



Supplemental Financial Information  
Fourth Quarter 2013

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This document may contain forward-looking statements and information. Additional information and factors that could cause actual results to differ materially from any forward-looking statements or information in this document is available in our Form 10-K for the year ended December 31, 2012.

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**FOURTH QUARTER 2013**

This document is a financial supplement to our fourth quarter 2013 earnings release. It is designed to enable comprehensive analysis of our ongoing business using the same core metrics that our management utilizes in assessing our business and making strategic and operational decisions. Throughout this document we provide financial information that is derived from our U.S. GAAP financial statements and adjusted for two different purposes, as follows:

- **Operating** adjustments exclude the expense associated with equity awards granted in connection with our initial public offering (“IPO”), the impact of realized investment gains and losses, and the impact of charges recorded for the potential settlement of claims made by certain Florida Retirement System (FRS) plan participants as described in our Form 8-K dated January 16, 2014.
- **Adjusted** when used in describing stockholders’ equity refers to the removal of the impact of net unrealized gains and losses on invested assets.

Management utilizes certain non-GAAP financial measures in managing the business and believes they present relevant and meaningful analytical metrics for evaluating the ongoing business. Reconciliations of non-GAAP to GAAP financial measures are included in this financial supplement.

Certain items throughout this supplement may not add due to rounding and as such, may not agree to other public reporting of the respective item. Certain items throughout this supplement are noted as ‘na’ to indicate not applicable. Certain variances are noted as ‘nm’ to indicate not meaningful. Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications. These reclassifications had no impact on net income or total stockholders’ equity.

# Condensed Balance Sheets and Reconciliation of Balance Sheet Non-GAAP to GAAP Financial Measures

PRIMERICA, INC.  
Financial Supplement

| (Dollars in thousands)   | Dec 31,<br>2011     | Mar 31,<br>2012      | Jun 30,<br>2012     | Sep 30,<br>2012      | Dec 31,<br>2012      | Mar 31,<br>2013      | Jun 30,<br>2013      | Sep 30,<br>2013      | Dec 31,<br>2013      |
|--|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Condensed Balance Sheets</b>  |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| <b>Assets:</b>   |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Investments and cash   | \$ 2,157,582        | \$ 2,167,231         | \$ 2,016,842        | \$ 2,176,721         | \$ 2,068,752         | \$ 2,115,144         | \$ 1,876,077         | \$ 1,909,560         | \$ 1,984,592         |
| Due from reinsurers  | 3,855,318           | 3,895,162            | 3,903,028           | 3,993,603            | 4,005,194            | 4,005,539            | 3,993,258            | 4,033,138            | 4,055,054            |
| Deferred policy acquisition costs  | 904,485             | 948,087              | 990,558             | 1,036,020            | 1,066,422            | 1,098,124            | 1,133,542            | 1,179,143            | 1,208,466            |
| Other assets   | 525,836             | 522,123              | 540,010             | 597,465              | 579,393              | 599,840              | 566,809              | 564,953              | 578,009              |
| Separate account assets  | 2,408,598           | 2,541,313            | 2,500,640           | 2,630,630            | 2,618,115            | 2,614,669            | 2,435,740            | 2,512,886            | 2,503,829            |
| Total assets   | <u>\$ 9,851,820</u> | <u>\$ 10,073,917</u> | <u>\$ 9,951,077</u> | <u>\$ 10,434,439</u> | <u>\$ 10,337,877</u> | <u>\$ 10,433,316</u> | <u>\$ 10,005,426</u> | <u>\$ 10,199,680</u> | <u>\$ 10,329,950</u> |
| <b>Liabilities:</b>  |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Future policy benefits   | \$ 4,614,860        | \$ 4,676,374         | \$ 4,723,359        | \$ 4,797,815         | \$ 4,850,488         | \$ 4,898,538         | \$ 4,943,743         | \$ 5,022,048         | \$ 5,063,103         |
| Other policy liabilities   | 589,542             | 606,793              | 593,956             | 595,382              | 606,310              | 614,892              | 584,587              | 587,646              | 593,083              |
| Income taxes   | 81,316              | 88,503               | 82,755              | 96,408               | 114,611              | 122,925              | 89,713               | 101,708              | 105,885              |
| Other liabilities  | 381,495             | 331,112              | 329,539             | 424,706              | 358,577              | 366,670              | 344,649              | 329,567              | 377,690              |
| Notes payable  | 300,000             | 300,000              | 300,000             | 374,421              | 374,433              | 374,445              | 374,457              | 374,469              | 374,481              |
| Payable under securities lending   | 149,358             | 142,507              | 143,963             | 177,666              | 139,927              | 133,325              | 86,272               | 75,852               | 89,852               |
| Separate account liabilities   | 2,408,598           | 2,541,313            | 2,500,640           | 2,630,630            | 2,618,115            | 2,614,669            | 2,435,740            | 2,512,886            | 2,503,829            |
| Total liabilities  | <u>8,525,169</u>    | <u>8,686,602</u>     | <u>8,674,211</u>    | <u>9,097,028</u>     | <u>9,062,461</u>     | <u>9,125,463</u>     | <u>8,859,162</u>     | <u>9,004,174</u>     | <u>9,107,923</u>     |
| <b>Stockholders' equity:</b>   |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Common stock (\$0.01 par value) (1)  | 649                 | 653                  | 599                 | 597                  | 564                  | 567                  | 545                  | 547                  | 548                  |
| Paid-in capital  | 835,232             | 842,613              | 693,717             | 691,885              | 602,269              | 609,100              | 456,050              | 464,784              | 472,632              |
| Retained earnings  | 344,104             | 383,847              | 426,936             | 468,223              | 503,173              | 535,609              | 572,714              | 609,778              | 640,840              |
| Treasury stock   | —                   | —                    | —                   | —                    | —                    | —                    | —                    | —                    | —                    |
| Accumulated other comprehensive income (loss), net:                                  |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Net unrealized investment gains (losses) not other-than-temporarily impaired         | 97,082              | 107,598              | 107,187             | 119,836              | 114,958              | 112,263              | 74,845               | 72,773               | 67,378               |
| Net unrealized investment losses other-than-temporarily impaired                     | (1,665)             | (1,981)              | (2,031)             | (1,364)              | (1,035)              | (1,045)              | (1,047)              | (1,047)              | (1,346)              |
| Cumulative translation adjustment  | 51,248              | 54,584               | 50,457              | 58,234               | 55,488               | 51,358               | 43,158               | 48,672               | 41,975               |
| Total stockholders' equity   | <u>1,326,650</u>    | <u>1,387,314</u>     | <u>1,276,866</u>    | <u>1,337,411</u>     | <u>1,275,416</u>     | <u>1,307,853</u>     | <u>1,146,265</u>     | <u>1,195,505</u>     | <u>1,222,027</u>     |
| Total liabilities and stockholders' equity   | <u>\$ 9,851,820</u> | <u>\$ 10,073,917</u> | <u>\$ 9,951,077</u> | <u>\$ 10,434,439</u> | <u>\$ 10,337,877</u> | <u>\$ 10,433,316</u> | <u>\$ 10,005,426</u> | <u>\$ 10,199,680</u> | <u>\$ 10,329,950</u> |
| <b>Reconciliation of Adjusted Stockholders' Equity to Total Stockholders' Equity</b> |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Adjusted stockholders' equity  | \$ 1,231,233        | \$ 1,281,697         | \$ 1,171,709        | \$ 1,218,939         | \$ 1,161,494         | \$ 1,196,634         | \$ 1,072,467         | \$ 1,123,780         | \$ 1,155,996         |
| Reconciling items:   |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Net unrealized investment gains (losses) not other-than-temporarily impaired         | 97,082              | 107,598              | 107,187             | 119,836              | 114,958              | 112,263              | 74,845               | 72,773               | 67,378               |
| Net unrealized investment losses other-than-temporarily impaired                     | (1,665)             | (1,981)              | (2,031)             | (1,364)              | (1,035)              | (1,045)              | (1,047)              | (1,047)              | (1,346)              |
| Total reconciling items  | <u>95,417</u>       | <u>105,617</u>       | <u>105,156</u>      | <u>118,472</u>       | <u>113,923</u>       | <u>111,219</u>       | <u>73,797</u>        | <u>71,726</u>        | <u>66,032</u>        |
| Total stockholders' equity   | <u>\$ 1,326,650</u> | <u>\$ 1,387,314</u>  | <u>\$ 1,276,866</u> | <u>\$ 1,337,411</u>  | <u>\$ 1,275,416</u>  | <u>\$ 1,307,853</u>  | <u>\$ 1,146,265</u>  | <u>\$ 1,195,505</u>  | <u>\$ 1,222,027</u>  |
| <b>Adjusted Stockholders' Equity Rollforward</b>                                     |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Balance, beginning of period   | \$ 1,382,895        | \$ 1,231,233         | \$ 1,281,697        | \$ 1,171,709         | \$ 1,218,939         | \$ 1,161,494         | \$ 1,196,634         | \$ 1,072,467         | \$ 1,123,780         |
| Net income   | 37,204              | 41,756               | 46,179              | 45,600               | 40,270               | 38,845               | 43,490               | 43,190               | 37,201               |
| Shareholder dividends  | (2,011)             | (2,013)              | (3,090)             | (4,313)              | (5,321)              | (6,409)              | (6,385)              | (6,126)              | (6,138)              |
| Retirement of shares and warrants  | (200,000)           | (1,635)              | (159,244)           | (9,124)              | (98,208)             | (3,077)              | (166,395)            | —                    | —                    |
| Net foreign currency translation adjustment  | 4,266               | 3,336                | (4,127)             | 7,776                | (2,746)              | (4,130)              | (8,200)              | 5,514                | (6,697)              |
| Other, net   | 8,879               | 9,020                | 10,294              | 7,290                | 8,559                | 9,911                | 13,323               | 8,736                | 7,850                |
| Balance, end of period   | <u>\$ 1,231,233</u> | <u>\$ 1,281,697</u>  | <u>\$ 1,171,709</u> | <u>\$ 1,218,939</u>  | <u>\$ 1,161,494</u>  | <u>\$ 1,196,634</u>  | <u>\$ 1,072,467</u>  | <u>\$ 1,123,780</u>  | <u>\$ 1,155,996</u>  |
| <b>Deferred Policy Acquisition Costs Rollforward</b>                                 |                     |                      |                     |                      |                      |                      |                      |                      |                      |
| Balance, beginning of period   | \$ 864,623          | \$ 904,485           | \$ 948,087          | \$ 990,558           | \$ 1,036,020         | \$ 1,066,422         | \$ 1,098,124         | \$ 1,133,542         | \$ 1,179,143         |
| General expenses deferred  | 7,754               | 7,003                | 7,492               | 7,234                | 6,869                | 6,631                | 8,669                | 7,399                | 7,396                |
| Commission costs deferred  | 58,793              | 60,116               | 66,540              | 61,238               | 60,349               | 60,048               | 63,835               | 65,535               | 63,828               |
| Amortization of deferred policy acquisition costs                                    | (30,185)            | (26,531)             | (28,205)            | (29,234)             | (34,628)             | (31,252)             | (30,111)             | (32,192)             | (35,627)             |
| Foreign currency impact and other, net   | 3,501               | 3,015                | (3,356)             | 6,223                | (2,187)              | (3,726)              | (6,974)              | 4,860                | (6,274)              |
| Balance, end of period   | <u>\$ 904,485</u>   | <u>\$ 948,087</u>    | <u>\$ 990,558</u>   | <u>\$ 1,036,020</u>  | <u>\$ 1,066,422</u>  | <u>\$ 1,098,124</u>  | <u>\$ 1,133,542</u>  | <u>\$ 1,179,143</u>  | <u>\$ 1,208,466</u>  |

(1) Outstanding common shares exclude restricted stock units.

# Financial Results and Other Statistical Data

PRIMERICA, INC.  
Financial Supplement

|   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Q1<br>2013 | Q2<br>2013 | Q3<br>2013 | Q4<br>2013 | YOY Q4      |        | YTD<br>2012 | YTD<br>2013 | YOY YTD     |        |
|---|------------|------------|------------|------------|------------|------------|------------|------------|-------------|--------|-------------|-------------|-------------|--------|
|   |            |            |            |            |            |            |            |            | Change      | %      |             |             | Change      | %      |
| <i>(Dollars in thousands, except per-share data)</i>                    |            |            |            |            |            |            |            |            |             |        |             |             |             |        |
| <b>Earnings per Share</b>   |            |            |            |            |            |            |            |            |             |        |             |             |             |        |
| Basic earnings per share:   |            |            |            |            |            |            |            |            |             |        |             |             |             |        |
| Weighted-average common shares and fully vested equity awards           | 65,133,035 | 61,530,879 | 60,059,741 | 57,415,577 | 56,598,327 | 56,510,785 | 54,957,274 | 55,080,615 | (2,334,962) | -4.1%  | 61,059,404  | 55,834,008  | (5,225,396) | -8.6%  |
| Net income  | \$ 41,756  | \$ 46,179  | \$ 45,600  | \$ 40,270  | \$ 38,845  | \$ 43,490  | \$ 43,190  | \$ 37,201  | \$ (3,070)  | -7.6%  | \$ 173,806  | \$ 162,725  | \$ (11,080) | -6.4%  |
| Less income attributable to unvested participating securities           | (1,357)    | (1,110)    | (1,116)    | (1,026)    | (1,017)    | (553)      | (556)      | (482)      | 544         | 53.0%  | (4,650)     | (2,671)     | 1,979       | 42.6%  |
| Net income used in computing basic EPS                                  | \$ 40,400  | \$ 45,069  | \$ 44,483  | \$ 39,244  | \$ 37,828  | \$ 42,938  | \$ 42,633  | \$ 36,718  | \$ (2,526)  | -6.4%  | \$ 169,156  | \$ 160,054  | \$ (9,102)  | -5.4%  |
| Basic earnings per share  | \$ 0.62    | \$ 0.73    | \$ 0.74    | \$ 0.68    | \$ 0.67    | \$ 0.76    | \$ 0.78    | \$ 0.67    | \$ (0.02)   | -2.5%  | \$ 2.77     | \$ 2.87     | \$ 0.10     | 3.5%   |
| Net operating income  | \$ 42,377  | \$ 45,455  | \$ 45,103  | \$ 41,603  | \$ 39,317  | \$ 41,487  | \$ 43,454  | \$ 46,769  | \$ 5,166    | 12.4%  | \$ 174,538  | \$ 171,027  | \$ (3,511)  | -2.0%  |
| Less operating income attributable to unvested participating securities | (1,377)    | (1,093)    | (1,104)    | (1,061)    | (1,030)    | (527)      | (560)      | (607)      | 454         | 42.8%  | (4,670)     | (2,808)     | 1,861       | 39.9%  |
| Net operating income used in computing basic operating EPS              | \$ 41,000  | \$ 44,362  | \$ 43,999  | \$ 40,542  | \$ 38,287  | \$ 40,960  | \$ 42,894  | \$ 46,162  | \$ 5,620    | 13.9%  | \$ 169,868  | \$ 168,218  | \$ (1,650)  | -1.0%  |
| Basic operating income per share  | \$ 0.63    | \$ 0.72    | \$ 0.73    | \$ 0.71    | \$ 0.68    | \$ 0.72    | \$ 0.78    | \$ 0.84    | \$ 0.13     | 18.7%  | \$ 2.78     | \$ 3.01     | \$ 0.23     | 8.3%   |
| Diluted earnings per share:   |            |            |            |            |            |            |            |            |             |        |             |             |             |        |
| Weighted-average common shares and fully vested equity awards           | 65,133,035 | 61,530,879 | 60,059,741 | 57,415,577 | 56,598,327 | 56,510,785 | 54,957,274 | 55,080,615 | (2,334,962) | -4.1%  | 61,059,404  | 55,834,008  | (5,225,396) | -8.6%  |
| Dilutive impact of warrants and options                                 | 1,141,687  | 1,155,701  | 1,502,853  | 1,519,844  | 1,809,066  | 1,338,164  | 1,187      | 15,012     | (1,504,832) | -99.0% | 1,341,887   | 790,857     | (551,030)   | -41.1% |
| Shares used to calculate diluted EPS                                    | 66,274,722 | 62,686,580 | 61,562,594 | 58,935,421 | 58,407,393 | 57,848,949 | 54,958,461 | 55,095,627 | (3,839,794) | -6.5%  | 62,401,291  | 56,624,865  | (5,776,426) | -9.3%  |
| Net income  | \$ 41,756  | \$ 46,179  | \$ 45,600  | \$ 40,270  | \$ 38,845  | \$ 43,490  | \$ 43,190  | \$ 37,201  | \$ (3,070)  | -7.6%  | \$ 173,806  | \$ 162,725  | \$ (11,080) | -6.4%  |
| Less income attributable to unvested participating securities           | (1,335)    | (1,092)    | (1,092)    | (1,004)    | (991)      | (542)      | (556)      | (482)      | 522         | 52.0%  | (4,561)     | (2,640)     | 1,921       | 42.1%  |
| Net income used in computing diluted EPS                                | \$ 40,421  | \$ 45,088  | \$ 44,507  | \$ 39,266  | \$ 37,854  | \$ 42,948  | \$ 42,633  | \$ 36,718  | \$ (2,548)  | -6.5%  | \$ 169,245  | \$ 160,085  | \$ (9,160)  | -5.4%  |
| Diluted earnings per share  | \$ 0.61    | \$ 0.72    | \$ 0.72    | \$ 0.67    | \$ 0.65    | \$ 0.74    | \$ 0.78    | \$ 0.67    | \$ 0.00     | nm     | \$ 2.71     | \$ 2.83     | \$ 0.11     | 4.2%   |
| Net operating income  | \$ 42,377  | \$ 45,455  | \$ 45,103  | \$ 41,603  | \$ 39,317  | \$ 41,487  | \$ 43,454  | \$ 46,769  | \$ 5,166    | 12.4%  | \$ 174,538  | \$ 171,027  | \$ (3,511)  | -2.0%  |
| Less operating income attributable to unvested participating securities | (1,355)    | (1,074)    | (1,080)    | (1,037)    | (1,003)    | (517)      | (560)      | (607)      | 430         | 41.5%  | (4,580)     | (2,775)     | 1,805       | 39.4%  |
| Net operating income used in computing diluted operating EPS            | \$ 41,022  | \$ 44,381  | \$ 44,023  | \$ 40,566  | \$ 38,313  | \$ 40,971  | \$ 42,894  | \$ 46,162  | \$ 5,596    | 13.8%  | \$ 169,958  | \$ 168,251  | \$ (1,706)  | -1.0%  |
| Diluted operating income per share                                      | \$ 0.62    | \$ 0.71    | \$ 0.72    | \$ 0.69    | \$ 0.66    | \$ 0.71    | \$ 0.78    | \$ 0.84    | \$ 0.15     | 21.7%  | \$ 2.72     | \$ 2.97     | \$ 0.25     | 9.1%   |

|   | Q1<br>2012   | Q2<br>2012   | Q3<br>2012   | Q4<br>2012   | Q1<br>2013   | Q2<br>2013   | Q3<br>2013   | Q4<br>2013   | YOY Q4      |       | YTD<br>2012  | YTD<br>2013  | YOY YTD      |       |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------|--------------|--------------|--------------|-------|
|   |              |              |              |              |              |              |              |              | Change      | %     |              |              | Change       | %     |
| <b>Annualized Return on Equity</b>                              |              |              |              |              |              |              |              |              |             |       |              |              |              |       |
| Average stockholders' equity                                    | \$ 1,356,982 | \$ 1,332,090 | \$ 1,307,138 | \$ 1,306,413 | \$ 1,291,635 | \$ 1,227,059 | \$ 1,170,885 | \$ 1,208,766 | \$ (97,647) | -7.5% | \$ 1,325,656 | \$ 1,224,586 | \$ (101,070) | -7.6% |
| Average adjusted stockholders' equity                           | \$ 1,256,465 | \$ 1,226,703 | \$ 1,195,324 | \$ 1,190,216 | \$ 1,179,064 | \$ 1,134,551 | \$ 1,098,123 | \$ 1,139,888 | \$ (50,328) | -4.2% | \$ 1,217,177 | \$ 1,137,906 | \$ (79,271)  | -6.5% |
| Net income return on stockholders' equity                       | 12.3%        | 13.9%        | 14.0%        | 12.3%        | 12.0%        | 14.2%        | 14.8%        | 12.3%        | 0.0%        | nm    | 13.1%        | 13.3%        | 0.2%         | nm    |
| Net income return on adjusted stockholders' equity              | 13.3%        | 15.1%        | 15.3%        | 13.5%        | 13.2%        | 15.3%        | 15.7%        | 13.1%        | -0.5%       | nm    | 14.3%        | 14.3%        | 0.0%         | nm    |
| Net operating income return on adjusted stockholders' equity    | 13.5%        | 14.8%        | 15.1%        | 14.0%        | 13.3%        | 14.6%        | 15.8%        | 16.4%        | 2.4%        | nm    | 14.3%        | 15.0%        | 0.7%         | nm    |
| <b>Capital Structure</b>  |              |              |              |              |              |              |              |              |             |       |              |              |              |       |
| Debt-to-capital (1)   | 17.8%        | 19.0%        | 21.9%        | 22.7%        | 22.3%        | 24.6%        | 23.9%        | 23.5%        | 0.8%        | nm    | 22.7%        | 23.5%        | 0.8%         | nm    |
| Cash and invested assets to stockholders' equity                | 1.6x         | 1.6x         | 1.6x         | 1.6x         | 1.6x         | 1.6x         | 1.6x         | 1.6x         | 0.0x        | nm    | 1.6x         | 1.6x         | 0.0x         | nm    |
| Cash and invested assets to adjusted stockholders' equity       | 1.7x         | 1.7x         | 1.8x         | 1.8x         | 1.8x         | 1.7x         | 1.7x         | 1.7x         | (0.1x)      | nm    | 1.8x         | 1.7x         | (0.1x)       | nm    |
| Share count, end of period (2)                                  | 65,303,547   | 59,868,486   | 59,722,559   | 56,373,795   | 56,682,195   | 54,503,822   | 54,686,613   | 54,833,510   | (1,540,285) | -2.7% | 56,373,795   | 54,833,510   | (1,540,285)  | -2.7% |
| Adjusted stockholders' equity per share                         | \$ 19.63     | \$ 19.57     | \$ 20.41     | \$ 20.60     | \$ 21.11     | \$ 19.68     | \$ 20.55     | \$ 21.08     | \$ 0.48     | 2.3%  | \$ 20.60     | \$ 21.08     | \$ 0.48      | 2.3%  |
| <b>Financial Strength Ratings - Primerica Life Insurance Co</b> |              |              |              |              |              |              |              |              |             |       |              |              |              |       |
| Moody's   | A2           | A2           | A2           | A2           | A2           | A2           | A2           | A2           | nm          | nm    | nm           | nm           | nm           | nm    |
| S&P   | AA-          | AA-          | AA-          | AA-          | AA-          | AA-          | AA-          | AA-          | nm          | nm    | nm           | nm           | nm           | nm    |
| A.M. Best   | A+           | A+           | A+           | A+           | A+           | A+           | A+           | A+           | nm          | nm    | nm           | nm           | nm           | nm    |
| <b>Holding Company Senior Debt Ratings</b>                      |              |              |              |              |              |              |              |              |             |       |              |              |              |       |
| Moody's   | Baa2         | Baa2         | Baa2         | Baa2         | Baa2         | Baa2         | Baa2         | Baa2         | nm          | nm    | nm           | nm           | nm           | nm    |
| S&P   | A-           | A-           | A-           | A-           | A-           | A-           | A-           | A-           | nm          | nm    | nm           | nm           | nm           | nm    |
| A.M. Best   | a-           | a-           | a-           | a-           | a-           | a-           | a-           | a-           | nm          | nm    | nm           | nm           | nm           | nm    |

(1) Capital in the debt-to-capital ratio includes stockholders' equity and the note payable.

(2) Share count reflects outstanding common shares, including restricted shares, but excludes restricted stock units (RSUs).

# Statements of Income

PRIMERICA, INC.  
Financial Supplement

|  | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         | YOY Q4     |        | YTD          | YTD          | YOY YTD     |        |  |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------|--------------|--------------|-------------|--------|--|
|  | 2012       | 2012       | 2012       | 2012       | 2013       | 2013       | 2013       | 2013       | \$         | %      | 2012         | 2013         | \$          | %      |  |
|  |            |            |            |            |            |            |            |            | Change     | Change |              |              | Change      | Change |  |
| <i>(Dollars in thousands)</i>                |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| <b>Statement of Income</b>                   |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| <b>Revenues:</b>                             |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| Direct premiums                              | \$ 561,037 | \$ 570,073 | \$ 567,273 | \$ 569,591 | \$ 570,899 | \$ 577,208 | \$ 576,095 | \$ 577,866 | \$ 8,275   | 1.5%   | \$ 2,267,975 | \$ 2,302,069 | \$ 34,094   | 1.5%   |  |
| Ceded premiums                               | (418,163)  | (415,814)  | (414,992)  | (414,783)  | (410,604)  | (417,450)  | (407,489)  | (408,615)  | 6,168      | 1.5%   | (1,663,753)  | (1,644,158)  | 19,595      | 1.2%   |  |
| Net premiums                                 | 142,874    | 154,259    | 152,282    | 154,808    | 160,295    | 159,758    | 168,607    | 169,251    | 14,443     | 9.3%   | 604,222      | 657,911      | 53,689      | 8.9%   |  |
| Net investment income                        | 26,097     | 23,605     | 26,882     | 24,221     | 23,216     | 21,027     | 22,103     | 22,407     | (1,815)    | -7.5%  | 100,804      | 88,752       | (12,052)    | -12.0% |  |
| Commissions and fees:                        |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| Sales-based (1)                              | 44,823     | 47,614     | 43,390     | 50,439     | 49,718     | 52,164     | 51,991     | 54,447     | 4,009      | 7.9%   | 186,266      | 208,319      | 22,053      | 11.8%  |  |
| Asset-based (2)                              | 43,722     | 43,751     | 45,627     | 46,626     | 47,428     | 49,436     | 50,981     | 53,432     | 6,806      | 14.6%  | 179,725      | 201,277      | 21,552      | 12.0%  |  |
| Account-based (3)                            | 9,373      | 9,494      | 9,826      | 9,817      | 9,454      | 9,589      | 9,813      | 10,012     | 195        | 2.0%   | 38,510       | 38,868       | 358         | 0.9%   |  |
| Other commissions and fees                   | 6,343      | 6,248      | 5,764      | 6,188      | 5,674      | 5,994      | 5,658      | 6,019      | (170)      | -2.7%  | 24,543       | 23,345       | (1,198)     | -4.9%  |  |
| Realized investment (losses) gains           | 2,132      | 4,320      | 3,872      | 1,058      | 2,286      | 3,468      | (407)      | 899        | (159)      | -15.0% | 11,382       | 6,246        | (5,136)     | -45.1% |  |
| Other, net                                   | 11,238     | 11,235     | 11,445     | 11,345     | 10,375     | 10,871     | 10,712     | 10,774     | (571)      | -5.0%  | 45,263       | 42,732       | (2,531)     | -5.6%  |  |
| Total revenues                               | 286,601    | 300,525    | 299,087    | 304,501    | 308,445    | 312,307    | 319,457    | 327,240    | 22,739     | 7.5%   | 1,190,715    | 1,267,448    | 76,733      | 6.4%   |  |
| <b>Benefits and expenses:</b>                |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| Benefits and claims                          | 67,933     | 68,925     | 70,738     | 71,151     | 74,246     | 69,770     | 81,912     | 75,547     | 4,396      | 6.2%   | 278,747      | 301,475      | 22,728      | 8.2%   |  |
| Amortization of DAC                          | 26,531     | 28,205     | 29,234     | 34,628     | 31,252     | 30,111     | 32,192     | 35,627     | 998        | 2.9%   | 118,598      | 129,183      | 10,585      | 8.9%   |  |
| Insurance commissions                        | 8,496      | 6,457      | 6,684      | 5,916      | 6,066      | 5,424      | 5,329      | 5,652      | (264)      | -4.5%  | 27,555       | 22,471       | (5,084)     | -18.5% |  |
| Insurance expenses                           | 22,444     | 24,589     | 23,744     | 25,764     | 27,142     | 28,094     | 25,083     | 28,339     | 2,575      | 10.0%  | 96,541       | 108,658      | 12,118      | 12.6%  |  |
| Sales commissions:                           |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| Sales-based (1)                              | 31,600     | 33,285     | 30,521     | 34,508     | 35,403     | 36,730     | 36,296     | 38,222     | 3,714      | 10.8%  | 129,914      | 146,652      | 16,738      | 12.9%  |  |
| Asset-based (2)                              | 14,745     | 15,031     | 15,557     | 16,157     | 16,637     | 17,778     | 18,775     | 19,956     | 3,798      | 23.5%  | 61,491       | 73,146       | 11,655      | 19.0%  |  |
| Other sales commissions                      | 3,371      | 3,159      | 3,292      | 3,342      | 3,007      | 3,129      | 3,316      | 2,986      | (356)      | -10.7% | 13,164       | 12,439       | (725)       | -5.5%  |  |
| Interest expense                             | 6,910      | 8,505      | 8,829      | 8,857      | 8,795      | 8,792      | 8,726      | 8,704      | (152)      | -1.7%  | 33,101       | 35,018       | 1,917       | 5.8%   |  |
| Other operating expenses                     | 41,104     | 40,447     | 39,933     | 43,233     | 45,664     | 45,031     | 41,273     | 55,241     | 12,008     | 27.8%  | 164,717      | 187,209      | 22,492      | 13.7%  |  |
| Total benefits and expenses                  | 223,135    | 228,605    | 228,532    | 243,555    | 248,213    | 244,860    | 252,903    | 270,274    | 26,719     | 11.0%  | 923,827      | 1,016,251    | 92,423      | 10.0%  |  |
| Income before income taxes                   | 63,466     | 71,921     | 70,556     | 60,946     | 60,232     | 67,446     | 66,554     | 56,966     | (3,980)    | -6.5%  | 266,888      | 251,198      | (15,690)    | -5.9%  |  |
| Income taxes                                 | 21,709     | 25,741     | 24,956     | 20,675     | 21,387     | 23,956     | 23,364     | 19,765     | (910)      | -4.4%  | 93,082       | 88,472       | (4,610)     | -5.0%  |  |
| Net income                                   | \$ 41,756  | \$ 46,179  | \$ 45,600  | \$ 40,270  | \$ 38,845  | \$ 43,490  | \$ 43,190  | \$ 37,201  | \$ (3,070) | -7.6%  | \$ 173,806   | \$ 162,725   | \$ (11,080) | -6.4%  |  |
| <b>Income Before Income Taxes by Segment</b> |            |            |            |            |            |            |            |            |            |        |              |              |             |        |  |
| Term Life                                    | \$ 43,254  | \$ 51,148  | \$ 47,593  | \$ 43,931  | \$ 45,125  | \$ 51,898  | \$ 50,136  | \$ 50,042  | \$ 6,112   | 13.9%  | \$ 185,926   | \$ 197,201   | \$ 11,275   | 6.1%   |  |
| Investment & Savings Products                | 28,869     | 29,444     | 31,608     | 31,194     | 26,353     | 27,488     | 31,498     | 19,810     | (11,384)   | -36.5% | 121,116      | 105,149      | (15,967)    | -13.2% |  |
| Corporate & Other Distributed Products       | (8,658)    | (8,672)    | (8,645)    | (14,179)   | (11,246)   | (11,940)   | (15,080)   | (12,887)   | 1,293      | 9.1%   | (40,154)     | (51,152)     | (10,998)    | -27.4% |  |
| Income before income taxes                   | \$ 63,466  | \$ 71,921  | \$ 70,556  | \$ 60,946  | \$ 60,232  | \$ 67,446  | \$ 66,554  | \$ 56,966  | \$ (3,980) | -6.5%  | \$ 266,888   | \$ 251,198   | \$ (15,690) | -5.9%  |  |

(1) Sales-based - revenues or commission expenses relating to the sales of mutual funds and variable annuities

(2) Asset-based - revenues or commission expenses relating to the value of assets in client accounts for which we earn ongoing service, distribution, and other fees

(3) Account-based - revenues relating to the fee generating client accounts we administer

# Reconciliation of Statement of Income Non-GAAP to GAAP Financial Measures

PRIMERICA, INC.  
Financial Supplement

|   |            |            |            |            |            |            |            |            | YOY Q4       |             |              |              | YOY YTD      |             |
|---|------------|------------|------------|------------|------------|------------|------------|------------|--------------|-------------|--------------|--------------|--------------|-------------|
|   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Q1<br>2013 | Q2<br>2013 | Q3<br>2013 | Q4<br>2013 | \$<br>Change | %<br>Change | YTD<br>2012  | YTD<br>2013  | \$<br>Change | %<br>Change |
| <i>(Dollars in thousands)</i>   |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| <b>Reconciliation from Operating Revenues to Total Revenues</b>                               |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Operating revenues  | \$ 284,469 | \$ 296,206 | \$ 295,215 | \$ 303,443 | \$ 306,159 | \$ 308,839 | \$ 319,864 | \$ 326,341 | \$ 22,898    | 7.5%        | \$ 1,179,333 | \$ 1,261,203 | \$ 81,870    | 6.9%        |
| Operating revenues reconciling items:   |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Realized investment gains/losses  | 2,132      | 4,320      | 3,872      | 1,058      | 2,286      | 3,468      | (407)      | 899        | nm           | nm          | 11,382       | 6,246        | nm           | nm          |
| Total operating revenues reconciling items  | 2,132      | 4,320      | 3,872      | 1,058      | 2,286      | 3,468      | (407)      | 899        | nm           | nm          | 11,382       | 6,246        | nm           | nm          |
| Total revenues  | \$ 286,601 | \$ 300,525 | \$ 299,087 | \$ 304,501 | \$ 308,445 | \$ 312,307 | \$ 319,457 | \$ 327,240 | \$ 22,739    | 7.5%        | \$ 1,190,715 | \$ 1,267,448 | \$ 76,733    | 6.4%        |
| <b>Reconciliation from Operating Income Before Income Taxes to Income Before Income Taxes</b> |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Operating income before income taxes  | \$ 64,409  | \$ 70,793  | \$ 69,787  | \$ 62,962  | \$ 60,964  | \$ 64,340  | \$ 66,961  | \$ 71,618  | \$ 8,655     | 13.7%       | \$ 267,951   | \$ 263,882   | \$ (4,069)   | -1.5%       |
| Operating income before income taxes reconciling items:                                       |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Realized investment gains/losses  | 2,132      | 4,320      | 3,872      | 1,058      | 2,286      | 3,468      | (407)      | 899        | nm           | nm          | 11,382       | 6,246        | nm           | nm          |
| FRS legal settlements   | —          | —          | —          | —          | —          | (188)      | —          | (15,551)   | nm           | nm          | —            | (15,738)     | nm           | nm          |
| Initial & accelerated management / field grant expense  | (3,075)    | (3,192)    | (3,104)    | (3,074)    | (3,018)    | (174)      | —          | —          | nm           | nm          | (12,445)     | (3,192)      | nm           | nm          |
| Total operating income before income taxes reconciling items                                  | (943)      | 1,128      | 768        | (2,016)    | (731)      | 3,106      | (407)      | (14,652)   | nm           | nm          | (1,063)      | (12,685)     | nm           | nm          |
| Income before income taxes  | \$ 63,466  | \$ 71,921  | \$ 70,556  | \$ 60,946  | \$ 60,232  | \$ 67,446  | \$ 66,554  | \$ 56,966  | \$ (3,980)   | -6.5%       | \$ 266,888   | \$ 251,198   | \$ (15,690)  | -5.9%       |
| <b>Reconciliation from Net Operating Income to Net Income</b>                                 |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Net operating income  | \$ 42,377  | \$ 45,455  | \$ 45,103  | \$ 41,603  | \$ 39,317  | \$ 41,487  | \$ 43,454  | \$ 46,769  | \$ 5,166     | 12.4%       | \$ 174,538   | \$ 171,027   | \$ (3,511)   | -2.0%       |
| Net operating income reconciling items:   |            |            |            |            |            |            |            |            |              |             |              |              |              |             |
| Operating income before income taxes reconciling items  | (943)      | 1,128      | 768        | (2,016)    | (731)      | 3,106      | (407)      | (14,652)   | nm           | nm          | (1,063)      | (12,685)     | nm           | nm          |
| Tax impact of operating income reconciling items at effective tax rate                        | 323        | (404)      | (272)      | 684        | 260        | (1,103)    | 143        | 5,084      | nm           | nm          | 331          | 4,383        | nm           | nm          |
| Total net operating income reconciling items  | (621)      | 724        | 497        | (1,332)    | (472)      | 2,003      | (264)      | (9,568)    | nm           | nm          | (732)        | (8,301)      | nm           | nm          |
| Net income  | \$ 41,756  | \$ 46,179  | \$ 45,600  | \$ 40,270  | \$ 38,845  | \$ 43,490  | \$ 43,190  | \$ 37,201  | \$ (3,070)   | -7.6%       | \$ 173,806   | \$ 162,725   | \$ (11,080)  | -6.4%       |

# Segment Operating Results

PRIMERICA, INC.  
Financial Supplement

|   | Q1         | Q2         | Q3         | Q4          | Q1          | Q2          | Q3          | Q4          | YOY Q4     |        | YTD          | YTD          | YOY YTD     |        |    |
|---|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|------------|--------|--------------|--------------|-------------|--------|----|
|   | 2012       | 2012       | 2012       | 2012        | 2013        | 2013        | 2013        | 2013        | \$         | %      |              |              | 2012        | 2013   | \$ |
|   |            |            |            |             |             |             |             |             | Change     | Change |              |              | Change      | Change |    |
| <i>(Dollars in thousands)</i>                     |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| <b>Term Life Insurance</b>                        |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| <b>Revenues:</b>                                  |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Direct premiums                                   | \$ 542,157 | \$ 550,329 | \$ 549,069 | \$ 551,725  | \$ 552,034  | \$ 559,035  | \$ 557,486  | \$ 560,649  | \$ 8,924   | 1.6%   | \$ 2,193,280 | \$ 2,229,204 | \$ 35,923   | 1.6%   |    |
| Ceded premiums                                    | (414,559)  | (412,038)  | (411,240)  | (411,786)   | (407,854)   | (414,222)   | (404,459)   | (405,506)   | 6,279      | 1.5%   | (1,649,622)  | (1,632,041)  | 17,581      | 1.1%   |    |
| Net premiums                                      | 127,598    | 138,292    | 137,829    | 139,939     | 144,180     | 144,813     | 153,027     | 155,142     | 15,203     | 10.9%  | 543,658      | 597,162      | 53,504      | 9.8%   |    |
| Allocated net investment income                   | 15,630     | 16,112     | 17,411     | 16,967      | 16,670      | 16,935      | 17,385      | 17,807      | 840        | 5.0%   | 66,119       | 68,796       | 2,677       | 4.0%   |    |
| Other, net  | 7,547      | 7,753      | 7,788      | 7,268       | 6,984       | 7,435       | 7,399       | 7,199       | (70)       | -1.0%  | 30,357       | 29,017       | (1,340)     | -4.4%  |    |
| Operating revenues                                | 150,775    | 162,157    | 163,028    | 164,174     | 167,833     | 169,183     | 177,811     | 180,147     | 15,973     | 9.7%   | 640,134      | 694,975      | 54,841      | 8.6%   |    |
| <b>Benefits and expenses:</b>                     |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Benefits and claims                               | 57,509     | 59,984     | 60,733     | 61,120      | 65,547      | 61,689      | 67,788      | 67,334      | 6,214      | 10.2%  | 239,346      | 262,357      | 23,011      | 9.6%   |    |
| Amortization of DAC                               | 23,933     | 22,547     | 27,645     | 30,147      | 27,865      | 25,777      | 29,679      | 32,570      | 2,423      | 8.0%   | 104,272      | 115,891      | 11,619      | 11.1%  |    |
| Insurance commissions                             | 3,577      | 2,314      | 2,168      | 1,539       | 1,199       | 1,062       | 901         | 1,437       | (102)      | -6.7%  | 9,599        | 4,599        | (5,000)     | -52.1% |    |
| Insurance expenses                                | 19,717     | 21,782     | 20,532     | 23,125      | 23,846      | 24,508      | 25,125      | 24,603      | 1,478      | 6.4%   | 85,156       | 98,081       | 12,925      | 15.2%  |    |
| Interest expense                                  | 2,785      | 4,380      | 4,357      | 4,313       | 4,252       | 4,250       | 4,183       | 4,161       | (152)      | -3.5%  | 15,835       | 16,846       | 1,011       | 6.4%   |    |
| Operating benefits and expenses                   | 107,521    | 111,008    | 115,435    | 120,244     | 122,708     | 117,285     | 127,676     | 130,105     | 9,861      | 8.2%   | 454,208      | 497,774      | 43,566      | 9.6%   |    |
| Operating income before income taxes              | \$ 43,254  | \$ 51,148  | \$ 47,593  | \$ 43,931   | \$ 45,125   | \$ 51,898   | \$ 50,136   | \$ 50,042   | \$ 6,112   | 13.9%  | \$ 185,926   | \$ 197,201   | \$ 11,275   | 6.1%   |    |
| <b>Investment &amp; Savings Products</b>          |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| <b>Revenues:</b>                                  |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Commissions and fees:                             |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Sales-based                                       | \$ 44,823  | \$ 47,614  | \$ 43,390  | \$ 50,439   | \$ 49,718   | \$ 52,164   | \$ 51,991   | \$ 54,447   | \$ 4,009   | 7.9%   | \$ 186,266   | \$ 208,319   | \$ 22,053   | 11.8%  |    |
| Asset-based                                       | 43,722     | 43,751     | 45,627     | 46,626      | 47,428      | 49,436      | 50,981      | 53,432      | 6,806      | 14.6%  | 179,725      | 201,277      | 21,552      | 12.0%  |    |
| Account-based                                     | 9,373      | 9,494      | 9,826      | 9,817       | 9,454       | 9,589       | 9,813       | 10,012      | 195        | 2.0%   | 38,510       | 38,868       | 358         | 0.9%   |    |
| Other, net  | 2,216      | 2,108      | 2,320      | 2,820       | 2,122       | 2,172       | 1,939       | 2,442       | (378)      | -13.4% | 9,464        | 8,675        | (789)       | -8.3%  |    |
| Operating revenues                                | 100,133    | 102,967    | 101,163    | 109,701     | 108,721     | 113,361     | 114,723     | 120,333     | 10,632     | 9.7%   | 413,965      | 457,138      | 43,174      | 10.4%  |    |
| <b>Benefits and expenses:</b>                     |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Amortization of DAC                               | 3,223      | 2,881      | 1,411      | 3,442       | 2,892       | 3,876       | 2,542       | 1,885       | (1,557)    | -45.2% | 10,956       | 11,195       | 239         | 2.2%   |    |
| Insurance commissions                             | 2,149      | 2,252      | 2,323      | 2,347       | 2,274       | 2,331       | 2,249       | 2,193       | (153)      | -6.5%  | 9,070        | 9,046        | (24)        | -0.3%  |    |
| Sales commissions:                                |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Sales-based                                       | 31,600     | 33,285     | 30,521     | 34,508      | 35,403      | 36,730      | 36,296      | 38,222      | 3,714      | 10.8%  | 129,914      | 146,652      | 16,738      | 12.9%  |    |
| Asset-based                                       | 14,745     | 15,031     | 15,557     | 16,157      | 16,637      | 17,778      | 18,775      | 19,956      | 3,798      | 23.5%  | 61,491       | 73,146       | 11,655      | 19.0%  |    |
| Other operating expenses                          | 19,547     | 20,074     | 19,744     | 22,052      | 25,162      | 24,971      | 23,362      | 22,716      | 663        | 3.0%   | 81,418       | 96,211       | 14,793      | 18.2%  |    |
| Operating benefits and expenses                   | 71,264     | 73,523     | 69,556     | 78,506      | 82,368      | 85,686      | 83,224      | 84,972      | 6,466      | 8.2%   | 292,849      | 336,251      | 43,402      | 14.8%  |    |
| Operating income before income taxes              | \$ 28,869  | \$ 29,444  | \$ 31,608  | \$ 31,194   | \$ 26,353   | \$ 27,675   | \$ 31,498   | \$ 35,361   | \$ 4,167   | 13.4%  | \$ 121,116   | \$ 120,887   | \$ (229)    | -0.2%  |    |
| <b>Corporate &amp; Other Distributed Products</b> |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| <b>Revenues:</b>                                  |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Direct premiums                                   | \$ 18,880  | \$ 19,744  | \$ 18,204  | \$ 17,866   | \$ 18,865   | \$ 18,173   | \$ 18,609   | \$ 17,218   | \$ (648)   | -3.6%  | \$ 74,694    | \$ 72,865    | \$ (1,829)  | -2.4%  |    |
| Ceded premiums                                    | (3,604)    | (3,777)    | (3,752)    | (2,998)     | (2,750)     | (3,229)     | (3,030)     | (3,109)     | (111)      | -3.7%  | (14,130)     | (12,116)     | 2,014       | 14.3%  |    |
| Net premiums                                      | 15,276     | 15,967     | 14,453     | 14,869      | 16,115      | 14,944      | 15,580      | 14,109      | (759)      | -5.1%  | 60,564       | 60,749       | 185         | 0.3%   |    |
| Allocated net investment income                   | 10,467     | 7,493      | 9,471      | 7,254       | 6,546       | 4,092       | 4,718       | 4,600       | (2,654)    | -36.6% | 34,685       | 19,956       | (14,729)    | -42.5% |    |
| Commissions and fees:                             |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Loans   | 913        | 627        | 438        | 400         | 293         | 406         | 264         | 256         | (144)      | -35.9% | 2,378        | 1,220        | (1,158)     | -48.7% |    |
| DebtWatchers                                      | 717        | 648        | 609        | 548         | 491         | 462         | 482         | 411         | (138)      | -25.1% | 2,522        | 1,846        | (677)       | nm     |    |
| Prepaid Legal Services                            | 2,289      | 2,266      | 2,364      | 2,318       | 2,254       | 2,255       | 2,396       | 2,415       | 97         | 4.2%   | 9,236        | 9,321        | 84          | 0.9%   |    |
| Auto and Homeowners Insurance                     | 1,689      | 1,836      | 1,271      | 1,791       | 1,685       | 1,890       | 1,470       | 1,982       | 192        | 10.7%  | 6,588        | 7,028        | 440         | 6.7%   |    |
| Long-Term Care Insurance                          | 724        | 650        | 746        | 765         | 627         | 664         | 704         | 565         | (200)      | -26.1% | 2,885        | 2,561        | (324)       | -11.2% |    |
| Other sales commissions                           | 12         | 222        | 334        | 367         | 323         | 316         | 342         | 388         | 22         | 5.9%   | 935          | 1,370        | 435         | 46.6%  |    |
| Other, net  | 1,475      | 1,373      | 1,337      | 1,257       | 1,270       | 1,264       | 1,133       | 1,133       | (124)      | -9.9%  | 5,442        | 5,040        | (402)       | -7.4%  |    |
| Operating revenues                                | 33,561     | 31,082     | 31,024     | 29,568      | 29,604      | 26,295      | 27,330      | 25,861      | (3,708)    | -12.5% | 125,235      | 109,089      | (16,145)    | -12.9% |    |
| <b>Benefits and expenses:</b>                     |            |            |            |             |             |             |             |             |            |        |              |              |             |        |    |
| Benefits and claims                               | 10,424     | 8,941      | 10,004     | 10,031      | 8,699       | 8,081       | 14,124      | 8,213       | (1,818)    | -18.1% | 39,401       | 39,118       | (283)       | -0.7%  |    |
| Amortization of DAC                               | (625)      | 2,778      | 178        | 1,040       | 496         | 459         | (29)        | 1,171       | 132        | 12.7%  | 3,371        | 2,097        | (1,273)     | -37.8% |    |
| Insurance commissions                             | 2,770      | 1,891      | 2,194      | 2,031       | 2,592       | 2,031       | 2,179       | 2,022       | (8)        | -0.4%  | 8,886        | 8,825        | (61)        | -0.7%  |    |
| Insurance expenses                                | 2,727      | 2,807      | 3,213      | 2,638       | 3,296       | 3,587       | (42)        | 3,736       | 1,098      | 41.6%  | 11,385       | 10,578       | (807)       | -7.1%  |    |
| Sales commissions                                 | 3,371      | 3,159      | 3,292      | 3,342       | 3,007       | 3,129       | 3,316       | 2,986       | (356)      | -10.7% | 13,164       | 12,439       | (725)       | -5.5%  |    |
| Interest expense                                  | 4,125      | 4,125      | 4,472      | 4,544       | 4,543       | 4,543       | 4,543       | 4,543       | (1)        | nm     | 17,266       | 18,172       | 906         | 5.2%   |    |
| Other operating expenses                          | 18,482     | 17,181     | 17,085     | 18,106      | 17,484      | 19,698      | 17,911      | 16,975      | (1,131)    | -6.2%  | 70,854       | 72,068       | 1,214       | 1.7%   |    |
| Operating benefits and expenses                   | 41,275     | 40,882     | 40,437     | 41,731      | 40,119      | 41,528      | 42,003      | 39,646      | (2,085)    | -5.0%  | 164,326      | 163,296      | (1,030)     | -0.6%  |    |
| Operating income before income taxes              | \$ (7,715) | \$ (9,800) | \$ (9,413) | \$ (12,163) | \$ (10,514) | \$ (15,233) | \$ (14,673) | \$ (13,786) | \$ (1,623) | -13.3% | \$ (39,091)  | \$ (54,207)  | \$ (15,116) | -38.7% |    |



# Term Life Insurance - Financial Results

PRIMERICA, INC.  
Financial Supplement

(Dollars in thousands)

| Term Life Insurance Operating Income Before Income Taxes                   | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         | YOY Q4     |          | YTD          | YTD          | YOY YTD     |          |  |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|--------------|--------------|-------------|----------|--|
|  | 2012       | 2012       | 2012       | 2012       | 2013       | 2013       | 2013       | 2013       | \$ Change  | % Change | 2012         | 2013         | \$ Change   | % Change |  |
| <b>Revenues:</b>   |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Direct premiums  | \$ 542,157 | \$ 550,329 | \$ 549,069 | \$ 551,725 | \$ 552,034 | \$ 559,035 | \$ 557,486 | \$ 560,649 | \$ 8,924   | 1.6%     | \$ 2,193,280 | \$ 2,229,204 | \$ 35,923   | 1.6%     |  |
| Ceded premiums   | (414,559)  | (412,038)  | (411,240)  | (411,786)  | (407,854)  | (414,222)  | (404,459)  | (405,506)  | 6,279      | 1.5%     | (1,649,622)  | (1,632,041)  | 17,581      | 1.1%     |  |
| Net premiums   | 127,598    | 138,292    | 137,829    | 139,939    | 144,180    | 144,813    | 153,027    | 155,142    | 15,203     | 10.9%    | 543,658      | 597,162      | 53,504      | 9.8%     |  |
| Allocated net investment income  | 15,630     | 16,112     | 17,411     | 16,967     | 16,670     | 16,935     | 17,385     | 17,807     | 840        | 5.0%     | 66,119       | 68,796       | 2,677       | 4.0%     |  |
| Other, net   | 7,547      | 7,753      | 7,788      | 7,268      | 6,984      | 7,435      | 7,399      | 7,199      | (70)       | -1.0%    | 30,357       | 29,017       | (1,340)     | -4.4%    |  |
| Operating revenues   | 150,775    | 162,157    | 163,028    | 164,174    | 167,833    | 169,183    | 177,811    | 180,147    | 15,973     | 9.7%     | 640,134      | 694,975      | 54,841      | 8.6%     |  |
| <b>Benefits and expenses:</b>  |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Benefits and claims  | 57,509     | 59,984     | 60,733     | 61,120     | 65,547     | 61,689     | 67,788     | 67,334     | 6,214      | 10.2%    | 239,346      | 262,357      | 23,011      | 9.6%     |  |
| Amortization of DAC  | 23,933     | 22,547     | 27,645     | 30,147     | 27,865     | 25,777     | 29,679     | 32,570     | 2,423      | 8.0%     | 104,272      | 115,891      | 11,619      | 11.1%    |  |
| Insurance commissions  | 3,577      | 2,314      | 2,168      | 1,539      | 1,199      | 1,062      | 901        | 1,437      | (102)      | -6.7%    | 9,599        | 4,599        | (5,000)     | -52.1%   |  |
| Insurance expenses   | 19,717     | 21,782     | 20,532     | 23,125     | 23,846     | 24,508     | 25,125     | 24,603     | 1,478      | 6.4%     | 85,156       | 98,081       | 12,925      | 15.2%    |  |
| Interest expense   | 2,785      | 4,380      | 4,357      | 4,313      | 4,252      | 4,250      | 4,183      | 4,161      | (152)      | -3.5%    | 15,835       | 16,846       | 1,011       | 6.4%     |  |
| Operating benefits and expenses  | 107,521    | 111,008    | 115,435    | 120,244    | 122,708    | 117,285    | 127,676    | 130,105    | 9,861      | 8.2%     | 454,208      | 497,774      | 43,566      | 9.6%     |  |
| Operating income before income taxes                                       | \$ 43,254  | \$ 51,148  | \$ 47,593  | \$ 43,931  | \$ 45,125  | \$ 51,898  | \$ 50,136  | \$ 50,042  | \$ 6,112   | 13.9%    | \$ 185,926   | \$ 197,201   | \$ 11,275   | 6.1%     |  |
| <b>New Term Life Insurance Operating Income Before Income Taxes (1)</b>    |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| <b>Revenues:</b>   |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Direct premiums  | \$ 79,146  | \$ 88,860  | \$ 94,133  | \$ 99,458  | \$ 106,077 | \$ 114,407 | \$ 119,852 | \$ 125,394 | \$ 25,936  | 26.1%    | \$ 361,596   | \$ 465,730   | \$ 104,134  | 28.8%    |  |
| Ceded premiums   | (13,012)   | (14,450)   | (13,333)   | (14,041)   | (18,577)   | (20,927)   | (18,937)   | (19,934)   | (5,893)    | -42.0%   | (54,835)     | (78,376)     | (23,541)    | -42.9%   |  |
| Net premiums   | 66,134     | 74,410     | 80,800     | 85,417     | 87,501     | 93,479     | 100,915    | 105,460    | 20,043     | 23.5%    | 306,761      | 387,355      | 80,594      | 26.3%    |  |
| Allocated net investment income  | 1,302      | 2,431      | 2,997      | 3,387      | 3,513      | 3,941      | 4,438      | 5,055      | 1,668      | 49.3%    | 10,117       | 16,946       | 6,830       | 67.5%    |  |
| Other, net   | 7,501      | 7,671      | 7,778      | 7,243      | 6,957      | 7,366      | 7,304      | 7,128      | (115)      | -1.6%    | 30,193       | 28,755       | (1,439)     | -4.8%    |  |
| Operating revenues   | 74,938     | 84,512     | 91,575     | 96,047     | 97,971     | 104,786    | 112,657    | 117,643    | 21,596     | 22.5%    | 347,071      | 433,056      | 85,985      | 24.8%    |  |
| <b>Benefits and expenses:</b>  |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Benefits and claims  | 25,056     | 26,667     | 31,057     | 32,460     | 32,124     | 33,764     | 39,105     | 40,357     | 7,897      | 24.3%    | 115,240      | 145,350      | 30,110      | 26.1%    |  |
| Amortization of DAC  | 14,674     | 12,117     | 17,199     | 20,033     | 17,759     | 17,091     | 20,417     | 23,817     | 3,784      | 18.9%    | 64,022       | 79,084       | 15,062      | 23.5%    |  |
| Insurance commissions  | 3,364      | 1,965      | 1,806      | 1,177      | 829        | 659        | 493        | 585        | (592)      | -50.3%   | 8,313        | 2,565        | (5,748)     | -69.1%   |  |
| Insurance expenses   | 28,133     | 29,911     | 29,043     | 31,271     | 31,613     | 32,550     | 33,040     | 33,567     | 2,296      | 7.3%     | 118,358      | 130,770      | 12,412      | 10.5%    |  |
| Interest expense   | —          | 266        | 303        | 334        | 361        | 403        | 422        | 464        | 129        | 38.7%    | 903          | 1,649        | 746         | 82.6%    |  |
| Operating benefits and expenses  | 71,227     | 70,927     | 79,407     | 85,275     | 82,686     | 84,466     | 93,477     | 98,789     | 13,514     | 15.8%    | 306,835      | 359,418      | 52,583      | 17.1%    |  |
| Operating income before income taxes                                       | \$ 3,711   | \$ 13,585  | \$ 12,167  | \$ 10,772  | \$ 15,284  | \$ 20,320  | \$ 19,180  | \$ 18,854  | \$ 8,082   | 75.0%    | \$ 40,236    | \$ 73,638    | \$ 33,402   | 83.0%    |  |
| <b>Legacy Term Life Insurance Operating Income Before Income Taxes (2)</b> |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| <b>Revenues:</b>   |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Direct premiums  | \$ 463,011 | \$ 461,470 | \$ 454,936 | \$ 452,267 | \$ 445,957 | \$ 444,628 | \$ 437,634 | \$ 435,255 | \$ (7,013) | -3.8%    | \$ 1,831,684 | \$ 1,763,473 | \$ (68,211) | -3.7%    |  |
| Ceded premiums   | (401,548)  | (397,588)  | (397,907)  | (397,745)  | (389,277)  | (393,294)  | (385,522)  | (385,572)  | 12,172     | 3.1%     | (1,594,787)  | (1,553,666)  | 41,122      | 2.6%     |  |
| Net premiums   | 61,464     | 63,882     | 57,029     | 54,522     | 56,679     | 51,334     | 52,112     | 49,682     | (4,840)    | -8.9%    | 236,897      | 209,807      | (27,090)    | -11.4%   |  |
| Allocated net investment income  | 14,328     | 13,681     | 14,414     | 13,580     | 13,156     | 12,994     | 12,947     | 12,752     | (828)      | -6.1%    | 56,002       | 51,849       | (4,153)     | -7.4%    |  |
| Other, net   | 46         | 82         | 10         | 25         | 27         | 70         | 96         | 70         | 45         | nm       | 164          | 262          | 98          | 60.1%    |  |
| Operating revenues   | 75,837     | 77,645     | 71,453     | 68,128     | 69,863     | 64,397     | 65,155     | 62,504     | (5,624)    | -8.3%    | 293,063      | 261,919      | (31,144)    | -10.6%   |  |
| <b>Benefits and expenses:</b>  |            |            |            |            |            |            |            |            |            |          |              |              |             |          |  |
| Benefits and claims  | 32,453     | 33,317     | 29,676     | 28,660     | 33,422     | 27,925     | 28,683     | 26,977     | (1,683)    | -5.9%    | 124,106      | 117,007      | (7,099)     | -5.7%    |  |
| Amortization of DAC  | 9,259      | 10,430     | 10,446     | 10,114     | 10,105     | 8,686      | 9,262      | 8,753      | (1,361)    | -13.5%   | 40,250       | 36,807       | (3,443)     | -8.6%    |  |
| Insurance commissions  | 213        | 349        | 362        | 362        | 371        | 404        | 408        | 852        | 490        | 135.3%   | 1,286        | 2,034        | 748         | 58.2%    |  |
| Insurance expenses   | 9,162      | 9,164      | 8,557      | 8,682      | 9,128      | 8,598      | 8,490      | 7,203      | (1,478)    | -17.0%   | 35,565       | 33,419       | (2,146)     | -6.0%    |  |
| Insurance expense allowance  | (17,579)   | (17,293)   | (17,068)   | (16,827)   | (16,896)   | (16,640)   | (16,405)   | (16,168)   | 659        | 3.9%     | (68,767)     | (66,108)     | 2,659       | 3.9%     |  |
| Interest expense   | 2,785      | 4,114      | 4,054      | 3,979      | 3,892      | 3,847      | 3,761      | 3,698      | (281)      | -7.1%    | 14,932       | 15,197       | 265         | 1.8%     |  |
| Operating benefits and expenses  | 36,294     | 40,082     | 36,028     | 34,969     | 40,022     | 32,819     | 34,199     | 31,316     | (3,653)    | -10.4%   | 147,372      | 138,356      | (9,017)     | -6.1%    |  |
| Operating income before income taxes                                       | \$ 39,543  | \$ 37,563  | \$ 35,425  | \$ 33,159  | \$ 29,841  | \$ 31,578  | \$ 30,956  | \$ 31,188  | \$ (1,971) | -5.9%    | \$ 145,690   | \$ 123,563   | \$ (22,127) | -15.2%   |  |

(1) Represents results associated with business written subsequent to the 2010 Citi reinsurance transactions.

(2) Represents results associated with business subject to the 2010 Citi reinsurance transactions.

# Term Life Insurance - Key Statistics and Financial Analysis

|   | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         | YOY Q4   |        | YTD         | YTD         | YOY YTD     |        |  |
|---|------------|------------|------------|------------|------------|------------|------------|------------|----------|--------|-------------|-------------|-------------|--------|--|
|   | 2012       | 2012       | 2012       | 2012       | 2013       | 2013       | 2013       | 2013       | \$       | %      | 2012        | 2013        | \$          | %      |  |
|   |            |            |            |            |            |            |            |            | Change   | Change |             |             | Change      | Change |  |
| <i>(Dollars in thousands, except as noted)</i>                          |            |            |            |            |            |            |            |            |          |        |             |             |             |        |  |
| <b>Key Statistics</b>   |            |            |            |            |            |            |            |            |          |        |             |             |             |        |  |
| Life-insurance licensed sales force, beginning of period                | 91,176     | 89,651     | 90,868     | 91,506     | 92,373     | 90,917     | 92,227     | 94,529     | 3,023    | 3.3%   | 91,176      | 92,373      | 1,197       | 1.3%   |  |
| New life-licensed representatives                                       | 7,650      | 9,786      | 8,613      | 8,376      | 7,165      | 8,875      | 9,630      | 8,485      | 109      | 1.3%   | 34,425      | 34,155      | (270)       | -0.8%  |  |
| Non-renewal and terminated representatives                              | (9,175)    | (8,569)    | (7,975)    | (7,509)    | (8,621)    | (7,565)    | (7,328)    | (7,448)    | 61       | 0.8%   | (33,228)    | (30,962)    | 2,266       | 6.8%   |  |
| Life-insurance licensed sales force, end of period                      | (6) 89,651 | 90,868     | 91,506     | 92,373     | 90,917     | 92,227     | 94,529     | 95,566     | 3,193    | 3.5%   | 92,373      | 95,566      | 3,193       | 3.5%   |  |
| Estimated annualized issued term life premium (\$mills) (1):            |            |            |            |            |            |            |            |            |          |        |             |             |             |        |  |
| Premium from new policies   | \$ 44.7    | \$ 47.8    | \$ 41.8    | \$ 41.7    | \$ 40.2    | \$ 45.9    | \$ 43.9    | \$ 43.5    | \$ 1.8   | 4.4%   | \$ 176.1    | \$ 173.5    | \$ (2.6)    | -1.5%  |  |
| Additions and increases in premium                                      | 10.7       | 11.4       | 11.6       | 11.8       | 11.4       | 12.3       | 12.3       | 12.5       | 0.7      | 6.1%   | 45.5        | 48.6        | 3.1         | 6.8%   |  |
| Total estimated annualized issued term life premium                     | \$ 55.4    | \$ 59.2    | \$ 53.4    | \$ 53.5    | \$ 51.6    | \$ 58.2    | \$ 56.2    | \$ 56.0    | \$ 2.5   | 4.8%   | \$ 221.5    | \$ 222.1    | \$ 0.5      | 0.2%   |  |
| Issued term life policies   | 56,145     | 60,583     | 53,506     | 52,324     | 50,356     | 57,622     | 53,997     | 52,642     | 318      | 0.6%   | 222,558     | 214,617     | (7,941)     | -3.6%  |  |
| Estimated average annualized issued term life premium per policy (1)(2) | \$ 797     | \$ 790     | \$ 782     | \$ 796     | \$ 799     | \$ 797     | \$ 813     | \$ 826     | \$ 30    | 3.7%   | \$ 791      | \$ 808      | \$ 17       | 2.2%   |  |
| Term life face amount in-force, beginning of period (\$mills)           | \$ 664,955 | \$ 664,423 | \$ 668,024 | \$ 669,132 | \$ 670,412 | \$ 670,414 | \$ 674,355 | \$ 676,360 | \$ 7,229 | 1.1%   | \$ 664,955  | \$ 670,412  | \$ 5,457    | 0.8%   |  |
| Issued term life face amount (3)  | 16,983     | 18,307     | 16,345     | 16,418     | 15,709     | 17,798     | 17,056     | 17,219     | 802      | 4.9%   | 68,053      | 67,783      | (270)       | -0.4%  |  |
| Terminated term life face amount  | (16,307)   | (14,322)   | (15,566)   | (15,398)   | (14,917)   | (13,139)   | (14,346)   | (15,329)   | 69       | 0.4%   | (61,593)    | (57,730)    | 3,863       | 6.3%   |  |
| Foreign currency impact, net  | (1,208)    | (384)      | 329        | 260        | (790)      | (719)      | (704)      | (3,383)    | (3,643)  | nm     | (1,003)     | (5,596)     | (4,593)     | nm     |  |
| Term life face amount in-force, end of period                           | \$ 664,423 | \$ 668,024 | \$ 669,132 | \$ 670,412 | \$ 670,414 | \$ 674,355 | \$ 676,360 | \$ 674,868 | \$ 4,456 | 0.7%   | \$ 670,412  | \$ 674,868  | \$ 4,456    | 0.7%   |  |
| <b>New Term Life Insurance - Financial Analysis</b>                     |            |            |            |            |            |            |            |            |          |        |             |             |             |        |  |
| Direct premium  | \$ 79,146  | \$ 88,860  | \$ 94,133  | \$ 99,458  | \$ 106,077 | \$ 114,407 | \$ 119,852 | \$ 125,394 | 25,936   | 26.1%  | \$ 361,596  | \$ 465,730  | \$ 104,134  | 28.8%  |  |
| New term life operating income before income taxes                      | \$ 3,711   | \$ 13,585  | \$ 12,167  | \$ 10,772  | \$ 15,284  | \$ 20,320  | \$ 19,180  | \$ 18,854  | 8,082    | 75.0%  | \$ 40,236   | \$ 73,638   | \$ 33,402   | 83.0%  |  |
| % of direct premium   | 4.7%       | 15.3%      | 12.9%      | 10.8%      | 14.4%      | 17.8%      | 16.0%      | 15.0%      | nm       | nm     | 11.1%       | 15.8%       | nm          | nm     |  |
| Benefits & expenses, net (4)  | \$ 56,105  | \$ 55,199  | \$ 63,395  | \$ 67,710  | \$ 69,289  | \$ 72,441  | \$ 78,952  | \$ 84,692  | 16,982   | 25.1%  | \$ 242,410  | \$ 305,375  | \$ 62,965   | 26.0%  |  |
| % of direct premium   | 70.9%      | 62.1%      | 67.3%      | 68.1%      | 65.3%      | 63.3%      | 65.9%      | 67.5%      | nm       | nm     | 67.0%       | 65.6%       | nm          | nm     |  |
| Insurance expenses, net (5)   | \$ 20,632  | \$ 22,240  | \$ 21,265  | \$ 24,028  | \$ 24,656  | \$ 25,184  | \$ 25,736  | \$ 26,439  | 2,411    | 10.0%  | \$ 88,164   | \$ 102,016  | \$ 13,851   | 15.7%  |  |
| % of direct premium   | 26.1%      | 25.0%      | 22.6%      | 24.2%      | 23.2%      | 22.0%      | 21.5%      | 21.1%      | nm       | nm     | 24.4%       | 21.9%       | nm          | nm     |  |
| <b>Legacy Term Life Insurance - Financial Analysis</b>                  |            |            |            |            |            |            |            |            |          |        |             |             |             |        |  |
| Direct premium  | \$ 463,011 | \$ 461,470 | \$ 454,936 | \$ 452,267 | \$ 445,957 | \$ 444,628 | \$ 437,634 | \$ 435,255 | (17,013) | -3.8%  | \$1,831,684 | \$1,763,473 | \$ (68,211) | -3.7%  |  |
| Legacy term life operating income before income taxes                   | \$ 39,543  | \$ 37,563  | \$ 35,425  | \$ 33,159  | \$ 29,841  | \$ 31,578  | \$ 30,956  | \$ 31,188  | (1,971)  | -5.9%  | \$ 145,690  | \$ 123,563  | \$ (22,127) | -15.2% |  |
| % of direct premium   | 8.5%       | 8.1%       | 7.8%       | 7.3%       | 6.7%       | 7.1%       | 7.1%       | 7.2%       | nm       | nm     | 8.0%        | 7.0%        | nm          | nm     |  |

(1) Estimated annualized issued term life premium - estimated as average premium per \$1,000 of face amounts issued on new policies and additions (before free look returns) multiplied by actual face amount issued on new policies, rider additions and face amount increases.

(2) In whole dollars

(3) Issued term life face amount - includes face amount on issued term life policies, additional riders added to existing policies, and face increases under increasing benefit riders

(4) Benefits & expenses, net - includes total benefits & claims, ceded premiums, insurance commissions, and amortization of deferred policy acquisition costs

(5) Insurance expenses, net - insurance expenses, net of other net revenues

(6) Reflects a change in methodology for terminating representatives that was implemented in the fourth quarter of 2011.

# Investment and Savings Products - Financial Results, Key Statistics, and Financial Analysis

PRIMERICA, INC.  
Financial Supplement

(Dollars in thousands, except as noted)

| Investment & Savings Products Operating Income Before Income Taxes | Q1         | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         | YOY Q4    |          | YTD        | YTD        | YOY YTD   |          |  |
|--|------------|------------|------------|------------|------------|------------|------------|------------|-----------|----------|------------|------------|-----------|----------|--|
|  | 2012       | 2012       | 2012       | 2012       | 2013       | 2013       | 2013       | 2013       | \$ Change | % Change | 2012       | 2013       | \$ Change | % Change |  |
| <b>Revenues:</b>   |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Commissions and fees:  |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Sales-based  | \$ 44,823  | \$ 47,614  | \$ 43,390  | \$ 50,439  | \$ 49,718  | \$ 52,164  | \$ 51,991  | \$ 54,447  | \$ 4,009  | 7.9%     | \$ 186,266 | \$ 208,319 | \$ 22,053 | 11.8%    |  |
| Asset-based  | 43,722     | 43,751     | 45,627     | 46,626     | 47,428     | 49,436     | 50,981     | 53,432     | 6,806     | 14.6%    | 179,725    | 201,277    | 21,552    | 12.0%    |  |
| Account-based  | 9,373      | 9,494      | 9,826      | 9,817      | 9,454      | 9,589      | 9,813      | 10,012     | 195       | 2.0%     | 38,510     | 38,868     | 358       | 0.9%     |  |
| Other, net   | 2,216      | 2,108      | 2,320      | 2,820      | 2,122      | 2,172      | 1,939      | 2,442      | (378)     | -13.4%   | 9,464      | 8,675      | (789)     | -8.3%    |  |
| Operating revenues   | 100,133    | 102,967    | 101,163    | 109,701    | 108,721    | 113,361    | 114,723    | 120,333    | 10,632    | 9.7%     | 413,965    | 457,138    | 43,174    | 10.4%    |  |
| <b>Benefits and expenses:</b>                                      |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Amortization of DAC  | 3,223      | 2,881      | 1,411      | 3,442      | 2,892      | 3,876      | 2,542      | 1,885      | (1,557)   | -45.2%   | 10,956     | 11,195     | 239       | 2.2%     |  |
| Insurance commissions  | 2,149      | 2,252      | 2,323      | 2,347      | 2,274      | 2,331      | 2,249      | 2,193      | (153)     | -6.5%    | 9,070      | 9,046      | (24)      | -0.3%    |  |
| Sales commissions:   |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Sales-based  | 31,600     | 33,285     | 30,521     | 34,508     | 35,403     | 36,730     | 36,296     | 38,222     | 3,714     | 10.8%    | 129,914    | 146,652    | 16,738    | 12.9%    |  |
| Asset-based  | 14,745     | 15,031     | 15,557     | 16,157     | 16,637     | 17,778     | 18,775     | 19,956     | 3,798     | 23.5%    | 61,491     | 73,146     | 11,655    | 19.0%    |  |
| Other operating expenses   | 19,547     | 20,074     | 19,744     | 22,052     | 25,162     | 24,971     | 23,362     | 22,716     | 663       | 3.0%     | 81,418     | 96,211     | 14,793    | 18.2%    |  |
| Operating benefits and expenses                                    | 71,264     | 73,523     | 69,556     | 78,506     | 82,368     | 85,686     | 83,224     | 84,972     | 6,466     | 8.2%     | 292,849    | 336,251    | 43,402    | 14.8%    |  |
| Operating income before income taxes                               | \$ 28,869  | \$ 29,444  | \$ 31,608  | \$ 31,194  | \$ 26,353  | \$ 27,675  | \$ 31,498  | \$ 35,361  | \$ 4,167  | 13.4%    | \$ 121,116 | \$ 120,887 | \$ (229)  | -0.2%    |  |
| <b>Key Statistics</b>  |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Product sales (\$mills)  |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Retail Mutual Funds  | \$ 611.9   | \$ 589.6   | \$ 545.7   | \$ 598.5   | \$ 711.9   | \$ 722.7   | \$ 648.2   | \$ 683.3   | \$ 84.7   | 14.2%    | \$ 2,345.8 | \$ 2,766.0 | \$ 420.2  | 17.9%    |  |
| Indexed Annuities  | 25.3       | 103.1      | 113.0      | 154.9      | 92.9       | 111.7      | 104.4      | 104.0      | (51.0)    | -32.9%   | 396.3      | 413.0      | 16.7      | 4.2%     |  |
| Variable Annuities and other                                       | 403.6      | 397.3      | 332.2      | 372.5      | 388.1      | 361.5      | 388.0      | 384.3      | 11.8      | 3.2%     | 1,505.6    | 1,522.0    | 16.4      | 1.1%     |  |
| Total sales-based revenue generating product sales                 | 1,040.8    | 1,090.0    | 990.9      | 1,126.0    | 1,193.0    | 1,195.9    | 1,140.6    | 1,171.5    | 45.5      | 4.0%     | 4,247.6    | 4,701.1    | 453.4     | 10.7%    |  |
| Managed Accounts   | 23.1       | 39.6       | 37.3       | 35.8       | 56.7       | 57.5       | 57.1       | 53.8       | 18.1      | 50.5%    | 135.8      | 225.1      | 89.4      | 65.8%    |  |
| Segregated Funds   | 123.7      | 64.3       | 63.5       | 77.3       | 115.6      | 64.3       | 51.0       | 51.7       | (25.5)    | -33.1%   | 328.8      | 282.6      | (46.2)    | -14.1%   |  |
| Total product sales  | \$ 1,187.7 | \$ 1,193.9 | \$ 1,091.7 | \$ 1,239.0 | \$ 1,365.3 | \$ 1,317.7 | \$ 1,248.7 | \$ 1,277.1 | \$ 38.1   | 3.1%     | \$ 4,712.2 | \$ 5,208.8 | \$ 496.5  | 10.5%    |  |
| Client asset values, beginning of period (\$mills)                 | \$ 33,664  | \$ 36,279  | \$ 35,286  | \$ 36,903  | \$ 37,386  | \$ 39,853  | \$ 40,166  | \$ 42,177  | \$ 5,273  | 14.3%    | \$ 33,664  | \$ 37,386  | \$ 3,723  | 11.1%    |  |
| Inflows  | 1,188      | 1,194      | 1,092      | 1,239      | 1,365      | 1,318      | 1,249      | 1,277      | 38        | 3.1%     | 4,712      | 5,209      | 497       | 10.5%    |  |
| Outflows (1)   | (1,233)    | (1,144)    | (1,014)    | (1,052)    | (1,305)    | (1,188)    | (1,163)    | (1,169)    | (118)     | -11.2%   | (4,442)    | (4,825)    | (383)     | -8.6%    |  |
| Net flows  | (45)       | 50         | 78         | 187        | 60         | 130        | 86         | 108        | (79)      | nm       | 270        | 384        | 114       | nm       |  |
| Change in market value, net and other (2)                          | 2,660      | (1,043)    | 1,540      | 296        | 2,406      | 184        | 1,925      | 2,706      | 2,410     | nm       | 3,453      | 7,220      | 3,767     | nm       |  |
| Client asset values, end of period                                 | \$ 36,279  | \$ 35,286  | \$ 36,903  | \$ 37,386  | \$ 39,853  | \$ 40,166  | \$ 42,177  | \$ 44,990  | \$ 7,604  | 20.3%    | \$ 37,386  | \$ 44,990  | \$ 7,604  | 20.3%    |  |
| Average client asset values (\$mills)                              |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Retail Mutual Funds  | \$ 23,694  | \$ 23,724  | \$ 23,750  | \$ 24,198  | \$ 25,170  | \$ 26,041  | \$ 26,478  | \$ 28,122  | \$ 3,924  | 16.2%    | \$ 23,842  | \$ 26,453  | \$ 2,611  | 11.0%    |  |
| Managed Accounts   | 212        | 326        | 425        | 528        | 652        | 786        | 882        | 1,004      | 476       | 90.2%    | 373        | 831        | 459       | 123.1%   |  |
| Indexed Annuities  | 10         | 75         | 185        | 317        | 441        | 545        | 648        | 750        | 433       | 136.5%   | 147        | 596        | 449       | nm       |  |
| Variable Annuities and other                                       | 8,707      | 8,897      | 9,061      | 9,344      | 9,869      | 10,352     | 10,687     | 11,410     | 2,066     | 22.1%    | 9,002      | 10,579     | 1,577     | 17.5%    |  |
| Segregated Funds   | 2,499      | 2,527      | 2,542      | 2,596      | 2,624      | 2,601      | 2,529      | 2,546      | (50)      | -1.9%    | 2,541      | 2,575      | 34        | 1.3%     |  |
| Total  | \$ 35,122  | \$ 35,550  | \$ 35,962  | \$ 36,983  | \$ 38,756  | \$ 40,326  | \$ 41,225  | \$ 43,832  | \$ 6,848  | 18.5%    | \$ 35,904  | \$ 41,035  | \$ 5,130  | 14.3%    |  |
| Average number of fee-generating accounts (thous) (3)              | 2,584      | 2,583      | 2,552      | 2,547      | 2,536      | 2,522      | 2,537      | 2,566      | 19        | 0.7%     | 2,567      | 2,540      | (26)      | -1.0%    |  |
| <b>Financial Analysis</b>  |            |            |            |            |            |            |            |            |           |          |            |            |           |          |  |
| Sales-based net revenue as % of sales (4)                          | 1.27%      | 1.31%      | 1.30%      | 1.41%      | 1.20%      | 1.29%      | 1.38%      | 1.38%      | nm        | nm       | 1.33%      | 1.31%      | nm        | nm       |  |
| Asset-based net revenue as % of average asset values (5)           | 0.07%      | 0.07%      | 0.07%      | 0.07%      | 0.07%      | 0.06%      | 0.07%      | 0.07%      | nm        | nm       | 0.27%      | 0.26%      | nm        | nm       |  |
| Account-based revenue per average fee generating account (6)       | \$ 3.63    | \$ 3.67    | \$ 3.85    | \$ 3.85    | \$ 3.73    | \$ 3.80    | \$ 3.87    | \$ 3.90    | nm        | nm       | \$ 15.00   | \$ 15.30   | nm        | nm       |  |

(1) **Asset value outflows** - include (a) redemptions of assets, (b) sales charges on the inflow sales figures, and (c) the net flow of money market funds sold and redeemed on the company's recordkeeping platform. The redemptions of assets must be estimated for approximately 8% of account values as these figures are not readily available. Actual redemptions as a percentage of account values for similar known account values are used to estimate the unknown redemption values.

(2) **Change in market value, net** - market value fluctuations net of fees, expenses, and foreign currency impact

(3) **Fee generating accounts** - mutual fund accounts for which we receive recording keeping and/or custodial fees

(4) **Sales-based net revenue** - commission and fee revenue less commissions paid to the sales force based on product sales activity

(5) **Asset-based net revenue** - commission and fee revenue less commissions paid to the sales force earned based on product account values including amortization of deferred acquisition costs for segregated funds

(6) In whole dollars

# Investment Portfolio - Summary of Holdings

|  | As of or for the period ended December 31, 2013 |                |                  |              |                |                |            |
|--|---|----------------|------------------|--------------|----------------|----------------|------------|
|  | Market Value                                    | Amortized Cost | Unrealized G/(L) | % of Total   |                | Avg Book Yield | Avg Rating |
|  |   |                |                  | Market Value | Amortized Cost |                |            |
| <i>(Dollars in thousands)</i>              |   |                |                  |              |                |                |            |
| <b>Investment Portfolio by Asset Class</b> |   |                |                  |              |                |                |            |
| Cash and cash equivalents                  | \$ 149,189                                      | \$ 149,189     | \$ -             | 7.6%         | 8.0%           |                |            |
| <b>Fixed Income:</b>                       |   |                |                  |              |                |                |            |
| Treasury                                   | 29,202  | 28,801         | 401              | 1.5%         | 1.6%           | 2.92%          | AAA        |
| Government                                 | 124,922   | 118,800        | 6,122            | 6.4%         | 6.4%           | 4.45%          | AA         |
| Tax-Exempt Municipal                       | 6,695   | 6,733          | (39)             | 0.3%         | 0.4%           | 3.43%          | AA-        |
| Corporate                                  | 1,211,513                                       | 1,143,821      | 67,692           | 61.9%        | 61.6%          | 5.15%          | BBB+       |
| Mortgage-Backed                            | 144,799   | 135,214        | 9,585            | 7.4%         | 7.3%           | 5.10%          | AAA        |
| Asset-Backed                               | 47,466  | 47,690         | (224)            | 2.4%         | 2.6%           | 1.19%          | AA         |
| CMBS                                       | 92,312  | 88,093         | 4,219            | 4.7%         | 4.7%           | 4.52%          | AAA        |
| Private                                    | 102,958   | 98,236         | 4,722            | 5.3%         | 5.3%           | 5.41%          | BBB        |
| Redeemable Preferred                       | 1,613   | 1,966          | (353)            | 0.1%         | 0.1%           | 19.66%         | A-         |
| Convertible                                | 7,223   | 6,658          | 565              | 0.4%         | 0.4%           | 2.20%          | A          |
| Total Fixed Income                         | 1,768,703                                       | 1,676,013      | 92,690           | 90.3%        | 90.2%          | 4.93%          | A          |
| <b>Equities:</b>                           |   |                |                  |              |                |                |            |
| Perpetual Preferred                        | 8,068   | 8,085          | (17)             | 0.4%         | 0.4%           |                |            |
| Common Stock                               | 21,731  | 16,356         | 5,375            | 1.1%         | 0.9%           |                |            |
| Mutual Fund                                | 5,529   | 3,584          | 1,945            | 0.3%         | 0.2%           |                |            |
| Other                                      | 4,566   | 4,566          | -                | 0.2%         | 0.2%           |                |            |
| Total Equities                             | 39,894  | 32,592         | 7,303            | 2.0%         | 1.8%           |                |            |
| Total Invested Assets                      | \$ 1,957,786                                    | \$ 1,857,794   | \$ 99,993        | 100.0%       | 100.0%         |                |            |

## Corporate Portfolio by Sector

|                           |              |              |           |        |        |  |  |
|---------------------------|--------------|--------------|-----------|--------|--------|--|--|
| Consumer Non Cyclical     | \$ 147,228   | \$ 137,922   | \$ 9,306  | 12.2%  | 12.1%  |  |  |
| Reits                     | 121,578      | 117,015      | 4,563     | 10.0%  | 10.2%  |  |  |
| Electric                  | 110,899      | 100,136      | 10,763    | 9.2%   | 8.8%   |  |  |
| Basic Industry            | 108,799      | 103,717      | 5,082     | 9.0%   | 9.1%   |  |  |
| Banking                   | 97,351       | 93,256       | 4,094     | 8.0%   | 8.2%   |  |  |
| Insurance                 | 92,422       | 85,899       | 6,523     | 7.6%   | 7.5%   |  |  |
| Energy                    | 89,183       | 83,187       | 5,996     | 7.4%   | 7.3%   |  |  |
| Technology                | 79,644       | 78,017       | 1,627     | 6.6%   | 6.8%   |  |  |
| Capital Goods             | 75,329       | 70,652       | 4,677     | 6.2%   | 6.2%   |  |  |
| Communications            | 61,879       | 57,756       | 4,124     | 5.1%   | 5.0%   |  |  |
| Natural Gas               | 61,713       | 58,569       | 3,144     | 5.1%   | 5.1%   |  |  |
| Consumer Cyclical         | 59,538       | 56,938       | 2,599     | 4.9%   | 5.0%   |  |  |
| Transportation            | 30,608       | 29,154       | 1,454     | 2.5%   | 2.5%   |  |  |
| Finance Companies         | 24,230       | 22,423       | 1,806     | 2.0%   | 2.0%   |  |  |
| Industrial Other          | 20,313       | 19,853       | 460       | 1.7%   | 1.7%   |  |  |
| Brokerage                 | 18,903       | 17,797       | 1,106     | 1.6%   | 1.6%   |  |  |
| Financial Other           | 11,899       | 11,530       | 369       | 1.0%   | 1.0%   |  |  |
| Total Corporate portfolio | \$ 1,211,513 | \$ 1,143,821 | \$ 67,692 | 100.0% | 100.0% |  |  |

## Fixed-Maturity Securities - Effective Maturity

|                    |              |              |           |        |        |       |  |
|--------------------|--------------|--------------|-----------|--------|--------|-------|--|
| Effective maturity |              |              |           |        |        |       |  |
| < 1 Yr.            | \$ 230,588   | \$ 226,712   | \$ 3,875  | 13.0%  | 13.5%  | 4.54% |  |
| 1-2 Yrs.           | 174,078      | 167,620      | 6,458     | 9.8%   | 10.0%  | 4.38% |  |
| 2-5 Yrs.           | 514,113      | 471,596      | 42,517    | 29.1%  | 28.1%  | 5.25% |  |
| 5-10 Yrs.          | 802,035      | 765,720      | 36,314    | 45.3%  | 45.7%  | 4.95% |  |
| > 10 Yrs.          | 47,890       | 44,364       | 3,526     | 2.7%   | 2.6%   | 5.10% |  |
| Total Fixed Income | \$ 1,768,703 | \$ 1,676,013 | \$ 92,690 | 100.0% | 100.0% | 4.93% |  |

## Duration

Fixed Income portfolio duration 4.0 years

# Investment Portfolio - Quality Ratings As of December 31, 2013

(Dollars in thousands)

## Investment Portfolio Quality Ratings (1)

|                                      | Amortized<br>Cost   | % of<br>Total |
|--------------------------------------|---------------------|---------------|
| <b>Total Fixed Income portfolio:</b> |                     |               |
| <u>Rating</u>                        |                     |               |
| AAA                                  | \$ 296,717          | 17.7%         |
| AA                                   | 133,406             | 8.0%          |
| A                                    | 386,460             | 23.1%         |
| BBB                                  | 777,110             | 46.4%         |
| Below Investment Grade               | 80,835              | 4.8%          |
| NA                                   | 1,484               | 0.1%          |
| Total Fixed Income                   | <u>\$ 1,676,013</u> | <u>100.0%</u> |

|                               | Amortized<br>Cost   | % of<br>Total |
|-------------------------------|---------------------|---------------|
| <b>Corporate asset class:</b> |                     |               |
| <u>Rating</u>                 |                     |               |
| AAA                           | \$ 4,028            | 0.4%          |
| AA                            | 71,856              | 6.3%          |
| A                             | 330,756             | 28.9%         |
| BBB                           | 668,137             | 58.4%         |
| Below Investment Grade        | 67,891              | 5.9%          |
| NA                            | 1,154               | 0.1%          |
| Total Corporate               | <u>\$ 1,143,821</u> | <u>100.0%</u> |

|                             | Amortized<br>Cost | % of<br>Total |
|-----------------------------|-------------------|---------------|
| <b>Private asset class:</b> |                   |               |
| <u>Rating</u>               |                   |               |
| AAA                         | \$ 119            | 0.1%          |
| AA                          | 4,267             | 4.3%          |
| A                           | 3,783             | 3.9%          |
| BBB                         | 82,889            | 84.4%         |
| Below Investment Grade      | 7,177             | 7.3%          |
| NA                          | -                 | -             |
| Total Private               | <u>\$ 98,236</u>  | <u>100.0%</u> |

|                          | Amortized<br>Cost | % of<br>Total |
|--------------------------|-------------------|---------------|
| <b>CMBS asset class:</b> |                   |               |
| <u>Rating</u>            |                   |               |
| AAA                      | \$ 76,282         | 86.6%         |
| AA                       | 3,745             | 4.3%          |
| A                        | 2,511             | 2.9%          |
| BBB                      | 4,000             | 4.5%          |
| Below Investment Grade   | 1,553             | 1.8%          |
| NA                       | 2                 | 0.0%          |
| Total CMBS               | <u>\$ 88,093</u>  | <u>100.0%</u> |

|                                     | Amortized<br>Cost | % of<br>Total |
|-------------------------------------|-------------------|---------------|
| <b>Mortgage-Backed asset class:</b> |                   |               |
| <u>Rating</u>                       |                   |               |
| AAA                                 | \$ 125,130        | 92.5%         |
| AA                                  | 4,483             | 3.3%          |
| A                                   | 1,969             | 1.5%          |
| BBB                                 | 3,633             | 2.7%          |
| Below Investment Grade              | -                 | -             |
| NA                                  | -                 | -             |
| Total Mortgage-Backed               | <u>\$ 135,214</u> | <u>100.0%</u> |

|                                  | Amortized<br>Cost | % of<br>Total |
|----------------------------------|-------------------|---------------|
| <b>Asset-Backed asset class:</b> |                   |               |
| <u>Rating</u>                    |                   |               |
| AAA                              | \$ 36,319         | 76.2%         |
| AA                               | 960               | 2.0%          |
| A                                | 4,522             | 9.5%          |
| BBB                              | 5,308             | 11.1%         |
| Below Investment Grade           | 582               | 1.2%          |
| NA                               | -                 | -             |
| Total Asset-Backed               | <u>\$ 47,690</u>  | <u>100.0%</u> |

|   | Amortized<br>Cost | % of<br>Total |
|---|-------------------|---------------|
| <b>Treasury &amp; Government asset classes:</b> |                   |               |
| <u>Rating</u>                                   |                   |               |
| AAA   | \$ 54,235         | 36.7%         |
| AA  | 47,456            | 32.2%         |
| A   | 35,306            | 23.9%         |
| BBB   | 10,604            | 7.2%          |
| Below Investment Grade                          | -                 | -             |
| NA  | -                 | -             |
| Total Treasury & Government                     | <u>\$ 147,601</u> | <u>100.0%</u> |

## NAIC Designations

|                               |                     |        |
|-------------------------------|---------------------|--------|
| 1                             | \$ 658,208          | 44.5%  |
| 2                             | 747,673             | 50.5%  |
| 3                             | 53,795              | 3.6%   |
| 4                             | 10,064              | 0.7%   |
| 5                             | 8,052               | 0.5%   |
| 6                             | 2,596               | 0.2%   |
| U.S. Insurer Fixed Income (2) | 1,480,388           | 100.0% |
| Other (3)                     | 228,217             |        |
| Cash and cash equivalents     | 149,189             |        |
| Total Invested Assets         | <u>\$ 1,857,794</u> |        |

(1) Ratings method for split ratings: If by 2 NRSROs, use lower of the two; if by 3 or more NRSROs, use second lowest

(2) NAIC ratings for our U.S. insurance companies' fixed income portfolios

(3) Other consists of assets held by our non-life companies, Canadian insurance company, and unrated equities

# Investment Portfolio - Supplemental Data and Trends

|   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Q1<br>2013 | Q2<br>2013 | Q3<br>2013 | Q4<br>2013 | YOY Q4        |                 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|---------------|-----------------|
|   |            |            |            |            |            |            |            |            | \$            | %               |
| <i>(Dollars in thousands)</i>                   |            |            |            |            |            |            |            |            |               |                 |
| <b>Net Investment Income by Source</b>          |            |            |            |            |            |            |            |            | <b>Change</b> | <b>% Change</b> |
| Bonds & notes                                   | \$ 25,762  | \$ 23,797  | \$ 26,601  | \$ 24,360  | \$ 23,210  | \$ 22,648  | \$ 21,785  | \$ 22,217  | (2,143)       | -8.1%           |
| Preferred and common stocks                     | 223        | 244        | 245        | 339        | 272        | 292        | 277        | 345        | 6             | 2.4%            |
| Deposit asset underlying 10% reinsurance treaty | 1,030      | 574        | 986        | 315        | 563        | (1,061)    | 829        | 607        | 292           | 29.6%           |
| Policy loans and other invested assets          | 350        | 261        | 315        | 325        | 320        | 327        | 325        | 391        | 66            | 21.0%           |
| Cash & cash equivalents                         | 135        | 111        | 101        | 106        | 88         | 73         | 54         | 57         | (49)          | -48.5%          |
| Total investment income                         | 27,500     | 24,987     | 28,248     | 25,445     | 24,453     | 22,279     | 23,270     | 23,617     | (1,828)       | -6.5%           |
| Investment expenses                             | 1,403      | 1,382      | 1,367      | 1,224      | 1,237      | 1,252      | 1,167      | 1,211      | (13)          | -1.0%           |
| Net investment income                           | \$ 26,097  | \$ 23,605  | \$ 26,881  | \$ 24,221  | \$ 23,216  | \$ 21,027  | \$ 22,103  | \$ 22,406  | (1,815)       | -6.8%           |
| Fixed income book yield, end of period          | 5.46%      | 5.48%      | 5.30%      | 5.32%      | 5.28%      | 5.29%      | 5.19%      | 4.93%      |               |                 |
| New money yield                                 | 2.69%      | 3.46%      | 2.64%      | 2.94%      | 2.75%      | 2.91%      | 3.78%      | 3.01%      |               |                 |

|   | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Q1<br>2013 | Q2<br>2013 | Q3<br>2013 | Q4<br>2013 | YOY Q4 |        |
|---|------------|------------|------------|------------|------------|------------|------------|------------|--------|--------|
|   |            |            |            |            |            |            |            |            | % Pt   | Change |
| <b>Fixed Income Portfolio Quality Ratings</b> |            |            |            |            |            |            |            |            |        |        |
| <b>Rating</b>                                 |            |            |            |            |            |            |            |            |        |        |
| AAA   | 23.1%      | 21.2%      | 19.8%      | 18.4%      | 17.7%      | 17.5%      | 16.5%      | 17.7%      | -1.9%  |        |
| AA  | 8.5%       | 7.6%       | 8.3%       | 7.7%       | 7.7%       | 7.7%       | 8.0%       | 7.9%       | 0.3%   |        |
| A   | 23.3%      | 23.4%      | 23.7%      | 23.4%      | 23.6%      | 22.9%      | 23.3%      | 23.0%      | -0.4%  |        |
| BBB   | 38.8%      | 41.3%      | 42.8%      | 45.2%      | 45.7%      | 46.5%      | 46.7%      | 46.2%      | 1.0%   |        |
| Below Investment Grade                        | 6.3%       | 6.4%       | 5.2%       | 5.1%       | 5.3%       | 5.3%       | 5.4%       | 4.8%       | -0.3%  |        |
| NA  | 0.1%       | 0.1%       | 0.2%       | 0.1%       | 0.0%       | 0.1%       | 0.1%       | 0.4%       | 0.3%   |        |
| Total Fixed Income                            | 100.0%     | 100.0%     | 100.0%     | 100.0%     | 100.0%     | 100.0%     | 100.0%     | 100.0%     | nm     |        |
| Average rating by amortized cost              | A          | A          | A          | A          | A          | A          | A          | A          | na     |        |

|                                   | As of December 31, 2013 |                |               |                             | As of December 31, 2013 |                |                                   | As of December 31, 2013 |                |
|-----------------------------------|-------------------------|----------------|---------------|-----------------------------|-------------------------|----------------|-----------------------------------|-------------------------|----------------|
|                                   | Market Value            | Amortized Cost | Credit Rating |                             | Market Value            | Amortized Cost |                                   | Market Value            | Amortized Cost |
| <b>Top 25 Exposures</b>           |                         |                |               | <b>Foreign Exposure (1)</b> |                         |                | <b>Government Investments (1)</b> |                         |                |
| 1 General Electric Co             | \$ 26,661               | \$ 23,628      | AA-           | United Kingdom              | \$ 67,141               | \$ 63,832      | AAA                               | \$ 745                  | \$ 750         |
| 2 Canada                          | 26,112                  | 26,199         | AAA           | Canada                      | 41,298                  | 39,292         | AA                                | 11,123                  | 10,755         |
| 3 International Business Machine  | 12,088                  | 11,855         | AA-           | Australia                   | 39,293                  | 36,684         | A                                 | 13,975                  | 13,253         |
| 4 Province of Ontario Canada      | 10,851                  | 9,969          | AA-           | Brazil                      | 21,121                  | 20,377         | BBB                               | 11,217                  | 10,604         |
| 5 Iberdrola SA                    | 10,431                  | 9,461          | BBB           | France                      | 18,873                  | 18,085         | Below Investment Grade            | —                       | —              |
| 6 National Rural Utilities Coope  | 9,901                   | 7,468          | A+            | Ireland                     | 15,198                  | 13,746         | NA                                | —                       | —              |
| 7 Western Union Co/The            | 8,828                   | 8,784          | BBB+          | Switzerland                 | 14,588                  | 13,671         | Total                             | \$ 37,060               | \$ 35,361      |
| 8 MetLife Inc                     | 8,693                   | 8,589          | A-            | Netherlands                 | 14,588                  | 13,671         |                                   |                         |                |
| 9 Province of Quebec Canada       | 7,912                   | 7,218          | A+            | Mexico                      | 14,177                  | 13,796         |                                   |                         |                |
| 10 Goldman Sachs Group Inc/The    | 7,854                   | 7,357          | A-            | Bermuda                     | 12,108                  | 11,845         |                                   |                         |                |
| 11 ArcelorMittal                  | 7,813                   | 6,605          | BB+           | Korea Republic Of           | 12,088                  | 11,867         |                                   |                         |                |
| 12 Vale SA                        | 7,726                   | 7,097          | A-            | Italy                       | 11,546                  | 10,872         | AAA                               | —                       | —              |
| 13 Altria Group Inc               | 7,717                   | 6,218          | BBB           | Spain                       | 10,693                  | 10,230         | AA                                | 25,018                  | 23,280         |
| 14 Washington Real Estate Investm | 7,511                   | 7,319          | BBB           | Germany                     | 10,433                  | 10,181         | A                                 | 106,626                 | 101,606        |
| 15 Enel SpA                       | 7,467                   | 6,980          | BBB+          | Luxembourg                  | 10,195                  | 9,325          | BBB                               | 174,909                 | 166,057        |
| 16 Prudential Financial Inc       | 7,413                   | 6,823          | A             | Emerging Markets            | 14,844                  | 14,731         | Below Investment Grade            | 22,183                  | 20,846         |
| 17 TransCanada Corp               | 7,410                   | 7,214          | A-            | All Other                   | 38,434                  | 35,893         | NA                                | 824                     | 949            |
| 18 Phillips 66                    | 7,326                   | 6,406          | BBB           | Total                       | \$ 366,619              | \$ 348,099     | Total                             | \$ 329,560              | \$ 312,738     |
| 19 TTX Co                         | 7,268                   | 7,241          | A+            |                             |                         |                |                                   |                         |                |
| 20 Tesco PLC                      | 7,065                   | 6,335          | BBB+          |                             |                         |                |                                   |                         |                |
| 21 AT&T Inc                       | 6,947                   | 5,947          | A-            |                             |                         |                |                                   |                         |                |
| 22 Republic of Korea              | 6,867                   | 6,376          | A+            |                             |                         |                |                                   |                         |                |
| 23 Roche Holding AG               | 6,405                   | 5,416          | AA-           |                             |                         |                |                                   |                         |                |
| 24 Hospitality Properties Trust   | 6,396                   | 6,396          | BBB-          |                             |                         |                |                                   |                         |                |
| 25 Duke Realty Corp               | 6,369                   | 6,111          | BBB-          |                             |                         |                |                                   |                         |                |
| Total                             | \$ 237,030              | \$ 219,011     |               |                             |                         |                |                                   |                         |                |
| % of total fixed income portfolio | 12.1%                   | 11.8%          |               |                             |                         |                |                                   |                         |                |

(1) US\$ denominated investments in issuers outside of the United States based on country of risk  
(2) Emerging markets is as defined by MSCI, Inc. which include Chile, India, Peru, Poland and South Africa

# Five-Year Historical Key Statistics

| <i>(Dollars in millions)</i>                             | 2009       | 2010       | 2011       | 2012       | 2013       | Q1<br>2012 | Q2<br>2012 | Q3<br>2012 | Q4<br>2012 | Q1<br>2013 | Q2<br>2013 | Q3<br>2013 | Q4<br>2013 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Recruits   | 221,920    | 231,390    | 244,756    | 191,752    | 186,251    | 58,551     | 48,976     | 47,639     | 36,586     | 46,348     | 50,358     | 51,523     | 38,022     |
| Life-insurance licensed sales force, beginning of period | 100,651    | 99,785     | 94,850     | 91,176     | 92,373     | 91,176     | 89,651     | 90,868     | 91,506     | 92,373     | 90,917     | 92,227     | 94,529     |
| New life-licensed representatives                        | 37,629     | 34,488     | 33,711     | 34,425     | 34,155     | 7,650      | 9,786      | 8,613      | 8,376      | 7,165      | 8,875      | 9,630      | 8,485      |
| Non-renewal and terminated representatives               | (38,495)   | (39,423)   | (37,385)   | (33,228)   | (30,962)   | (9,175)    | (8,569)    | (7,975)    | (7,509)    | (8,621)    | (7,565)    | (7,328)    | (7,448)    |
| Life-insurance licensed sales force, end of period       | 99,785     | 94,850     | 91,176     | 92,373     | 95,566     | 89,651     | 90,868     | 91,506     | 92,373     | 90,917     | 92,227     | 94,529     | 95,566     |
| Issued term life policies                                | 233,837    | 223,514    | 237,535    | 222,558    | 214,617    | 56,145     | 60,583     | 53,506     | 52,324     | 50,356     | 57,622     | 53,997     | 52,642     |
| Issued term life face amount                             | \$ 80,497  | \$ 74,401  | \$ 73,146  | \$ 68,053  | \$ 67,783  | \$ 16,983  | \$ 18,307  | \$ 16,345  | \$ 16,418  | \$ 15,709  | \$ 17,798  | \$ 17,056  | \$ 17,219  |
| Term life face amount in force, beginning of period      | \$ 633,467 | \$ 650,195 | \$ 656,791 | \$ 664,955 | \$ 670,412 | \$ 664,955 | \$ 664,423 | \$ 668,024 | \$ 669,132 | \$ 670,412 | \$ 670,414 | \$ 674,355 | \$ 676,360 |
| Issued term life face amount                             | 80,497     | 74,401     | 73,146     | 68,053     | 67,783     | 16,983     | 18,307     | 16,345     | 16,418     | 15,709     | 17,798     | 17,056     | 17,219     |
| Terminated term life face amount                         | (74,642)   | (70,964)   | (66,951)   | (61,593)   | (57,730)   | (16,307)   | (14,322)   | (15,566)   | (15,398)   | (14,917)   | (13,139)   | (14,346)   | (15,329)   |
| Foreign currency impact, net                             | 10,873     | 3,158      | 1,970      | (1,003)    | (5,596)    | (1,208)    | (384)      | 329        | 260        | (790)      | (719)      | (704)      | (3,383)    |
| Term life face amount in force, end of period            | \$ 650,195 | \$ 656,791 | \$ 664,955 | \$ 670,412 | \$ 674,868 | \$ 664,423 | \$ 668,024 | \$ 669,132 | \$ 670,412 | \$ 670,414 | \$ 674,355 | \$ 676,360 | \$ 674,868 |
| Estimated annualized issued term life premium            |            |            |            |            |            |            |            |            |            |            |            |            |            |
| Premium from new policies                                | \$ 193.7   | \$ 180.8   | \$ 187.6   | \$ 176.1   | \$ 173.5   | \$ 44.7    | \$ 47.8    | \$ 41.8    | \$ 41.7    | \$ 40.2    | \$ 45.9    | \$ 43.9    | \$ 43.5    |
| Additions and increases in premium                       | 42.6       | 44.6       | 44.9       | 45.5       | 48.6       | 10.7       | 11.4       | 11.6       | 11.8       | 11.4       | 12.3       | 12.3       | 12.5       |
| Total estimated annualized issued term life premium      | \$ 236.3   | \$ 225.4   | \$ 232.5   | \$ 221.5   | \$ 222.1   | \$ 55.4    | \$ 59.2    | \$ 53.4    | \$ 53.5    | \$ 51.6    | \$ 58.2    | \$ 56.2    | \$ 56.0    |
| Investment & Savings product sales                       | \$ 3,006.6 | \$ 3,623.6 | \$ 4,265.1 | \$ 4,712.2 | \$ 5,208.8 | \$ 1,187.7 | \$ 1,193.9 | \$ 1,091.7 | \$ 1,239.0 | \$ 1,365.3 | \$ 1,317.7 | \$ 1,248.7 | \$ 1,277.1 |
| Investment & Savings average client asset values         | \$ 26,845  | \$ 31,908  | \$ 34,870  | \$ 35,904  | \$ 41,035  | \$ 35,122  | \$ 35,550  | \$ 35,962  | \$ 36,983  | \$ 38,756  | \$ 40,326  | \$ 41,225  | \$ 43,832  |