1999 ANNUAL REPORT

SETTING THE STANDARD

STANCORP
FINANCIAL
GROUP

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About THE COMPANY

StanCorp Financial Group is the holding company for Standard Insurance Company (The Standard), which demutualized in 1999, its 93rd year in business. StanCorp Mortgage Investors and StanCorp Real Estate have joined The Standard as subsidiaries of StanCorp Financial Group.

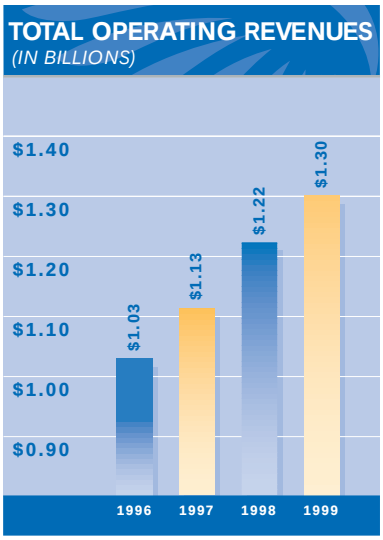
As a public company, StanCorp Financial Group has increased organizational flexibility and access to additional sources of capital for expansion of its core insurance business and investment subsidiaries. It is committed to providing quality products and exceptional service to its customers while increasing shareholder value.

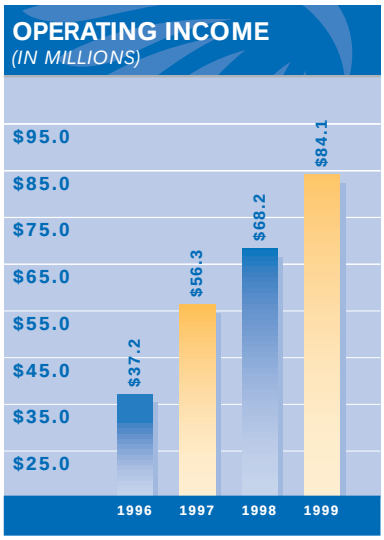
StanCorp's largest subsidiary, now known as The Standard, has a national sales force that markets its products in 49 states and the District of Columbia. In New York, The Standard is licensed for reinsurance only. At December 31, 1999, The Standard was rated: A (Excellent) by A.M. Best – 3rd of 13 rankings, A+ (Good) by Standard & Poor's – 5th of 17 rankings, AA- (Very High Claims Paying Ability) by Duff & Phelps – 4th of 16 rankings, A2 (Good) by Moody's – 6th of 16 rankings.

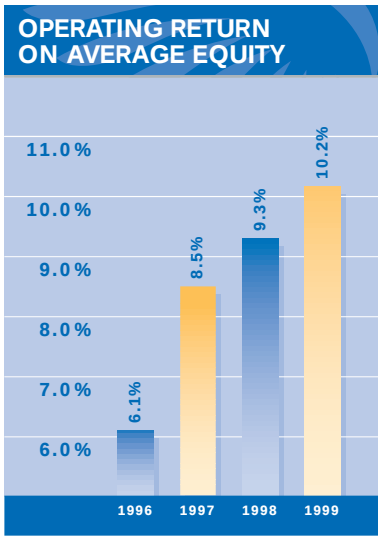
StanCorp Financial Group is listed on the New York Stock Exchange under the ticker symbol SFG. Our Internet home page is located at www.stancorpfinancial.com.

Financial HIGHLIGHTS* (DOLLARS IN MILLIONS, EXCEPT SHARE DATA)

		1999		1998	% Change
Income Statement Data					
Premiums	$	959.2	$	892.8	7.4%
Total Operating Revenues		1,299.8		1,219.3	6.6%
Operating Income**		84.1		68.2	23.3%
Extraordinary Item***		(4.5)		(6.1)	-26.2%
Net Income		79.9		69.5	15.0%
Operating Return on Average Equity		10.2%		9.3%	9.7%
Balance Sheet Data					
Invested Assets and Cash	$	4,529.3	$	4,257.9	6.4%
Total Assets		5,857.1		5,278.9	11.0%
Equity (excluding other comprehensive income)		877.5		765.1	14.7%
Per Common Share (pro forma)					
Basic and Diluted Operating Income**	$	2.50			
Basic and Diluted Net Income		2.37			
Book Value at Year End		26.83			
Share Price at Year End	$	25.19			
Shares Outstanding					
Basic Average Shares (pro forma)		33,630,692			
Diluted Average Shares (pro forma)		33,674,367			
At Year End		32,706,394			
Number of Employees (as of December 31)					
		1,971		1,849	







*Amounts presented include those related to the closed block. For more information see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 10-K .

**Operating income excludes net realized investment gains and Extraordinary Item, both net of tax.

***Extraordinary Item consists of expenses related to demutualization. Demutualization was completed in 1999.

Chairman's MESSAGE TO SHAREHOLDERS

In terms of impact on the company and its future, 1999 will be recorded as second only to our founding year of 1906. In addition to demutualizing and conducting a successful initial public offering, the company produced record financial results, enhanced its products and initiated e-business services.

At year-end, StanCorp Financial Group's total assets were $5.86 billion, an increase of 11.0 percent. Total operating revenues, including those from our closed block of business, were up 6.6 percent to $1.30 billion. Return on average equity (ROE) was 10.2 percent, up from 9.3 percent in 1998. Our proforma operating income per share was $2.50.

To accelerate sales growth, The Standard opened five new Group Insurance sales offices, four new Regional Pension sales offices and four new Regional Individual Insurance sales offices in major markets in 1999. StanCorp is also taking action to become licensed for direct sales in New York. The Standard is currently licensed in New York for reinsurance only. The Standard added 96 new employee positions this year. Because of existing and anticipated sales growth, it leased space in the Public Service Building in downtown Portland and moved in 400 employees from the Standard Plaza and Standard Insurance Center last fall.

In a further indication of our commitment to building shareholder value, the Board of Directors authorized the repurchase of 1.7 million shares of StanCorp stock in the open market and through negotiated transactions. We were able to complete approximately 75 percent of this repurchase by year-end, as part of our capital management strategy.

After 93 years in business and 70 years as a mutual company, we completed a 16-month effort to become a public company in April. Common stock in our new holding company, StanCorp Financial Group, began trading on the New York Stock Exchange under the symbol SFG. Policyholders received consideration equal to the total value of The Standard in shares of stock, policy credits and cash. As a public company, StanCorp has greater access to capital for growth and two investment subsidiaries that can now grow without limitations imposed by insurance company regulations. StanCorp Mortgage Investors and StanCorp Real Estate have joined Standard Insurance Company as subsidiaries of StanCorp Financial Group, and offer new growth and profit opportunities for the company.

We also developed and introduced a new brand – The Standard – and a new logo. The banner, or standard, in the logo represents our blue ribbon quality products and services and includes a symbolic wing of protection for customers. With our new identity, increasing brand recognition, expanding markets, superior customer service and steady sales growth, we are determined to set ***the standard*** for the life insurance industry in the 21st century.

The Standard's Group Insurance segment strengthened its disability insurance product line in 1999 with significant new contract provisions. For example, its new Assisted Living Benefit provides additional income to those unable to perform daily living activities or who suffer severe mental impairment. We also introduced a Transitional Duty Package that helps employers return disabled employees to work. The Group Insurance segment provides life, disability and dental insurance protection for 4.5 million people nationwide.

All three of The Standard's product segments enhanced services provided to customers via the company's Internet Web site. Known as The Standard Connection, these e-business services streamline interaction and reduce administration costs and provide real time services to customers. For instance, The Standard's individual insurance agents can now transact business through this secured Web application. The Group Insurance segment's brokers can use The Standard Connection to communicate with the home office, and group policyholders can update census information and track claims electronically. The Retirement Plans segment's Personal Savings Center helps plan participants check and adjust the status of their accounts online. The Standard Connection can be found on the Internet at www.ecommerce.standard.com.

The Standard's technological expertise has been recognized for two consecutive years by *Information Week* magazine, which ranked the company fourth among all insurers in the use of technology in its September 27, 1999 issue. I'm proud to report that The Standard was Y2K compliant and experienced no problems with its systems when the calendar rolled over to the year 2000.

After more than 30 years and work in three of our divisions, Wayne Atteberry retired in December as senior vice president, Investments, and president of both StanCorp Mortgage Investors and StanCorp Real Estate. Greg Ness, formerly vice president and corporate secretary, was selected to succeed Wayne as senior vice president, Investments, and president of StanCorp Mortgage Investors and StanCorp Real Estate. In February the Board elected Dwight L. Cramer as vice president, general counsel and corporate secretary. Dwight joins The Standard from American General Annuity Insurance Company. Prior to his experience with American General, he served as senior vice president, general counsel and corporate secretary for Western National Life Insurance Company.

In anticipation of Vice President Bill Willard's planned retirement in 2000, the Board of Directors elected Patricia J. Brown vice president of Information Systems. Pat, who has served the company as assistant vice president, controller and treasurer, will work closely with Bill in the coming months to effect a smooth transition. Cindy J. McPike takes over Pat's duties as assistant vice president, controller and treasurer. She was previously manager, Corporate Accounting. In Group Insurance, Ellen J. Steel was promoted to vice president, Group Benefits, and Randy Fraback was named second vice president and medical director. In our Investments Division, Julie Grandstaff was promoted to assistant vice president, Securities.

I'm grateful to our employees who worked so hard to complete our demutualization process and continue to create shareholder value. Most of them, like you, are shareholders. They are able to purchase stock at a discount through the Employee Stock Purchase Plan and those who participate in the 401(k) savings plan receive their company contribution match in StanCorp stock. As both employees and owners, they have a direct stake in our success. The quality of our products, services and distribution systems sets us apart from our competitors and that quality arises from the talent and commitment of our employees.

Ronald E. Timpe
Chairman, President
& Chief Executive Officer

I also owe a debt of gratitude to an involved and committed Board of Directors who provided valued advice and counsel as we navigated through the process of demutualization. With their support and guidance I look forward to 2000 and beyond with great enthusiasm.

I appreciate your investment in StanCorp Financial Group. We are firmly committed to growing the business and achieving our long-term goals while building shareholder value. On behalf of all the employee owners and directors of StanCorp Financial Group, we appreciate your investment and will continue to honor your trust in us.

Ronald E. Timpe

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

Board OF DIRECTORS

Virginia L. Anderson (1989)[2, 3]
Director
Seattle Center
Seattle, Washington

Frederick W. Buckman (1996)[2, 4]
Frederick Buckman, Inc.
Portland, Oregon

John E. Chapoton (1996)[2]
Partner
Vinson & Elkins, L.L.P.
Washington, D.C.

Barry J. Galt (1988)[4, 5]
Retired Chairman &
Chief Executive Officer
Ocean Energy, Inc.
Houston, Texas

Richard Geary (1991)[1, 4]
President, Retired
Kiewit Pacific Company
Vancouver, Washington

Peter T. Johnson (1987)[1, 2]
Investor, former Administrator
Bonneville Power Administration
McCall, Idaho

Peter O. Kohler, MD (1990)[1, 3]
President
Oregon Health Sciences University
Portland, Oregon

Jerome J. Meyer (1995)[4, 5]
Chairman & Chief Executive Officer
Tektronix, Inc.
Beaverton, Oregon

Ralph R. Peterson (1992)[3, 5]
President & Chief Executive Officer
CH2M Hill Companies LTD
Denver, Colorado

E. Kay Stepp (1997)[3, 5]
Principal & Owner
Executive Solutions
Portland, Oregon

William Swindells (1988)[2]
Chairman of the Board
Willamette Industries, Inc.
Portland, Oregon

Mike Thorne (1992)[1, 4]
Executive Director
Port of Portland
Portland, Oregon

Ronald E. Timpe (1993)[1]
Chairman, President &
Chief Executive Officer
StanCorp Financial Group
Standard Insurance Company
Portland, Oregon

Franklin E. Ulf (1987)[1, 4]
Chairman
U.S. Trust Company, N.A.
Los Angeles, California

Benjamin R. Whiteley (1982)[1, 3]
Chairman & CEO, Retired
Standard Insurance Company
Portland, Oregon

1 – Executive Committee, 2 – Audit Committee, 3 – Nominating & Corporate Governance Committee,
4 – Finance & Operations Committee, 5 – Organization & Compensation Committee

Management COMMITTEE

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

Kim W. Ledbetter, FSA, CLU
Senior Vice President, Individual
Insurance and Retirement Plans

Douglas T. Maines
Senior Vice President,
Group Insurance

J. Gregory Ness, LLIF
Senior Vice President, Investments
President, StanCorp Mortgage Investors
President, StanCorp Real Estate

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

Patricia J. Brown, CPA, FLMI
Vice President, Information Systems

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

W.R. Willard, FLMI
Vice President, Information Systems

Pictured left to right. Front row: Patricia J. Brown, Ronald E. Timpe, J. Gregory Ness. Back Row: Kim W. Ledbetter, W.R. Willard, Douglas T. Maines, Eric E. Parsons. Not pictured: Dwight L. Cramer

Officers

StanCorp Financial Group

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

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

Donald F. Bowler, Jr.
Vice President, Investor Relations

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

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

Standard Insurance Company

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

Corporate Financial Services

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

James R. Bloyer, FSA
Vice President & Corporate Actuary

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

Group Insurance

Douglas T. Maines
Senior Vice President

Jeffrey C. Carey, JD, FLMI
Vice President & Associate Counsel

Neal W. King, CLU, ChFC
Vice President, Group Sales

Wayne V. Roberts, FSA
Vice President & Group Actuary

Ellen L. Steel, FLMI
Vice President, Group Benefits

David G. Fitzpatrick, FSA
Assistant Vice President & Associate
Group Actuary

Michael W. Skiens, CEBS
Assistant Vice President,
Group Marketing

Danny R. Stancil, CEBS, FLMI
Assistant Vice President,
Executive Benefits

Ronald C. Fraback, MD
Second Vice President &
Medical Director

Marilyn G. Miller, JD
Second Vice President &
Associate Counsel

Individual Insurance

Kim W. Ledbetter, FSA, CLU
Senior Vice President

Forrest A. Richen, FSA
Vice President &
Individual Financial Actuary

Michael P. Roy, CLU, ChFC
Vice President,
Individual Sales & Marketing

James B. Harbolt, JD, FLMI
Assistant Vice President &
Associate Counsel

James E. Teague, JD, CLU
Assistant Vice President,
Variable Product Development

James E. Whiteley, CLU
Assistant Vice President,
General Agency Distribution

Randy L. Ellerbrook, MD
Medical Director

Information Systems

Patricia J. Brown, CPA, FLMI
Vice President

Mary Gibbons
Assistant Vice President,
Business Technology Services

Leslie B. Taylor
Assistant Vice President,
Information Processing Services

William M. Turner
Assistant Vice President,
Technical Services

Investments

J. Gregory Ness, LLIF
Senior Vice President

Mark B. Fisher
Assistant Vice President,
Real Estate Finance

Julie A. Grandstaff
Assistant Vice President, Securities

Gregg D. Harrod, CPA
Assistant Vice President,
Investment Administration

Trond Ingvaldsen, FLMI
Assistant Vice President, Real Estate

President's Staff

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

Stephen B. Carter, FLMI, CEBS
Assistant Vice President, Quality

Gayle M. Evans, PHR
Assistant Vice President,
Human Resources

Retirement Plans

Kim W. Ledbetter, FSA, CLU
Senior Vice President

David B. Mansfield
Vice President,
Retirement Plans Sales & Marketing

Marilyn R. Bishop, JD, CEBS
Assistant Vice President &
Associate Counsel

James M. Carr, FSA
Assistant Vice President &
Retirement Plans Actuary

Christine R. Raudonis
Assistant Vice President,
Group Annuity Administration

Field Appointed Officers Group Insurance

Gregory P. Bauer
Regional Vice President, Group Sales

Jeffrey A. Manning, CLU
Regional Vice President, Group Sales

Dennis S. Reed, CLU, CEBS
Regional Vice President, Group Sales

Individual Insurance

Jerry C. Grote, CLU, ChFC
Regional Vice President, Individual Sales

David L. Brown, LUTCF
Regional Vice President, Individual Sales

StanCorp Mortgage Investors Officers

J. Gregory Ness, LLIF
President

Mark B. Fisher
Vice President

Gregg D. Harrod, CPA
Vice President, Secretary & Treasurer

StanCorp Real Estate Officers

J. Gregory Ness, LLIF
President

Trond Ingvaldsen, FLMI
Vice President

Sales Offices

The Standard Group Sales Offices

Dennis S. Reed, CLU
Eastern Regional Vice President
800/428-2938

Atlanta, Georgia
Gregory J. Hammonds, CEBS
800/962-1672

Boston, Massachusetts
J. Bradford Galiney
800/633-8575

Charlotte, North Carolina
J. Kevin Simpson, FLMI
800/231-0065

Cincinnati, Ohio
Stephen W. Berger
800/772-7051

Philadelphia, Pennsylvania
Stephen C. Plevyak
800/222-0746

Pittsburgh, Pennsylvania
Julie L. Hayden
800/378-4170

Tampa, Florida
Patrick B. Miller
800/325-5757

Washington, D.C.
Robert W. Reiff
800/428-2938

Jeffrey A. Manning, CLU
Central Regional Vice President
800/535-8465

Chicago, Illinois
Richard J. Johnstone
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Dallas, Texas
Jeffrey M. Wheeler
800/727-7112

Denver, Colorado
Robert D. Tagmyer, CLU
800/759-8702

Houston, Texas

800/637-2119

Kansas City, Kansas
Thomas E. Trussell, CEBS
800/462-6506

Minneapolis, Minnesota
Sean Keegan
800/633-8575

St. Louis, Missouri
Scott H. Martin, CEBS
800/224-1435

Gregory P. Bauer
Western Regional Vice President
800/524-0450

Los Angeles, California
Randy J. Ebersberger
800/524-0450

Orange, California
Philip K. Shumate
800/633-8575

Phoenix, Arizona
800/525-4677

Portland, Oregon
Donald R. Wiggins, CLU, ChFC
800/521-8780

Sacramento, California
800/428-0505

San Diego, California
Scott D. Mills
800/521-8776

San Francisco, California
Calvin L. Wayman, CLU, CEBS
800/801-5092

Seattle, Washington
Garry R. Montag
800/848-5132

Spokane, Washington
Nathan A. Steilen
800/722-4173

Group Satellite Offices

Birmingham, Alabama
Brian M. Askelson
205/970-9003

Clark, New Jersey
Gerald J. Graceffo
732/815-2113

Detroit, Michigan
Karl R. Simms
248/641-9850

Hartford, Connecticut
Randall H. Peterson
860/409-2150

Memphis, Tennessee
Michael A. Watson
901/818-6868

Miami, Florida
Rees Gherman
305/666-6775

Portland, Maine
Daniel C. Palermino
207/780-6765

Salt Lake City, Utah
Lee W. Messervy
801/273-3339

San Antonio, Texas
Paul R. Schneider
210/291-2171

The Standard Retirement Plans Sales Offices

Atlanta, Georgia
John C. Ryberg, CLU
888 / 821-7498

Boston, Massachusetts
Edward J. Dias
860 / 963-7466

Chicago, Illinois
Michael F. McClelland
800 / 597-7753

Cincinnati, Ohio
Steven M. Loseff, CFP
888 / 404-4015

Dallas, Texas
Gregory L. Stone, CEBS
800 / 727-7112

Denver, Colorado
Robert A. Baumgarten
800 / 808-5805

Houston, Texas
John R. Sloan, CLU, ChFC
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Los Angeles, California
Barbara J. Fisher
800 / 335-4495

Portland, Oregon
Daniel W. Hall
800 / 368-7505

San Francisco, California
Daniel J. Burger
800 / 221-1773

Seattle, Washington
800 / 229-3971

The Standard Individual Sales Offices

David L. Brown, LUTCF
Regional Vice President
503 / 321-6325

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William T. "Ty" Kailey, CLU, CIC, LUTCF
800 / 651-5201

Pacific Northwest Region
Patric L. Bridges, CLU, ChFC
503 / 321-8087

Jerome C. Grote, CLU, ChFC
Regional Vice President
770 / 424-0372

Atlanta Region
John M.E. Saad, CLU, LUTCF
678 / 556-0090

Denver Region
Martin R. "Bob" Clancy
800 / 648-2748

Kansas City Region
Thomas R. Heffron
800 / 747-6179

Southern California Region
Charles M. Clark, CLU, ChFC, CFP
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Boise, Idaho
Edward F. Glennon, CLU, ChFC, LUTCF
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Richard G. Rietmann, CLU
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David White, CLU, ChFC
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Leo Kowalski, LUTCF
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Fort Worth, Texas
Ellis "Skip" Rice
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Indianapolis, Indiana
Steve Crowe
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Medford, Oregon
Reginald P. Breeze, CLU
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Nassau Bay, Texas
Pat Way
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Phoenix, Arizona
Robert V. Lester, CLU, ChFC
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Stanley W. Smith, LUTCF
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Sacramento, California
Mark J. Rosen
916 / 649-6899

Salem, Oregon
Leo Kowalski, LUTCF
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San Diego, California
Daniel C. Steenerson, CLU, ChFC
619 / 284-8444

San Jose, California
Thomas W. Fritze, CLU
408 / 979-8300
Stanley D. Mountford
408 / 723-4880

San Luis Obispo, California
Bill Dunn
805 / 543-9545

San Rafael, California
Jack B. Schmitz, CLU
415 / 472-4800

Seattle, Washington
Dennis A. Flem, CLU, ChFC
206 / 431-4848

Torrance, California
Gerald M. Kouzmanoff, CLU, ChFC
310 / 792-7355

Statement OF MANAGEMENT'S 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 generally accepted accounting principles, 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 control.

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

Corporate INFORMATION

For more information, contact:

Donald F. Bowler, Jr.
Vice President
Investor Relations
503/321-7529

Jane Keister
Director
Shareholder Services
800/378-8360
503/321-7097

Write to us: StanCorp Financial Group, Inc., PO Box 711, Portland, Oregon 97207

Talk to us: Please call our Public Affairs Department at 503/321-7000.

Visit us: Visit us on the Internet at one of our Worldwide Web sites: www.stancorpfinancial.com, www.standard.com, www.stancorprealestate.com, or ebusiness.standard.com.

Shareholder Information

Notice of Annual Meeting
The Annual Meeting of StanCorp Financial Group will be held at 11 a.m. on Monday, May 1, 2000, in the Auditorium of the World Trade Center Building #2, 25 SW Salmon Street, Portland, Oregon.

Corporate Headquarters
StanCorp Financial Group
1100 SW Sixth Avenue
Portland, Oregon 97204

Transfer Agent & Registrar of Common Stock
ChaseMellon Shareholder Services, L.L.C.
Shareholder Relations
P.O. Box 3315
South Hackensack, NJ 07606
800/522-6645

TDD for Hearing Impaired:
800/231-5469

Foreign Shareholders:
201/329-8660

TDD Foreign Shareholders:
201/329-8354

Web Site Address: www.chasemellon.com

Common Stock Listing and Trading
StanCorp Financial Group Common Stock is listed and traded on the New York Stock Exchange under the ticker symbol SFG.

Form 10-K
The Company's Form 10-K will be provided upon request, at no charge, to shareholders. Requests should be made to the Corporate Secretary.

STANCORP℠
FINANCIAL GROUP