



## **Financial Overview**

### **Second Quarter 2008**

July 30, 2008



# Safe Harbor Statement

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Statements in this presentation that are not historical facts, such as our earnings per share, return on equity and our Unum US group disability benefit ratio guidance, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. These risks and uncertainties include such general matters as general economic or business conditions; events or consequences relating to terrorism, acts of war and catastrophes, including natural and man-made disasters; competitive factors, including pricing pressures; legislative, regulatory, accounting, or tax law changes; and the interest rate environment. More specifically, they include fluctuations in insurance reserve liabilities; changes in projected new sales and renewals; variations between projections and actual experience in persistency rates, incidence and recovery rates, pricing and underwriting; retained risks in our reinsurance operations; availability and cost of reinsurance; the level and results of litigation, rating agency actions, and regulatory actions and investigations; negative media attention; changes in assumptions relating to deferred acquisition costs, value of business acquired or goodwill; the level of pension benefit costs and funding; investment results, including credit deterioration of investments; the ability of our insurance company subsidiaries to pay dividends or extend credit to us and certain of our intermediate holding company subsidiaries and/or finance subsidiaries; and effectiveness of product support and customer service. For further information of risks and uncertainties that could affect actual results, see our filings with the Securities and Exchange Commission, including information in the sections titled “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and subsequently filed 10-Q. The forward-looking statements in this presentation are being made as of the date of this presentation, and we expressly disclaim any obligation to update or revise any forward-looking statement contained herein.

# Agenda

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- **Our Business**
- **Operating Results**
- **Guidance**

# Our Business

# Our Business

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**Unum Group operations are comprised of three core operating segments**

- Unum US, a leading provider of employee benefits with primary locations in Chattanooga, Tennessee; Portland, Maine; Worcester, Massachusetts and Glendale, California**
- Unum UK, a leading employee benefits provider in the UK, headquartered in Dorking and with primary offices in Basingstoke and Bristol**
- Colonial Life, one of the nation's leading providers of voluntary benefits, located in Columbia, South Carolina**

# Our Business

## Line of business ranking market share

Long-term disability <sup>1</sup>	1	19.9%
Short-term disability <sup>2</sup>	2	14.2%
Individual disability <sup>3</sup>	1	32.2%
Group life insurance <sup>4</sup>	5	5.4%
Group long-term care <sup>5</sup>	2	13.9%
Voluntary benefits <sup>6</sup>	2	13.3%

1,2,3 Inforce rank by premium from JHA 2007 U.S. Group and Individual Disability Market Surveys, 2008.

4 Inforce rank by premium from LIMRA 2007 Group Life Sales and In-Force Survey, 2008.

5 Inforce rank by premium from LIMRA 2007 Group LTC Report, 2008. Excludes Federal Group LTC plan and CalPERS plans as they are not actively sold in the market.

6 Inforce rank by premium from Eastbridge U.S. Worksite Sales Report Carrier Results for 2007, May 2008.

# Our Business: Recent Highlights

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- **S&P announced a ratings revision**
  - Issuer Credit rating upwardly revised from “BB+” to “BBB-”
  - Financial Strength rating upwardly revised to “A-” from “BBB+”
  - Current outlook is “stable\*”
- **Announced the intention to exercise the remaining \$350 million in previously Board authorized share repurchase.**
- **Continued roll-out of *Simply Unum***
  - 41 states currently have access to the platform
  - completed roll-out scheduled for end-of-year, subject to state regulatory approvals

\*S&P outlook revised in 2007 from “stable” to “positive.” Upward revision to rating has resulted in current outlook being moved to “stable.”

# Our Business: Recent Highlights

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- **Continued to diversify our Company across geographies, products and target markets. Focused on**
  - increasing growth in voluntary benefits products in the US and in establishing *Simply Unum* deployment to establish a competitive advantage
  - increasing market penetration in each operating segment's "core" market
  - establishing voluntary benefits presence in the UK

# Operating Results

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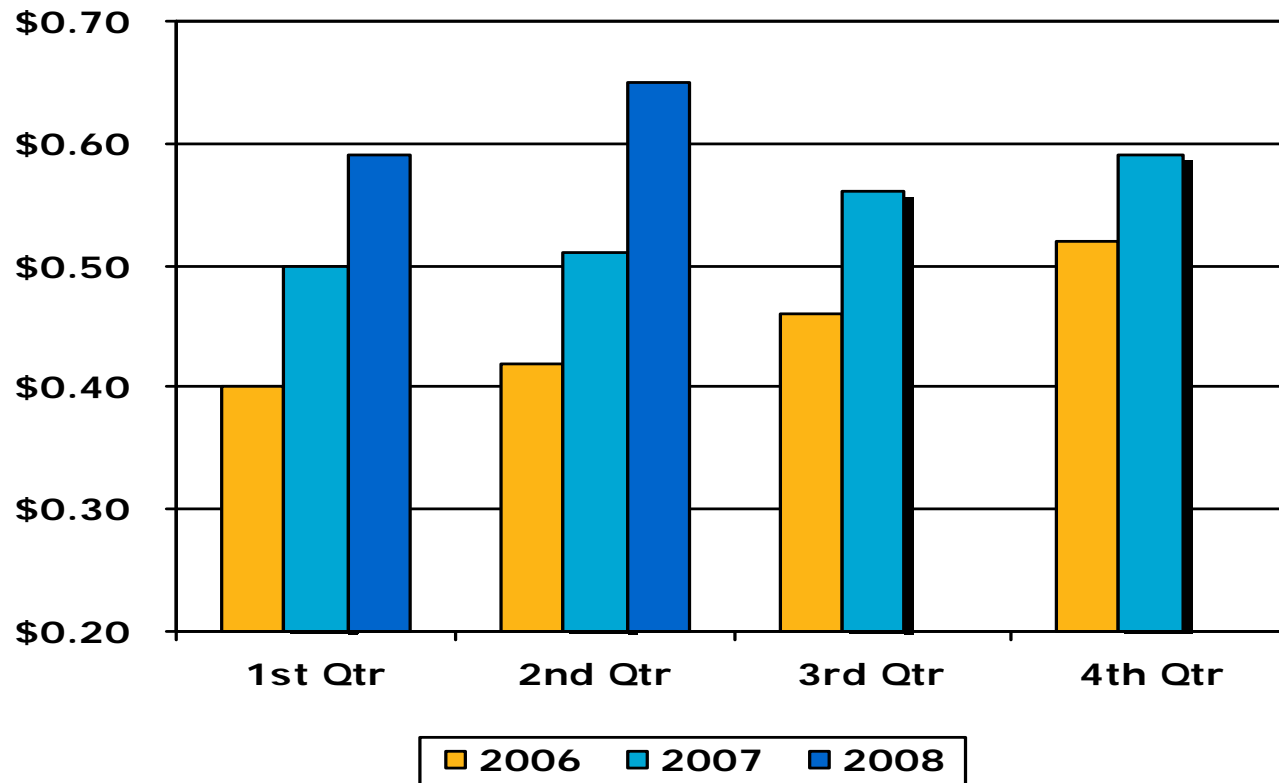
- **BTOE of core operations of \$340.4 million; excluding special items\*, a 13.1% increase from 2Q-2007.**
- **Unum US BTOE of \$176.2 million, compares to 2Q-2007 BTOE of \$158.5 million, excluding special items\*.**
  - Group Disability benefit ratio at 90.5% compares to 92.7% in 2Q-2007
  - Focus remains on increasing penetration in the core market (under 2000 employees) and in increasing presence in Voluntary Benefits
- **Unum UK BTOE of \$96.0 million, an increase of 23.6% from 2Q-2007, 24.6% in local currency.**
  - Benefit ratio of 58.3% compared to 62.2% in second quarter of 2007, resulting from favorable claims experience in group life line of business and strong recovery experience in the group disability line
- **Colonial Life BTOE of \$68.2 million, increased 5.1% from 2Q-2007.**
  - Benefit ratio of 46.9% compared to 47.2% in the second quarter of 2007, resulting from favorable claims experience in accident, sickness, and disability line
  - Sales growth of 3.3%, new account growth of 12.6%, and increase in average weekly producers of 5% compared to second quarter 2007.

\*2Q-2007 results include a claim reassessment charge of \$66.2 million, before tax.

# 2Q-2008 Results

## Recent Financial Results

Operating EPS (excluding special items)



# 2Q-2008 Results

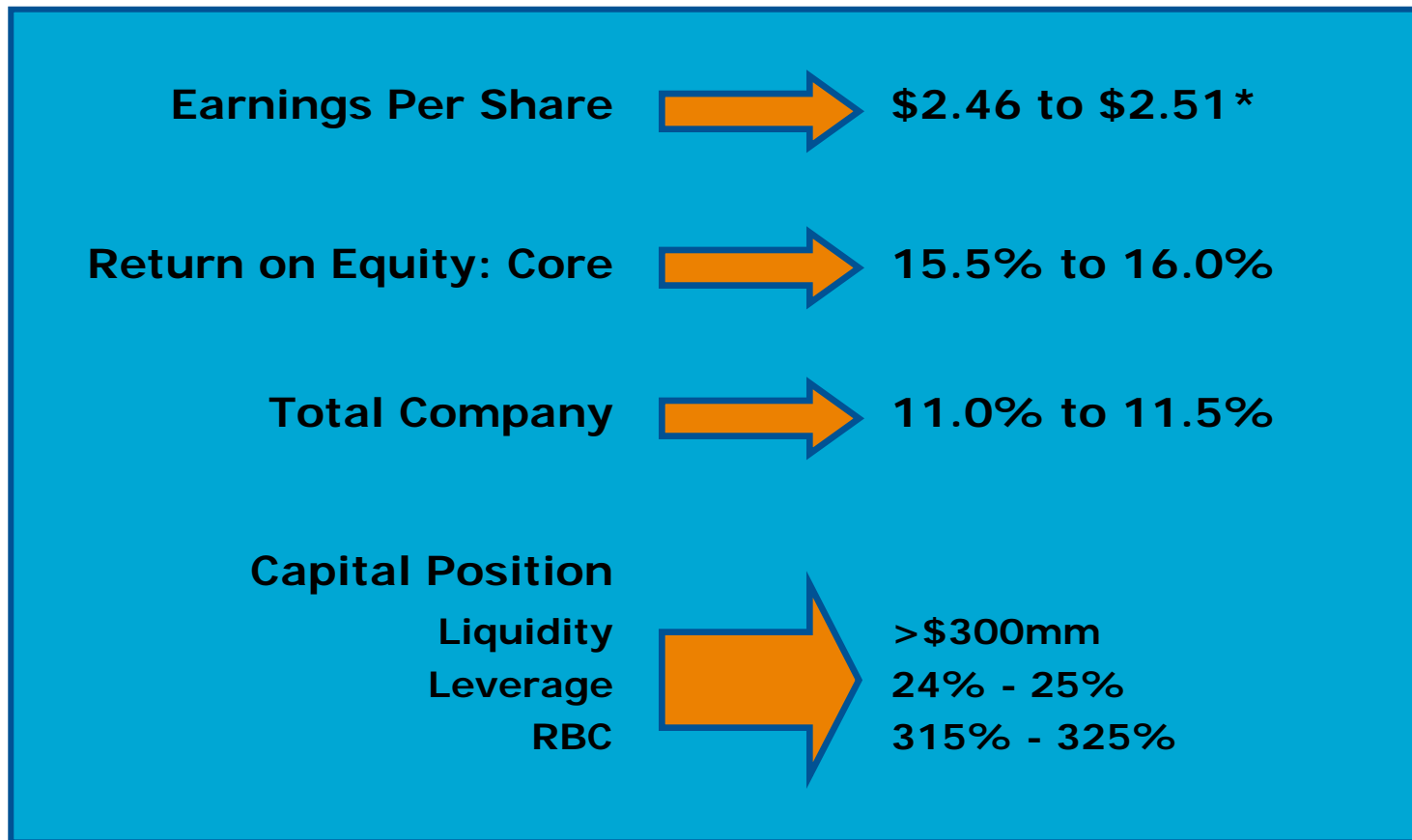
## Capital Management

Capital Management Criteria	Guideline Value	2Q08
RBC ratio for traditional U.S. Insurance Cos.	>300%	>320%
Leverage	25%	20.1%
Coverage		
Earnings before interest and taxes/interest	5 – 6x	11.1x
Cash coverage of interest	3 – 4x	8.4x
Holding Company liquidity	Approximately \$300m	\$681 million

# Guidance

# Guidance

## Short-term Guidance: 2008 Expectations



\*Assumes ATOE growth of 9% - 10% and continued improvement in the Unum US group disability benefit ratio to target range of 88 to 89 percent by late 2008 to early 2009.

# Non-GAAP Reconciliation

# Non-GAAP Reconciliation

	Three Months Ended June 30			
	2008	2007		
	As Reported	As Reported	Regulatory Reassessment Charge	As Adjusted
	(in millions)			
Operating Income (Loss) by Segment Before Income Tax and Net Realized Investment Gain				
Unum US				
Group Disability	\$ 45.7	\$ (15.4)	\$ (66.2)	\$ 50.8
Group Life and Accidental Death and Dismemberment	54.3	51.5	-	51.5
Supplemental and Voluntary	76.2	56.2	-	56.2
Total Unum US	176.2	92.3	(66.2)	158.5
Unum UK	96.0	77.7	-	77.7
Colonial Life	68.2	64.9	-	64.9
Primary Operating Segments	340.4	234.9	(66.2)	301.1
Individual Disability - Closed Block	27.9	42.6	13.2	29.4
Other	3.4	4.0	-	4.0
Corporate	(30.8)	(59.0)	-	(59.0)
Operating Income by Segment	340.9	222.5	\$ (53.0)	\$ 275.5
Income Tax on Operating Income	117.7	75.5		
Operating Income, Net of Tax	223.2	147.0		
Net Realized Investment Gain	26.1	10.4		
Income Tax Expense on Net Realized Investment Gain	9.0	3.9		
Net Income	\$ 240.3	\$ 153.5		

# Non-GAAP Reconciliation

	Three Months Ended June 30, 2007	
	<u>(in millions)</u>	<u>benefit ratio*</u>
Unum US Group Disability		
Premium Income	\$ 609.3	
Benefits and Change in Reserves for Future Benefits	641.2	105.2%
Regulatory Reassessment Charge	(76.5)	
Benefits and Change in Reserves for Future Benefits, Excluding Regulatory Reassessment Charge	564.7	92.7%
	As of June 30 2008	
	<u>(in millions)</u>	
Debt, As Reported	\$ 2,538.3	
Exclude Non-recourse Debt	882.1	
Debt, As Adjusted	<u>\$ 1,656.2</u>	
Total Stockholders' Equity, As Reported	\$ 7,664.3	
Exclude Net Unrealized Loss on Securities and Net Gain on Cash Flow Hedges	145.0	
Exclude Northwind and Tailwind Capital	944.5	
	<u>6,574.8</u>	
Debt, As Adjusted	<u>1,656.2</u>	
Total Capital, As Adjusted	<u>\$ 8,231.0</u>	
Debt to Capital Ratio	<u>20.1%</u>	

\* Benefits and Change in Reserves for Future Benefits as a percent of Premium Income

# Non-GAAP Reconciliation

	Three Months Ended *									
	6/30/2008	3/31/2008	12/31/2007	9/30/2007	6/30/2007	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006
Net Income (Loss)	\$ 0.69	\$ 0.46	\$ 0.44	\$ 0.52	\$ 0.43	\$ 0.51	\$ 0.80	\$ (0.19)	\$ 0.38	\$ 0.23
Net Realized Investment Gain (Loss)	0.04	(0.13)	(0.05)	(0.08)	0.02	(0.01)	-	0.01	(0.01)	-
Income from Discontinued Operations	-	-	-	-	-	0.02	0.01	-	0.01	0.01
After-tax Operating Income from Continuing Operations Excluding Net Realized Investment Gain (Loss)	0.65	0.59	0.49	0.60	0.41	0.50	0.79	(0.20)	0.38	0.22
UK Reserve Release, Net of Tax	-	-	-	0.03	-	-	-	-	-	-
Special Tax Items	-	-	-	0.01	-	-	0.28	-	-	-
Regulatory Reassessment Charges, Net of Tax	-	-	-	-	(0.10)	-	-	(0.62)	-	(0.17)
Broker Compensation Settlement, Net of Tax	-	-	-	-	-	-	-	(0.04)	-	-
Debt Extinguishment Cost, Net of Tax	-	-	(0.10)	-	-	-	(0.01)	-	(0.04)	(0.01)
After-tax Operating Income from Continuing Operations Excluding Net Realized Investment Gain (Loss) and Special Items	\$ 0.65	\$ 0.59	\$ 0.59	\$ 0.56	\$ 0.51	\$ 0.50	\$ 0.52	\$ 0.46	\$ 0.42	\$ 0.40

\* Amounts per diluted common share