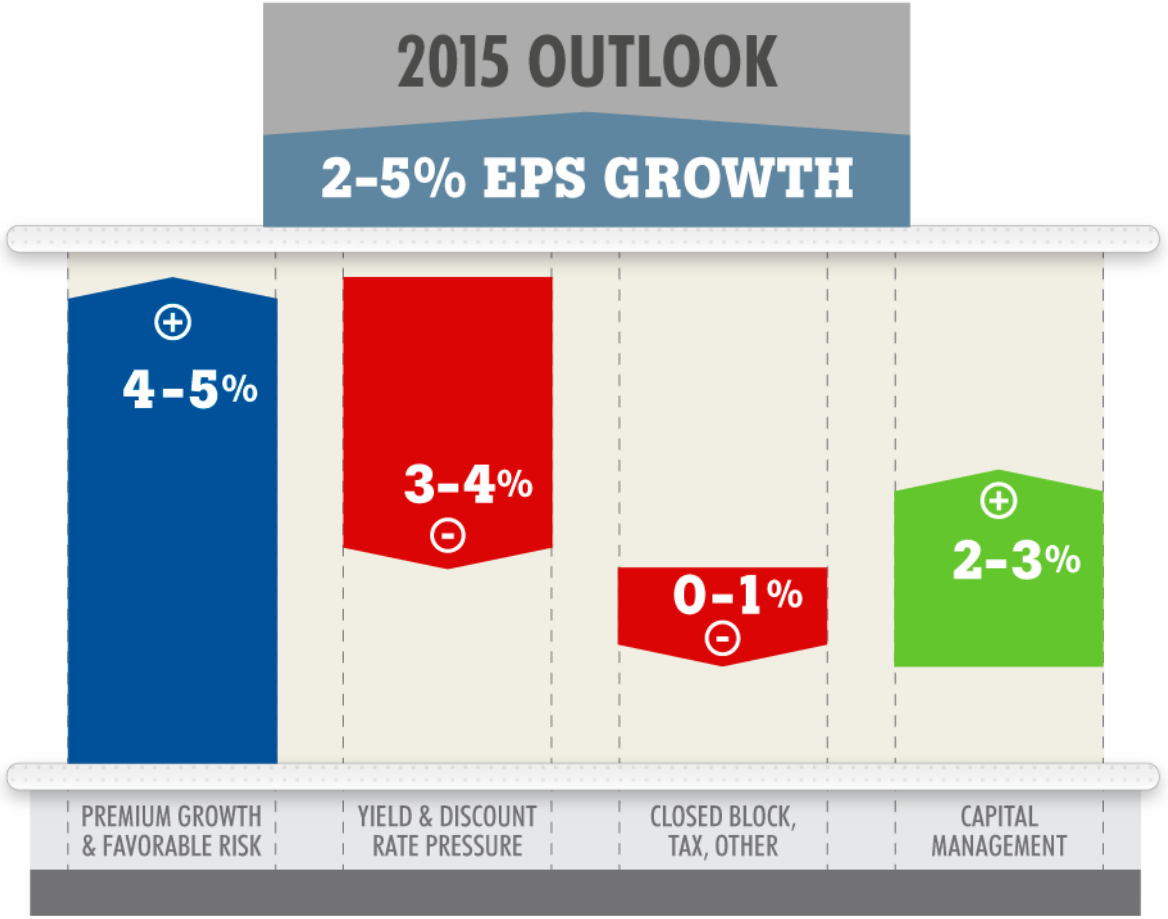
(in $ millions)



**Fixed Charges includes Dividends*

2015 Outlook

FACTORS IMPACTING OUR 2015 OUTLOOK



Closing Comments

- Good operating businesses with positive long-term trends
- Positively impacted by an improving economy
- Solid financial foundation and financial flexibility
- Building value with disciplined execution

Appendix

Reconciliation of Non-GAAP Financial Measures

Appendix

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Year Ended December 31 2014 (in millions)
After-tax Operating Income	$ 899.1
Net Realized Investment Gain, Net of Tax	12.8
Non-operating Retirement-related Loss, Net of Tax	(45.6)
Costs Related to Early Retirement of Debt, Net of Tax	(10.4)
Long-term Care Reserve Increase, Net of Tax	(453.8)
Net Income	$ 402.1

	Year Ended December 31							
	2014	2013	2012	2011	2010	2009	2008	2007*
	(per diluted common share)							
After-tax Operating Income	$ 3.51	$ 3.28	$ 3.13	$ 2.98	$ 2.73	$ 2.64	$ 2.54	$ 2.25
Net Realized Investment Gain (Loss), Net of Tax	0.05	0.02	0.13	(0.01)	0.05	-	(0.89)	(0.12)
Non-operating Retirement-related Loss, Net of Tax	(0.18)	(0.08)	(0.11)	(0.07)	(0.06)	(0.09)	(0.03)	(0.04)
Costs Related to Early Retirement of Debt, Net of Tax	(0.04)	-	-	-	-	-	-	-
Unclaimed Death Benefits Reserve Increase, Net of Tax	-	(0.24)	-	-	-	-	-	-
Group Life Waiver of Premium Benefit Reserve Reduction, Net of Tax	-	0.21	-	-	-	-	-	-
Deferred Acquisition Costs Impairment and Reserve Charges for Long-term Care Closed Block, Net of Tax	(1.77)	-	-	(1.65)	-	-	-	-
Reserve Charge for Individual Disability Closed Block, Net of Tax	-	-	-	(0.39)	-	-	-	-
Regulatory Reassessment Charges, Net of Tax	-	-	-	-	-	-	-	(0.10)
Special Tax Items and Debt Extinguishment Costs	-	-	-	0.08	(0.03)	-	-	(0.10)
Income from Continuing Operations	1.57	3.19	3.15	0.94	2.69	2.55	1.62	1.89
Income from Discontinued Operations	-	-	-	-	-	-	-	0.02
Net Income	$ 1.57	$ 3.19	$ 3.15	$ 0.94	$ 2.69	$ 2.55	$ 1.62	$ 1.91

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

	Year Ended December 31 2014 (in millions)
Total Operating Revenue	$ 10,493.6
Net Realized Investment Gain	16.1
Total Revenue	$ 10,509.7

Appendix

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	After-tax Operating Income (Loss)	Average Allocated Equity[1]	Operating Return on Equity
	(in millions)		
Year Ended December 31, 2014			
Unum US	$ 554.9	$ 4,157.4	13.3%
Unum UK	116.4	635.3	18.3%
Colonial Life	194.4	1,163.1	16.7%
Total Primary Operating Businesses	865.7	5,955.8	
Closed Block	79.2	2,756.3	2.9%
Corporate	(45.8)	(737.8)	
Total	$ 899.1	$ 7,974.3	11.3%

[1] Excludes unrealized gain on securities and net gain on cash flow hedges and is calculated using the adjusted stockholders' equity balances presented below.

	December 31	
	2014	2013
	(in millions)	
Total Stockholders' Equity, As Reported	$ 8,521.9	$ 8,639.9
Net Unrealized Gain on Securities	290.3	135.7
Net Gain on Cash Flow Hedges	391.0	396.3
Total Stockholders' Equity, As Adjusted	$ 7,840.6	$ 8,107.9
Average Equity, As Adjusted	$ 7,974.3	

	December 31							
	2014	2013	2012	2011	2010	2009	2008	2007*
	(per share)							
Total Stockholders' Equity, As Reported	$ 33.78	$ 33.23	$ 31.84	$ 27.91	$ 26.80	$ 24.25	$ 17.94	$ 22.28
Net Unrealized Gain (Loss) on Securities	1.15	0.52	3.23	2.11	1.31	1.16	(2.53)	0.99
Net Gain on Cash Flow Hedges	1.55	1.52	1.48	1.39	1.14	1.12	1.38	0.50
Subtotal	31.08	31.19	27.13	24.41	24.35	21.97	19.09	20.79
Foreign Currency Translation Adjustment	(0.45)	(0.18)	(0.26)	(0.41)	(0.34)	(0.23)	(0.52)	0.35
Subtotal	31.53	31.37	27.39	24.82	24.69	22.20	19.61	20.44
Unrecognized Pension and Postretirement Benefit Costs	(1.59)	(0.88)	(2.13)	(1.51)	(1.00)	(1.00)	(1.23)	(0.55)
Total Stockholders' Equity, Excluding Accumulated Other Comprehensive Income	$ 33.12	$ 32.25	$ 29.52	$ 26.33	$ 25.69	$ 23.20	$ 20.84	$ 20.99

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