

S T A N C O R P F I N A N C I A L G R O U P , I N C .



2 0 0 0 A N N U A L R E P O R T

g r o w t h

THE STORY OF 2000

StanCorp Financial Group, Inc., in its first full year as a publicly traded company, produced tremendous growth.

From its beginnings in 1906 as a life insurance company in Portland, Oregon, StanCorp is now national, doing business in all 50 states. Through its wholly owned subsidiaries—Standard Insurance Company and The Standard Life Insurance Company of New York—the Company is a leading provider of insurance and retirement products

and services. We have more than 33,500 group insurance policies in force, covering almost 5 million employees.

It is the mission of StanCorp to meet and exceed customers' needs for financial products and services in growing markets where the application of specialized expertise creates potential for superior shareholder returns. From coast to coast, we're setting *the standard* in insurance and retirement products and services for groups and individuals. Watch us grow.

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leading
with product
development

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enhancing
product lines

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realigning
for strategic
advantage

s t a n d a r d i n s u r a n c e c o m p a n y

FINANCIAL STRENGTH RATINGS

A (Excellent) by A.M. Best – 3rd of 13 rankings

AA- (Very High Claims Paying Ability) by Fitch – 4th of 16 rankings

A+ (Good) by Standard & Poor's – 5th of 16 rankings

A2 (Good) by Moody's – 6th of 16 rankings

As of December 31, 2000

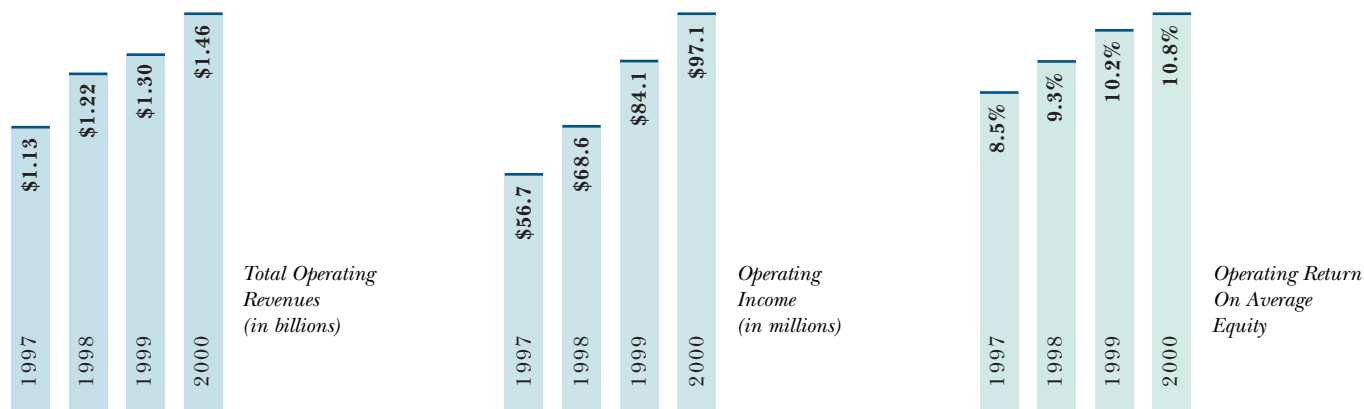
THE STANDARD

The Standard is a service mark of StanCorp, and is used as a brand mark and marketing name by our two insurance subsidiaries: Standard Insurance Company and The Standard Life Insurance Company of New York. Our brand, The Standard, reflects our leadership, innovation and quality in the insurance industry.

Not all products are available in every state.

financial

HIGHLIGHTS



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INCOME STATEMENT DATA (dollars in millions)

	2000	1999	CHANGE
Premiums	\$ 1,102.0	\$ 959.2	14.9%
Total Operating Revenues	1,464.5	1,298.9	12.7
Operating Income*	97.1	84.1	15.5
Special Items, Net of Tax**	(1.2)	(4.5)	(73.3)
Net Income	94.7	79.9	18.5
Operating Return on Average Equity	10.8%	10.2%	5.9

BALANCE SHEET DATA (dollars in millions)

	2000	1999	CHANGE
Invested Assets and Cash	\$ 5,310.4	\$ 4,529.3	17.2%
Total Assets	6,859.6	5,857.1	17.1
Equity (excluding other comprehensive income)	922.5	877.5	5.1

PER COMMON SHARE

	2000	1999
Basic Operating Income*	\$ 3.05	\$ 2.50
Diluted Operating Income*	3.02	2.50
Basic Net Income	2.97	2.37
Diluted Net Income	2.95	2.37
Book Value at Year End (excluding other comprehensive income)	29.23	26.77
Market Value at Year End	47.75	25.19

SHARES OUTSTANDING***

	2000	1999
Basic Average Shares	31,878,834	33,630,692
Diluted Average Shares	32,125,596	33,674,367
At Year End	31,565,486	32,774,098

*Operating income excludes realized investment gains and losses and special items, both net of tax. **In 2000, special items consisted of severance costs associated with disposition of the individual life insurance product line. In 1999, special items consisted of expenses related to demutualization. ***1999 share data is pro forma.

message

FROM THE CHAIRMAN

follow shareholders

In 2000, StanCorp Financial Group, Inc. exceeded targets for growth and profitability by focusing on its mission of providing financial products and services in growing markets where specialized expertise in employee benefits, retirement plans, individual insurance and investments creates potential for superior shareholder returns.

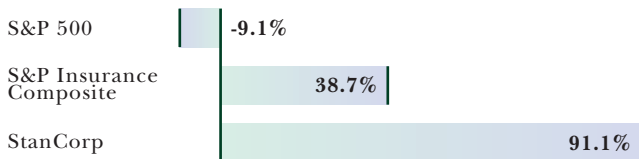
Strides in the core lines of business—Employee Benefits – Insurance, Retirement Plans and Individual Insurance—drove impressive growth, which generated increased earnings. We reported operating income for 2000 of \$3.02 per diluted share, a 20.8 percent increase over 1999 results, exceeding our annual growth goal of 12 to 15 percent. Operating revenues

increased in 2000 to \$1.46 billion, while premiums grew 14.9 percent, exceeding the target of 10 to 12 percent. Our efforts were recognized with an almost 90 percent increase in our share price in 2000.

Geographic expansion in growing markets continued with the opening of new Employee Benefits – Insurance and Retirement Plans sales offices in 2000. Additionally, the Eastern Underwriting and Customer Service Office opened in South Portland, Maine.

Our newest subsidiary, The Standard Life Insurance Company of New York, opened in the fourth quarter with a sales office in Manhattan. This new subsidiary meets the employee benefits needs of the New York market, one of the most influential centers of commerce in the United States. To further enhance

Total Investment Return in 2000



service and accessibility to our East Coast customers, an Eastern Claims Office opened in White Plains, New York.

In mid-2000, we accelerated our expansion plans after identifying a strategic growth opportunity in the East to augment our distribution and service network. We expect the return from these expansion plans will justify the investment, which resulted in expense growth slightly above our target. The Company's goal is to maintain a rate of expense growth over time of 2 to 3 percent below the rate of premium growth.

To capitalize on our strength as a national leader in the disability income insurance market, we purchased the individual disability income insurance business of Minnesota Life Insurance Company while simultaneously selling our individual life insurance business to Protective Life Insurance

Company of Birmingham, Alabama. These transactions, accomplished through reinsurance agreements, yielded financial advantages for StanCorp and aligned perfectly with our growth strategy. They allow us to focus on products where we have economies of scale and established market differentiation to produce a higher return on investment.

As a nationally recognized leader in the industry, we continue to elevate StanCorp's reputation through superior customer service. During 2000, we increased our portfolio of products and continued the expansion of our e-business services. In this annual report, you will learn more about our innovations and gain an appreciation of the expertise we possess to set *the standard* in our industry.



Ronald E. Timpe, Chairman, President and Chief Executive Officer

Meeting these goals takes a dedicated team that can deliver results. I'm proud of our employees, who have worked diligently in 2000 to ensure continued success and uphold our relationship-based philosophy. These employees, many of whom are also shareholders, have delivered on our mission to meet and exceed customers' needs and I salute them for their efforts.

We will continue investing in our people, expanding sales and distribution networks, and considering acquisitions that fit our strategic and financial objectives. This past year's performance illustrates our ability to execute our plans, and affirms StanCorp's strategy for well-managed growth into the future.

Ronald E. Timpe, FSA, CLU
Chairman, President and
Chief Executive Officer

g r o w t h

BUILDING FROM A STRONG FOUNDATION

From its founding 95 years ago, Standard Insurance Company has established a national presence...

Standard Insurance Company enjoys solid financial ratings after nearly a century of managing resources to assure that financial obligations will be met. This history of financial strength, supported by conservative management practices, forms the foundation upon

which we grow. In 2000, The Standard set records in sales, earned premium and profitability.

In 2000, the Employee Benefits – Insurance (formerly Group Insurance) segment continued the geographic expansion of

its distribution network into growing markets by opening seven new sales offices and adding 25 new sales representatives throughout the nation. At the end of 2000, this segment had more than 33,500 group insurance policies in force, covering almost 5 million

employees. New annualized premiums for the Employee Benefits – Insurance segment grew 38 percent in 2000.

By acquiring a substantial block of individual disability income insurance, we effectively quadrupled our individual disability policies in force and maximized the distribution network we have established. Also, within the Individual Insurance segment, our sales of fixed annuities more than doubled in 2000. As the population ages we expect to see an increased demand for fixed annuities.

Portland, Oregon



6 LAS..DENVER..DETROIT..GRANDRAPIDS..HARTFORD..HOUS

The Retirement Plans segment added one new sales office and eight new sales representatives. For this segment, total annualized deposits from new sales, including transfers of existing assets on sales, grew 37 percent in 2000.

Our mortgage subsidiary, StanCorp Mortgage Investors, continued to build on its outstanding reputation of underwriting and servicing commercial real estate loans. With more than 40 years of

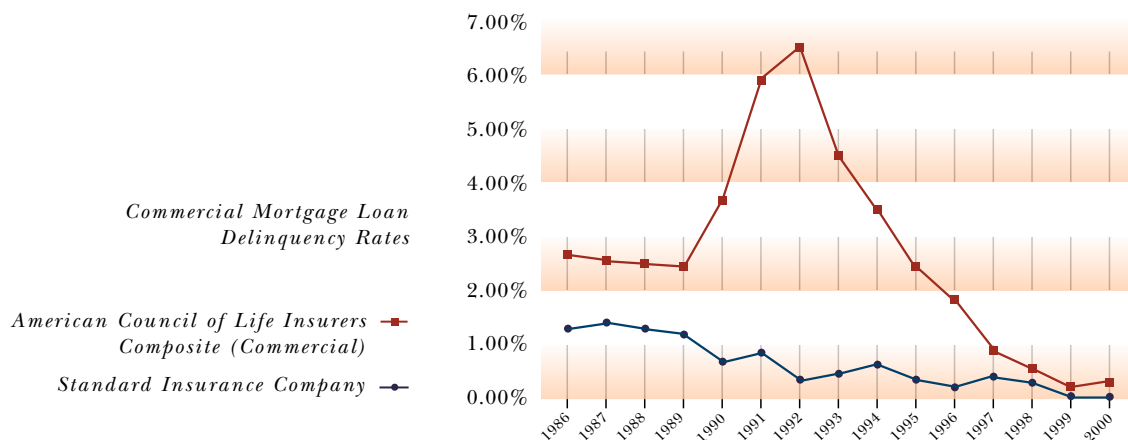
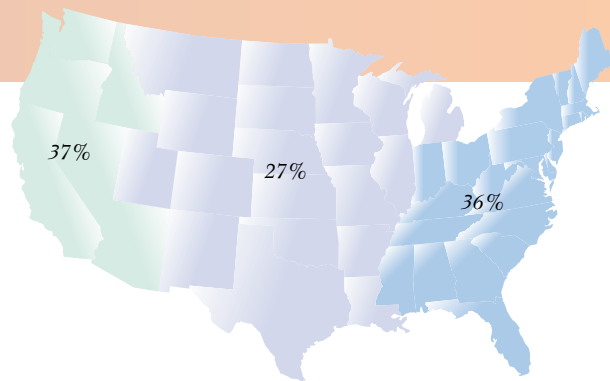


Denver, Colorado

TON...JACKSONVILLE...KANSAS...CITY...LOS ANGELES...MEMPHI 7

mortgage lending experience, we have developed expertise in high-quality commercial mortgage loans of between \$500,000 and \$3 million. In 2000 we originated \$433 million in loans, while selling \$103 million in loans to outside investors. The delinquency rate on our mortgage loan portfolio has historically been dramatically below the industry average.

Geographic Distribution of New Employee Benefits-Insurance Sales in 2000



growth

LEADING WITH PRODUCT DEVELOPMENT

Delivering new products for emerging market niches...

Growth in recent years comes not only from geographic expansion, but also from enriching our product lines. Policyholders in the 21st century have different concerns from those of policyholders in the early 20th century.

By listening to our customers and

designing solutions that address previously unmet market needs, we differentiate The Standard from others in the industry.

In 2000, the Employee Benefits – Insurance segment announced the Lifetime Security Benefit, providing our long term disability policyholders an innovative means to help employees protect their income beyond normal retirement in the event of severe disability. In addition, the Medical Expense Benefit was intro-

duced to offer an extra level of financial support for employees to apply toward medical and other expenses.

During 2000, the Individual Insurance segment applied its expertise to build sales of individual disability insurance policies. We introduced an innovative disability income product called The ProtectorSM, which combines the cost-efficiency of a guaranteed renewable contract with the flexibility of additional coverage options. When added to the disability overhead expense and business buy-out products, The ProtectorSM rounds out our full line of disability products.

Dallas, Texas



8 HIS...MIAMI...MILWAUKEE...MINNEAPOLIS...NASHVILLE...NEW

growth

ENHANCING PRODUCT LINES

*Innovative advancements
to existing products and services
set us apart...*

The Employee Benefits – Insurance segment further differentiated The Standard within the industry in 2000 through expanded e-business and product innovations. We introduced enhancements to Reports OnlineSM and AdminEASESM, Internet-based tools for online admin-

Also in the Employee Benefits – Insurance segment, our pairing of rehabilitation experts and nurses with claims administrators brought about breakthroughs in disability claims management and resolution. We recognize responsibility to our customers and support their

introduced during 2000. In addition, the redesigned retirement plan participant statements, introduced in 1999, and enhanced during 2000, met with praise from our customers and earned recognition from industry research organizations. StanCorp Investment Advisers, a

istration of The Standard's group life, short term and long term disability income insurance plans. The new Standard SecureCardSM, similar to stored-value cards in the retail industry, offers an alternative to traditional disability payment methods, and provides a more convenient option to receive payments compared to either paper checks or electronic fund transfers.

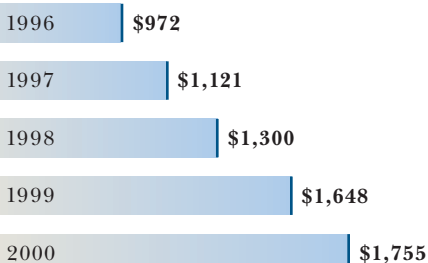
ultimate return to everyday living. This partnership with claimants, employers and medical professionals reinforces our relationship-based philosophy and facilitates thousands of successful transitions back to work each year.

The Retirement Plan Administration Center, a secure Web site for plan sponsors to access their account information, was

subsidary registered in 39 states as of December 31, 2000, augments services of the Retirement Plans segment.

The Retirement Plans sales force, as representatives of StanCorp Investment Advisers, is empowered to offer performance analysis and asset allocation techniques for customers' evaluation and selection of 401(k) investments. In 2001, retirement plan participants will have access to online asset allocation models that will periodically maintain their designated preferences.

*Retirement Plans Assets Under Management
(in millions)*



YORK..ORANGE..PHILADELPHIA..PHOENIX..PITTSBURGH..F 9

growth

REALIGNING FOR STRATEGIC ADVANTAGE



Miami, Florida

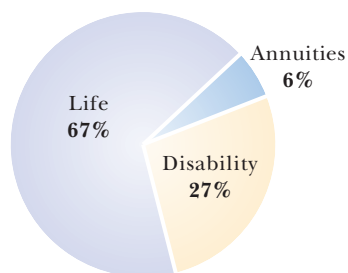
Capitalizing on economies of scale and focusing expertise on markets with high growth potential...

In the fourth quarter of 2000, the Company acquired, through a reinsurance transaction, substantially all of the individual disability insurance business of Minnesota Life Insurance Company. Complementing this decision, we entered into an agreement

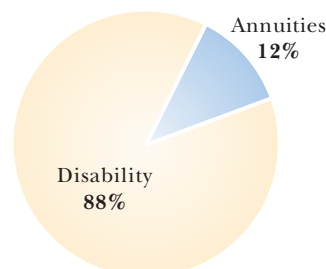
to offer our full line of individual disability insurance products through Minnesota Life's career general agency distribution system.

Individual Insurance Segment Realignment

Distribution of Premiums in 2000



Estimated Distribution of Premiums in 2001



In a separate transaction, the Company sold, through a reinsurance agreement, its individual life insurance business to Protective Life Insurance Company. This strategic realignment allows the Individual Insurance segment to capitalize on product lines that promise greater growth potential—disability income insurance and fixed annuities. Trimming product lines allows greater focus on new and expanding markets where we can maximize our economies of scale.

growth

INVESTING IN OUR FUTURE

*Extending customer support to match
our geographic growth...*

In August of 2000, we opened the Eastern Underwriting and Customer Service Office in South Portland, Maine, to support the Employee Benefits – Insurance segment. This new office provides more expeditious regional processing of applications and service

requests for our brokers and policyholders. Creating greater customer satisfaction is key to differentiating services of The Standard not only in the Eastern region but across our national network.

The Standard Life Insurance Company of New York, StanCorp's newest subsidiary, opened a sales office in Manhattan and a claims processing center in White Plains during the fourth quarter. A presence in New York is critical to the Company's continuing national expansion. The Standard Life Insurance Company of New York provides group insurance products to serve the needs of New York employee benefits customers. The White Plains Claims Office provides claims processing services for policyholders throughout the East, resulting in prompt local service delivery.

New York, New York



ANTONIO...SANDIEGO...SANFRANCISCO...SEATTLE...SOUTHPORT

o f f i c e r s

STANCORP FINANCIAL GROUP, INC.

Dwight L. Cramer, JD, FLMI
Vice President, General Counsel
and Corporate Secretary

Eric E. Parsons, FLMI
Senior Vice President and
Chief Financial Officer

Ronald E. Timpe, FSA, CLU
Chairman, President and
Chief Executive Officer

Scott A. Hibbs
Assistant Vice President,
Investor Relations

Cindy J. McPike, CPA
Assistant Vice President,
Controller and Treasurer

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PORTLAND..SPOKANE..TAMPA..TULSA..WASHINGTON..WHITEPL

b o a r d

OF DIRECTORS

Virginia L. Anderson ^{2,5}

Director
Seattle Center
Seattle, Washington

Frederick W. Buckman ^{2,3}

Frederick Buckman, Inc.
Portland, Oregon

John E. Chapoton ²

Partner
Brown Investment Advisory
and Trust Company
Washington, D.C.

Barry J. Galt ^{3,4}

Retired Chairman and
Chief Executive Officer
Ocean Energy, Inc.
Houston, Texas

Richard Geary ^{1,3}

President, Retired
Kiewit Pacific Company
Vancouver, Washington

Peter T. Johnson ^{1,2}

Former Administrator
Bonneville Power Administration
McCall, Idaho

Peter O. Kohler, M.D. ^{1,5}

President
Oregon Health Sciences University
Portland, Oregon

Jerome J. Meyer ^{3,4}

Chairman
Tektronix, Inc.
Beaverton, Oregon

Ralph R. Peterson ^{4,5}

Chairman, President and
Chief Executive Officer
CH2M Hill Companies LTD
Denver, Colorado

E. Kay Stepp ^{4,5}

Principal and Owner
Executive Solutions
Portland, Oregon

William Swindells ²

Chairman of the Board
Willamette Industries, Inc.
Portland, Oregon

Mike Thorne ^{1,3}

Executive Director
Port of Portland
Portland, Oregon

Ronald E. Timpe ¹

Chairman, President and
Chief Executive Officer
StanCorp Financial Group, Inc.
Portland, Oregon

Franklin E. Ulf ^{1,3}

Chairman
U.S. Trust Company, N.A.
Los Angeles, California

Committees: ¹ Executive, ² Audit, ³ Finance and Operations, ⁴ Organization and Compensation, ⁵ Nominating and Corporate Governance

m a n a g e m e n t

COMMITTEE

(front row, left-right)

Ronald E. Timpe, FSA, CLU
Chairman, President and
Chief Executive Officer

Douglas T. Maines
SVP, Employee Benefits-Insurance
Standard Insurance Company

(back row, left-right)

Dwight L. Cramer, JD, FLMI
VP, General Counsel and Corporate Secretary

Kim W. Ledbetter, FSA, CLU
SVP, Individual Insurance and Retirement Plans
Standard Insurance Company

Eric E. Parsons, FLMI
SVP and Chief Financial Officer

Patricia J. Brown, CPA, FLMI
VP, Information Systems
Standard Insurance Company

J. Gregory Ness, LLIF
SVP, Investments
Standard Insurance Company



AINS..ATLANTA..BATONROUGE..BIRMINGHAM..BOSTON..CHF 13

s t a t e m e n t

OF RESPONSIBILITY

Management is responsible for the preparation of the accompanying consolidated financial statements and for all information in the annual report. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, and management believes that they fairly present the financial position, results of operations, and cash flows of the Company in conformity with such principles.

In meeting its responsibility for the integrity of the consolidated financial statements, the Company maintains a system of internal controls designed to provide reasonable assurance at reasonable cost that the assets are properly safeguarded and that access to assets is permitted and transactions are executed only as authorized by management. The system of internal controls is supported by carefully selecting and training qualified personnel and is documented by written policies and procedures that are communicated to employees. Management continually monitors the system of internal controls for compliance, including review by the Company's internal auditors. The Company engages the independent accounting firm of Deloitte & Touche LLP to audit the financial statements and to review and report on internal controls.

The Audit Committee of the Board of Directors, made up of five outside Directors, meets periodically with both the internal and independent auditors to discuss the results of their audits and the adequacy of the internal controls. The internal and independent auditors have access to the Audit Committee to discuss any matter they believe should be brought before the Committee.

Ronald E. Timpe, FSA, CLU
Chairman, President and
Chief Executive Officer

Eric E. Parsons, FLMI
Senior Vice President and
Chief Financial Officer

five-year

FINANCIAL RETROSPECTIVE

SEGMENT DATA* (dollars in millions)		2000	1999	1998	1997	1996
<i>Operating Revenues</i>	Employee Benefits—Insurance	\$1,142.9	\$1,010.3	\$930.6	\$850.9	\$744.3
	Retirement Plans	74.4	67.2	68.0	65.1	68.7
	Individual Insurance	232.7	208.5	219.3	219.5	225.3
	Other	14.5	12.9	1.2	(2.8)	(4.7)
	Total	\$1,464.5	\$1,298.9	\$1,219.1	\$1,132.7	\$1,033.6
<i>Benefit Ratio</i>	Employee Benefits—Insurance (% premiums)	82.1 %	83.3 %	85.4 %	88.0 %	89.8 %
	Retirement Plans (interest credited as % net inv inc)	67.5	66.2	66.7	70.6	71.4
<i>Operating Expense Ratio</i>	Employee Benefits—Insurance (% premiums)	16.9 %	16.3 %	16.5 %	15.4 %	15.8 %
	Retirement Plans (% of operating revenue)	34.0	35.3	29.6	25.1	20.0
	Individual Insurance (% premiums)	26.4	30.7	29.8	27.4	23.4
<i>Pre-tax Operating Income (Loss)</i>	Employee Benefits—Insurance	\$116.9	\$104.5	\$82.7	\$64.6	\$40.3
	Retirement Plans	-	(1.7)	(0.4)	0.4	2.9
	Individual Insurance	17.4	11.9	17.9	22.9	19.9
	Other	10.5	10.4	(0.8)	(2.7)	(2.2)
	Total	\$144.8	\$125.1	\$99.4	\$85.2	\$60.9

INVESTMENT DATA AT DECEMBER 31 (dollars in millions)

<i>Percent of Investments</i>	Fixed Maturities	52.5 %	50.9 %	52.7 %	51.9 %	49.7 %
	Mortgage Loans	42.6	42.9	40.7	40.9	41.7
<i>Portfolio Yields</i>	Fixed Maturities (excluding convertibles)	7.01 %	6.94 %	7.05 %	7.21 %	7.34 %
	Mortgage Loans	8.34	8.37	8.70	9.13	9.38
<i>Quality</i>	Fixed Maturities Rating					
	A or higher	79.5 %	81.0 %	85.1 %	86.9 %	87.5 %
	BBB/Baa	19.4	18.3	14.4	12.6	11.9
	BB/Ba	0.9	0.7	0.5	0.5	0.6
	B or lower	0.2	-	-	-	-
	Mortgage Loans					
	Net Balance of Restructured Loans	\$6.1	\$5.5	\$7.7	\$8.7	\$20.2

STANCORP MORTGAGE INVESTORS, LLC (dollars in millions)

<i>Mortgage Loan Originations</i>		\$432.8	\$519.1	\$440.9	\$391.8	\$280.8
<i>Mortgage Loans Under Management</i>	Standard Insurance Company	\$2,050.9	\$1,909.2	\$1,718.7	\$1,595.9	\$1,511.9
	Other Investors	324.9	270.8	239.9	197.6	104.3
	Total	\$2,375.8	\$2,180.0	\$1,958.6	\$1,793.5	\$1,616.2

OTHER (dollars in millions)

Effective Income Tax Rate	32.9 %	34.0 %	33.7 %	34.1 %	38.2 %
Number of Employees at Year End	2,082	1,971	1,849	1,726	1,600

*Operating income excludes realized investment gains and losses and special items, both net of tax.

corporate

INFORMATION

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shibbs@standard.com

Jane Keister, Director
Shareholder Services
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jkeister@standard.com

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Kira Higgs, Assistant Vice President
Public Affairs and Corporate Communications
503/321-6418
khiggs@standard.com

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www.standard.com
www.standard-ny.com

COMMON STOCK LISTING AND TRADING
StanCorp Financial Group, Inc. Common Stock
is listed and traded on the New York Stock Exchange
under the ticker symbol SFG.

CORPORATE HEADQUARTERS
StanCorp Financial Group, Inc.
1100 SW Sixth Avenue
Portland, Oregon 97204

PRINCIPAL SUBSIDIARIES
Standard Insurance Company
The Standard Life Insurance Company of New York
StanCorp Mortgage Investors, LLC
StanCorp Investment Advisers, Inc.

NOTICE OF ANNUAL SHAREHOLDER MEETING
StanCorp Financial Group, Inc.
11:30 a.m. Monday, May 7, 2001
Portland Hilton's Pavilion Ballroom
921 SW Sixth Avenue, Portland, Oregon

TRANSFER AGENT & REGISTRAR OF COMMON STOCK
Mellon Investor Services LLC
Shareholder Relations
P.O. Box 3315
South Hackensack, NJ 07606
800/303-3963

TDD for Hearing-Impaired
800/231-5469

Foreign Shareholders
201/329-8660

TDD Foreign Shareholders
201/329-8354

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Retirement Plans
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877/805-1127

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Sales and Service Offices
800/521-8780

StanCorp Mortgage
Investors
503/321-7785

Individual Insurance
Sales and Marketing
800/992-4446

