

Symetra Financial Corporation

# 2014 Corporate Report



# Financial highlights

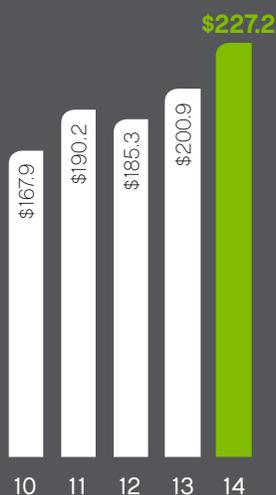
## Summary of Consolidated Results

(dollars in millions)

	2014	2013	2012	2011	2010
<b>Net Income</b>	<b>\$254.4</b>	\$220.7	\$205.4	\$195.8	\$193.8
<b>Return on Equity</b>	<b>7.8%</b>	6.8%	6.1%	7.2%	9.0%
<b>Book Value</b>	<b>\$3,360.6</b>	\$2,941.9	\$3,630.1	\$3,114.9	\$2,356.6
<b>Total Revenues</b>	<b>\$2,182.4</b>	\$2,139.5	\$2,101.2	\$1,999.3	\$1,878.8

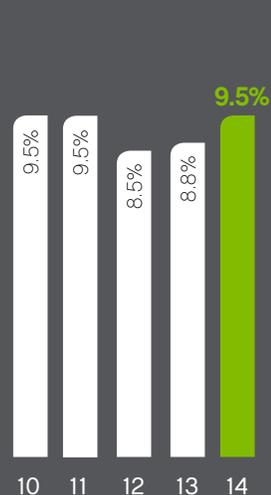
### Adjusted Operating Income\*

(dollars in millions)



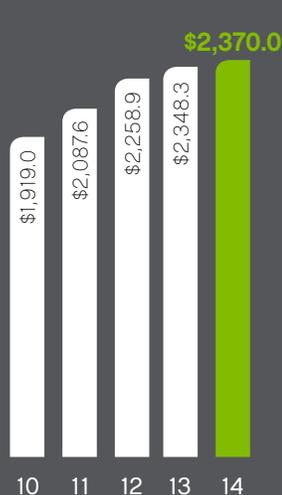
### Operating Return on Average Equity\*

(dollars in millions)



### Adjusted Book Value\*

(dollars in millions)



### Operating Revenues\*\*

(dollars in millions)



\* Denotes a non-GAAP financial measure. A definition of this measure and reconciliation to the most directly comparable GAAP measure can be found in Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Item 6—“Selected Financial Data,” respectively, of the 2014 Form 10-K at <http://investors.symetra.com> under “SEC Filings.”

\*\* Operating Revenues is a non-GAAP financial measure, and its most directly comparable GAAP measure is Total Revenues. Operating Revenues is calculated as Total Revenues less certain net realized gains (losses) totaling \$41.8, \$30.5, \$31.0, \$8.6, and \$39.8 million for the years ended Dec. 31, 2014, 2013, 2012, 2011 and 2010, respectively.

The financial highlights herein are as of Dec. 31, 2014. This corporate report contains statements that are or may be considered forward-looking in nature. Please see the 2014 Form 10-K for our Forward-Looking Statements at <http://investors.symetra.com> under “SEC Filings.”

# To our shareholders



**Tom Marra**  
President and CEO

When I joined Symetra in 2010, I was struck by the areas of strength that comprised the foundation of the business, including an outstanding culture of financial discipline—as evidenced by a strong and clean balance sheet—and industry leadership positions in medical stop-loss insurance and fixed annuities distributed through banks. Nearly five years later, I am pleased to report that these strengths remain at the core of who we are as a company, and that our work to diversify the business and expand into new product lines has begun producing results.

The year ahead will see Symetra advance on our long-term strategy of building the company into a national player in the life insurance industry. I expect meaningful contributions from all three of our divisions (Retirement, Benefits and Individual Life), with solid growth across the board.

Several key events in 2014 have put us in a good position for the year ahead.

Importantly, our initiatives to generate higher revenues in each business line gained considerable traction. We have become more diversified as a company through the continued success of our fixed indexed annuity products, increased sales of guaranteed universal life insurance through brokerage general agencies, and the progress we have made in offering group life and disability income products to the mid-market we already serve with medical stop-loss.

These results were achieved in what continues to be a very challenging interest rate environment, and my enthusiasm in the near-term is tempered only by the dim prospects for a meaningful rise in rates. Despite the ongoing low rates, we remain optimistic about our prospects and our ability to generate new business that will drive improved operating return on equity over time.

We were also opportunistic and prudent with our balance sheet and capital in 2014. We completed a mid-year bond offering with favorable terms, and returned capital to shareholders through share buybacks during the first half of the year and a special dividend in the fourth quarter.

Our overall guiding philosophy remains firmly rooted in our principles of **Value**, **Transparency** and **Sustainability**, or “**VTS**.” This means:

- Our products are provided at a good value to our customers.
- We are clear and transparent in our communications, so customers and distributors understand exactly what they’re buying and selling.
- Our products are sustainable, with fair pricing that helps ensure our ability to meet obligations and profitability requirements.

Ultimately, our investors will be rewarded for our diligence in providing honest value for our customers.

I believe our strategy is the right one for Symetra, and I’m pleased with our progress. Let’s look at the results for 2014 in detail.

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## 2014 Operating Results

Symetra reported full-year 2014 net income of \$254.4 million, or \$2.19 per diluted share, compared with \$220.7 million, or \$1.74 per diluted share, in 2013. For full-year 2014, Symetra posted adjusted operating income of \$227.2 million, or \$1.95 per diluted share, compared with \$200.9 million, or \$1.59 per diluted share, in 2013.

### > Benefits

The Benefits segment, which includes medical stop-loss, group life and disability income, and limited benefit medical insurance, reported pretax adjusted operating income of \$89.9 million, up from \$64.2 million. Higher earnings for the year were driven primarily by a lower loss ratio for medical stop-loss. The Benefits loss ratio for 2014 was 61.5%, compared with 66.5%, driven by lower claims frequency and severity for medical stop-loss and the ultimate performance of business written in January 2013.

**Sales for the full year rose 27% to \$166.7 million, with strong growth across all lines.**

### > Deferred Annuities

The Deferred Annuities segment, which includes traditional fixed, fixed indexed and variable deferred annuities, delivered full-year, pretax adjusted operating income of \$129.1 million, compared with \$107.3 million in the prior year, driven primarily by the growth in fixed indexed annuity account values. Solid base interest spreads on traditional deferred annuity account values were maintained throughout 2014.

**Sales for the full year increased 19% to \$2.7 billion, despite the challenging low interest rate environment.**

### > Income Annuities

The Income Annuities segment, which includes single premium immediate annuities and structured settlements, reported full-year, pretax adjusted operating income of \$15.9 million, compared with \$32.3 million. The decline was due primarily to lower interest margin on reserves, mortality experience and mark-to-market losses on alternative investments.

**Sales for the full year increased 51%, driven by marketing campaigns focused on retirement income strategies.**

### > Individual Life

The Individual Life segment, which includes universal life, term life and bank-owned life insurance, delivered pretax adjusted operating income for the full year of \$45.7 million, compared with \$55.3 million in the prior year. The decline was primarily from higher operating expenses to support increasing sales and growth initiatives.

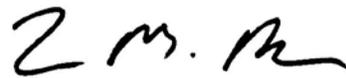
**Sales of individual life products for the full year were \$38.0 million—more than double the previous year—due to increased traction in the brokerage general agency market.**

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## Driving to Become a National Player

Symetra has embarked on an important path to being a well-respected national player in each of our chosen lines of business. We expect that the strength of our leading fixed annuity and medical stop-loss businesses, paired with the high potential of our rapidly growing fixed indexed annuity, individual life insurance, and group life and disability income businesses, will turn Symetra into a formidable force in the marketplace.

Our highly regarded reputation in our target distribution markets, when combined with the growing awareness of Symetra's brand, makes me optimistic about what we can achieve in the years ahead.

A handwritten signature in black ink, appearing to read "T. Marra".

**Tom Marra**

President and Chief Executive Officer



The **Value, Transparency, Sustainability (VTS)** standard defines our approach to doing business. Every Symetra product must deliver value to our customers, be transparent in terms of features and underlying financial characteristics, and be sustainable over time.

# Shareholder information

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## Annual Meeting

**Thursday, May 7, 2015**  
**11:00 a.m. (Pacific Time)**

Symetra Center  
9th Floor Training Rooms  
**Check in at 12th Floor**  
**Reception**

777 108th Avenue NE  
Bellevue, WA 98004

## Corporate Headquarters

### Symetra Financial Corporation

Symetra Center  
777 108th Avenue NE,  
Suite 1200  
Bellevue, WA 98004

Mailing Address:  
P.O. Box 34690  
Seattle, WA 98124-1690  
425-256-8000  
[www.symetra.com](http://www.symetra.com)

## Stock Transfer Agent and Registrar

Toll-free: 877-251-3475

Mailing Address:

**Computershare**  
P.O. Box 30170  
College Station, TX 77842-3170

Overnight Correspondence  
Address:

**Computershare**  
211 Quality Circle, Suite 210  
College Station, TX 77845

## Investor Inquiries

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## Reports and Other Financial Information

Symetra's corporate report, Form 10-K, proxy statement, quarterly earnings, statutory annual statements and corporate news are available on the company's website at <http://investors.symetra.com>.

## Stock Exchange Listing

Symetra's common stock trades on the New York Stock Exchange under the ticker symbol SYA.

## Independent Auditors

### Ernst & Young LLP

999 Third Avenue, Suite 3500  
Seattle, WA 98104



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[www.symetra.com](http://www.symetra.com)

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