



Investor Relations Contact:

Jim Pirak  
 (425) 256-8284  
[jim.pirak@symetra.com](mailto:jim.pirak@symetra.com)

Media Relations Contact:

Diana McSweeney  
 (425) 256-6167  
[diana.mcsweeney@symetra.com](mailto:diana.mcsweeney@symetra.com)

## SYMETRA REPORTS SECOND QUARTER 2014 RESULTS

### Highlights

- Adjusted operating income<sup>1</sup> of \$55.3 million was up 5% from second quarter 2013. Adjusted operating income per diluted share<sup>1</sup> was \$0.48, up from \$0.40 in second quarter 2013.
- Net income was \$71.5 million, or \$0.62 per diluted share, up from \$45.0 million, or \$0.34 per diluted share, in second quarter 2013.
- Benefits loss ratio improved to 62.7% from 66.2% in second quarter 2013.
- Prepayment-related income, net of amortization, of \$4.3 million was offset by \$4.3 million charge for prior years' state sales and use tax expense. Net prepayment-related income was \$5.8 million in second quarter 2013.
- All business segments reported strong year-over-year growth in sales.

BELLEVUE, Wash.—(July 24, 2014)—Symetra Financial Corporation (NYSE: SYA) today reported second quarter 2014 adjusted operating income of \$55.3 million, or \$0.48 per diluted share, compared with \$52.7 million, or \$0.40 per diluted share, for the second quarter of 2013.

For the second quarter of 2014, net income was \$71.5 million, or \$0.62 per diluted share, compared with \$45.0 million, or \$0.34 per diluted share, in the same period a year ago.

<b>Summary Financial Results</b> <i>(In millions, except per share data)</i>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Net Income</b>	<b>\$ 71.5</b>	<b>\$ 45.0</b>	<b>\$ 150.8</b>	<b>\$ 111.0</b>
Per Diluted Share of Common Stock	\$ 0.62	\$ 0.34	\$ 1.29	\$ 0.82
<b>Adjusted Operating Income</b>	<b>\$ 55.3</b>	<b>\$ 52.7</b>	<b>\$ 121.0</b>	<b>\$ 102.1</b>
Per Diluted Share of Common Stock	\$ 0.48	\$ 0.40	\$ 1.04	\$ 0.75

"We are pleased to report another solid quarter of earnings and a strong underwriting result in our Benefits segment. Each of the three divisions reported excellent year-over-year sales growth. Our successful sales efforts of the past several quarters are driving meaningful earnings contributions today, particularly in fixed indexed annuities," said Tom Marra, Symetra president and CEO.

“In the second half of the year, we are continuing our work to expand our product offering and distribution networks. I believe that Benefits, Retirement and Individual Life are all well positioned to generate sales that will drive further profitable growth,” Marra said.

Segment Pretax Adjusted Operating Income (Loss)* <i>(In millions)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<b>Benefits</b>	\$ 19.9	\$ 16.3	\$ 47.7	\$ 29.8
<b>Deferred Annuities</b>	27.4	27.4	57.6	56.5
<b>Income Annuities</b>	3.5	10.0	12.9	18.8
<b>Individual Life</b>	13.6	14.5	25.9	25.7
<b>Other</b>	(6.2)	(1.3)	(12.7)	(6.1)
<b>Subtotal</b>	\$ 58.2	\$ 66.9	\$ 131.4	\$ 124.7
<b>Less: Income Taxes**</b>	2.9	14.2	10.4	22.6
<b>Adjusted Operating Income</b>	\$ 55.3	\$ 52.7	\$ 121.0	\$ 102.1

\* 2014 results reflect charge for prior years' state sales and use tax expense, by segment: \$0.9 million in Benefits, \$1.5 million in Deferred Annuities, \$0.6 million in Income Annuities, and \$1.3 million in Individual Life.

\*\* Represents the total provision for income taxes adjusted for the tax effect on net realized gains (losses) at the U.S. federal income tax rate of 35%.

In the business discussions that follow, results for the second quarter of 2014 are compared with the second quarter of 2013, unless otherwise noted.

#### Benefits

- **Pretax adjusted operating income** was \$19.9 million for the quarter, up from \$16.3 million. The increase was driven by a lower loss ratio for medical stop-loss.
- **Loss ratio** was 62.7% in the quarter, compared with 66.2% in the previous period. This favorable result reflected lower medical stop-loss claims frequency.
- **Sales** of \$26.1 million for the quarter were up from \$21.3 million in the previous period. Medical stop-loss, limited benefit medical, and group life and disability income insurance all reported year-over-year sales growth.

#### Deferred Annuities

- **Pretax adjusted operating income** was \$27.4 million for the quarter, unchanged from the previous period. Higher fixed indexed annuity (FIA) account values contributed \$7.8 million to interest margin, compared with \$2.0 million in the prior-year period. This favorable impact was partially offset by higher operating expenses.
- Earnings for the quarter included \$1.9 million of investment prepayment-related income, net of related amortization, down from a net \$3.3 million in the prior period.
- **Total account values** were \$14.3 billion at quarter-end, up from \$12.2 billion a year ago. FIA account values reached nearly \$2.5 billion, up from \$852 million.
- **Sales for the quarter** were \$650.3 million, up 47% from the year-ago quarter. Strong sales of both traditional fixed annuities and FIA were driven by an improved interest rate environment and further expansion of Symetra annuity products on bank and broker-dealer distribution platforms.

#### Income Annuities

- **Pretax adjusted operating income** was \$3.5 million for the quarter, down from \$10.0 million in the prior-year period, due to less favorable mortality experience and lower interest margin.
- **Mortality gains** were \$0.8 million for the quarter, compared with mortality gains of \$4.5 million in the previous period. Mortality experience can fluctuate from period to period.

- **Sales** were \$89.0 million for the quarter, up from \$45.5 million in the prior-year quarter. Effective selling strategies and a more favorable interest rate environment drove increased single premium immediate annuity (SPIA) sales.

#### Individual Life

- **Pretax adjusted operating income** was \$13.6 million for the quarter, compared with \$14.5 million in the year-ago period. An increase in operating expenses was partially offset by the earnings contribution from higher Classic Universal Life (UL) account values.
- **Sales** of individual life products were \$9.1 million for the quarter, up threefold from \$3.0 million in the prior period. The strong result was driven by Classic UL, sold through an expanded brokerage general agency distribution network.

#### Other

- **Pretax adjusted operating loss** was \$6.2 million for the quarter, compared with a loss of \$1.3 million in the year-ago quarter. The increased loss was driven by lower net investment income, primarily related to private equity investments.

#### Investment Portfolio

- **Net realized gains** were \$25.3 million for the quarter, compared with net losses of \$11.3 million in the prior period. These results include net gains on mark-to-market equities, which were \$21.6 million for the quarter, compared with net losses of \$1.7 million in the year-ago period. Gains from bond sales increased to \$10.2 million from \$1.9 million in the year-ago period.

#### Income Taxes

- **Provision for income taxes** was \$11.7 million for the quarter, compared with \$10.0 million in the year-ago period.
- Symetra's **effective tax rate** for the second quarter was 14.1%, compared with 18.2% in the prior-year period, due to increased benefits from tax credit investments.

#### Stockholders' Equity

<i>(In millions, except per share data)</i>	As of	
	June 30 2014	March 31 2014
<b>Total Stockholders' Equity</b>	\$ 3,428.6	\$ 3,195.3
Per Common Share	\$ 29.58	\$ 27.40
<b>Adjusted Book Value<sup>1</sup></b>	\$ 2,438.0	\$ 2,391.0
Per Common Share <sup>1</sup>	\$ 21.04	\$ 20.50

- **Capital actions** — During the second quarter of 2014, Symetra repurchased 0.7 million shares. As of June 30, 2014, 6.9 million shares remained available under the current repurchase authorization.
- **Risk-based capital (RBC) ratio** for Symetra Life Insurance Company at the end of second quarter 2014 was estimated at 458%. Statutory capital and surplus, including asset valuation reserve (AVR), was \$2.3 billion.

## 2014 Earnings Outlook

Symetra affirmed its guidance for adjusted operating income per diluted share of \$1.80-\$2.00 for full-year 2014. Among the factors that could drive actual results toward the upper end, middle or lower end of the guidance range are:

- changes in the interest rate environment;
- Benefits Division loss ratio;
- timing and levels of life and annuity sales;
- persistency of the inforce book of business;
- amount of issuance and yields on commercial mortgage loans;
- amount of prepayments in the investment portfolio;
- returns on alternative investment portfolio;
- mortality experience; and
- timing and amount of common stock buybacks.

These expectations also are subject to the risks and uncertainties identified below, including the possibility that one or more factors could cause us to fall short of our expected range.

## Additional Financial Information

This press release, the second quarter 2014 financial supplement and financial review slides are posted on the company's website at <http://investors.symetra.com>. Investors are encouraged to review all of these materials.

## Management to Review Results on Conference Call and Webcast

Symetra's senior management team will discuss the company's second quarter 2014 performance with investors and analysts on Friday, July 25, 2014, at 11 a.m., ET (8 a.m., PT). To listen by phone, dial 1-888-713-4205. For international callers, dial 617-213-4862. The passcode is 57080217. Participants are encouraged to pre-register for the call at [www.symetra.com/earnings](http://www.symetra.com/earnings). Pre-registrants will be issued a PIN to use when dialing into the live call, which will provide quick access to the conference by bypassing the operator.

To listen to a live webcast of the conference call, go to <http://investors.symetra.com>. Listeners should go to the website at least 15 minutes before the call and test the compatibility of their computer. Links will be available to download any necessary audio software.

A replay of the webcast may be accessed beginning approximately one hour after the call ends by visiting <http://investors.symetra.com>.

## Use of Non-GAAP Measures

<sup>1</sup> Symetra uses both U.S. generally accepted accounting principles (GAAP) and non-GAAP financial measures to track the performance of its operations and financial condition. A reconciliation between each non-GAAP measure found in this presentation and the comparable GAAP measure can be found in the Financial Supplement accompanying this press release. The supplement is available for download on the Company's website at [www.symetra.com](http://www.symetra.com) on the Investor Relations page, under Financial Information, Quarterly Financial Results.

This press release references the following non-GAAP financial measures:

- **Adjusted operating income** is defined by the company as net income, excluding after-tax net realized gains (losses) that are not reflective of the performance of the company's insurance operations. The company excludes gains (losses) associated with the following: investment sales or disposals, other-than-temporary investment impairments, changes in the fair value of mark-to-market investments and

derivative investments (except for certain S&P 500 options), and changes in the fair value of embedded derivatives related to our fixed indexed annuity product.

- **Adjusted operating income per diluted share** is defined as adjusted operating income divided by diluted common shares outstanding.
- **Pretax adjusted operating income** is defined as adjusted operating income on a pretax basis. It also represents the cumulative total of segment pretax adjusted operating income, which at the segment level is a GAAP measure.
- **Adjusted book value** is defined as stockholders' equity, less accumulated other comprehensive income (loss), or AOCI.
- **Adjusted book value per share** is calculated as adjusted book value divided by common shares outstanding.

### **About Symetra**

Symetra Financial Corporation (NYSE: SYA) is a diversified financial services company based in Bellevue, Wash. In business since 1957, Symetra provides employee benefits, annuities and life insurance through a national network of benefit consultants, financial institutions, and independent agents and advisors. For more information, visit [www.symetra.com](http://www.symetra.com).

### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

This press release may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of current or historical facts, included or referenced in this release that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. The words “may,” “will,” “believe,” “intend,” “plan,” “expect,” “anticipate,” “project,” “estimate,” “predict,” “potential” and similar expressions also are intended to identify forward-looking statements. These forward-looking statements may include, among others, statements with respect to Symetra's:

- estimates or projections of revenues, net income (loss), net income (loss) per share, adjusted operating income (loss), adjusted operating income (loss) per share, market share or other financial forecasts, as well as statements describing factors and conditions that might affect those forecasts;
- trends in operations, financial performance and financial condition;
- financial and operating targets or plans;
- business and growth strategy, including prospective products, services and distribution partners, including statements about management's intentions regarding those strategies; and
- initiatives such as our previously announced stock repurchase program that are intended or expected to have various impacts upon our financial condition, results of operations, and liquidity and capital resources.

These statements are based on various assumptions and analyses made by Symetra in light of information presently known to management, and considering management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate under the circumstances. Whether actual results and developments will conform to Symetra's expectations and predictions is subject to a number of risks, uncertainties and contingencies that could cause actual results to differ materially from expectations, or that could cause management to deviate from currently expected or intended courses of actions, including, among others:

- the effects of fluctuations in interest rates, including a prolonged low interest rate environment or a rapidly rising interest rate environment, as well as management's ability to anticipate and timely respond to any such fluctuations;

- general economic, market or business conditions, including economic downturns or other adverse conditions in the global and domestic capital and credit markets;
- the effects of significant increases in corporate refinance activity, including bond prepayments;
- the performance of Symetra's investment portfolio;
- the continued availability of quality commercial mortgage loan investments and Symetra's continued capacity to invest in commercial mortgage loans;
- Symetra's ability to successfully execute on its strategies;
- the accuracy and adequacy of our recorded reserves;
- the persistency of our inforce blocks of business;
- deviations from assumptions used in setting prices for insurance and annuity products or establishing cash flow testing reserves;
- continued viability of certain products under various economic, regulatory and other conditions;
- market pricing and competitive trends related to insurance products and services;
- the effects of implementation of the Patient Protection and Affordable Care Act, including the direct effects upon our business, but also including the effects upon our competitors and our customers;
- changes in amortization of deferred policy acquisition costs and deferred sales inducements;
- financial strength or credit ratings changes, particularly of Symetra but also of other companies in our industry sector;
- retention of our key personnel and distribution partners;
- the availability and cost of capital and financing;
- the adequacy and collectibility of reinsurance that we have purchased, as well as the continued availability and cost of reinsurance coverage;
- the continued availability of tax credit investments, and the continuation of current tax treatment of such investments;
- changes in laws or regulations, or their interpretation, including those that could increase Symetra's business costs, reserve levels and required capital levels, or that could restrict the manner in which we do business;
- the ability of Symetra's subsidiaries to pay dividends to Symetra;
- Symetra's ability to implement effective risk management policies and procedures, including hedging strategies;
- our ability to maintain adequate telecommunications, information technology, or other operational systems, including our ability to prevent or timely detect and remediate any unauthorized access to or disclosure of our customer information and other sensitive business data;
- the initiation of regulatory investigations or litigation against Symetra and the results of any regulatory proceedings;
- the effects of changes in national monetary and fiscal policy;
- the effects of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;
- the effects of redomestication of our principal insurance company subsidiary and whether redomestication will convey the intended benefits; and

- the risks that are described from time to time in Symetra's filings with the U.S. Securities and Exchange Commission, including those in Symetra's Annual Report on Form 10-K for the period ended December 31, 2013, and Quarterly Report on Form 10-Q for the period ended March 31, 2014.

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Symetra will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Symetra or its business or operations. Symetra assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

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**Symetra Financial Corporation**  
**Consolidated Income Statement Data**  
(in millions, except per share data)  
(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<b>Revenues</b>				
Premiums	\$ 154.7	\$ 157.4	\$ 308.5	\$ 314.4
Net investment income	319.0	318.6	643.4	642.3
Policy fees, contract charges and other	48.1	48.5	94.7	98.4
Net realized gains (losses):				
Total other-than-temporary impairment losses on securities	(1.4)	(7.8)	(2.5)	(10.4)
Less: portion recognized in other comprehensive income	—	0.6	—	1.2
Net impairment losses recognized in earnings	(1.4)	(7.2)	(2.5)	(9.2)
Other net realized gains (losses)	26.7	(4.1)	48.5	24.4
Total net realized gains (losses)	25.3	(11.3)	46.0	15.2
Total revenues	547.1	513.2	1,092.6	1,070.3
<b>Benefits and expenses</b>				
Policyholder benefits and claims	110.1	115.2	211.3	234.7
Interest credited	236.3	225.7	470.5	461.0
Other underwriting and operating expenses	92.6	91.9	180.5	183.7
Interest expense	8.3	8.2	16.5	16.4
Amortization of deferred policy acquisition costs	16.6	17.2	36.5	36.1
Total benefits and expenses	463.9	458.2	915.3	931.9
<b>Income from operations before income taxes</b>	83.2	55.0	177.3	138.4
<b>Provision (benefit) for income taxes</b>				
Current	17.4	19.6	27.5	35.3
Deferred	(5.7)	(9.6)	(1.0)	(7.9)
Total provision for income taxes	11.7	10.0	26.5	27.4
<b>Net income</b>	\$ 71.5	\$ 45.0	\$ 150.8	\$ 111.0
<b>Net income per common share</b>				
Basic	\$ 0.62	\$ 0.34	\$ 1.29	\$ 0.82
Diluted	\$ 0.62	\$ 0.34	\$ 1.29	\$ 0.82
<b>Weighted-average number of common shares outstanding</b>				
Basic	115.961	133.050	116.706	135.558
Diluted	115.964	133.056	116.710	135.564
Cash dividends declared per common share	\$ 0.10	\$ 0.08	\$ 0.20	\$ 0.16
<b>Non-GAAP financial measures</b>				
Adjusted operating income	\$ 55.3	\$ 52.7	\$ 121.0	\$ 102.1
Reconciliation to net income				
Net income	\$ 71.5	\$ 45.0	\$ 150.8	\$ 111.0
Less: Excluded realized gains (losses) (net of taxes)*	16.2	(7.7)	29.8	8.9
Adjusted operating income	\$ 55.3	\$ 52.7	\$ 121.0	\$ 102.1

\* Excluded realized gains (losses) are reported net of taxes of \$8.8 and \$(4.2) for the three months ended June 30, 2014 and 2013, respectively, and \$16.1 and \$4.8 for the six months ended June 30, 2014 and 2013, respectively.



**Symetra Financial Corporation**  
**Consolidated Balance Sheet Data**  
(in millions, except per share data)  
(unaudited)

	<u>June 30 2014</u>	<u>December 31 2013</u>
<b>Assets</b>		
Total investments	\$ 29,632.2	\$ 27,901.1
Other assets	1,317.2	1,250.0
Separate account assets	994.2	978.4
<b>Total assets</b>	<u>\$ 31,943.6</u>	<u>\$ 30,129.5</u>
<b>Liabilities and stockholders' equity</b>		
Policyholder liabilities	\$ 26,282.9	\$ 25,328.8
Notes payable	449.6	449.5
Other liabilities	788.3	430.9
Separate account liabilities	994.2	978.4
Total liabilities	28,515.0	27,187.6
Common stock and additional paid-in capital	1,469.2	1,465.8
Treasury stock	(134.6)	(93.4)
Retained earnings	1,103.4	975.9
Accumulated other comprehensive income, net of taxes	990.6	593.6
Total stockholders' equity	3,428.6	2,941.9
<b>Total liabilities and stockholders' equity</b>	<u>\$ 31,943.6</u>	<u>\$ 30,129.5</u>
Book value per common share*	<u>\$ 29.58</u>	<u>\$ 24.99</u>
<b>Non-GAAP financial measures</b>		
Adjusted book value	<u>\$ 2,438.0</u>	<u>\$ 2,348.3</u>
Reconciliation to stockholders' equity		
Total stockholders' equity	\$ 3,428.6	\$ 2,941.9
Less: AOCI	990.6	593.6
Adjusted book value	<u>\$ 2,438.0</u>	<u>\$ 2,348.3</u>
Adjusted book value per common share **	<u>\$ 21.04</u>	<u>\$ 19.95</u>

\* Book value per common share is calculated as stockholders' equity divided by common shares outstanding. These shares totaled 115.895 and 117.731 as of June 30, 2014 and December 31, 2013, respectively.

\*\* Adjusted book value per common share, is calculated as adjusted book value divided by common shares outstanding. These shares totaled 115.895 and 117.731 as of June 30, 2014 and December 31, 2013, respectively.