



The Standard®  
Positively different.

## Our Financial Strength



Eric E. Parsons  
Chairman and Chief Executive Officer

### Standard Insurance Company Financial Strength Ratings

AA- (Very Strong) by Standard & Poor's  
4th of 20 rankings

A1 (Good) by Moody's  
5th of 21 rankings

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

*As of September 18, 2008*

### StanCorp Financial Group Long Term Senior Debt Ratings

Standard & Poor's: A-

Moody's: Baa1

A.M. Best: bbb+

*As of September 18, 2008*

The national economic landscape is undeniably turbulent. While a number of financial institutions are reeling from these circumstances, The Standard continues to exceed expectations. That's because we know our most important promise is the one we make to our customers — to be there when you need us. Backing this up is the strength that stems from our disciplined financial practices and stability resulting from our long-term outlook. Fiscally conservative management allows us to weather economic uncertainty and ensures that we will continue keeping our financial commitment to you.

Our balance sheet is the cornerstone of our financial strength and has provided us with a foundation for profitability through a wide range of economic cycles.

Our bond portfolio is strong. Our fixed maturity securities portfolio has an average portfolio rating of A as measured by Standard & Poor's. Our strategy is to maintain a diversified portfolio of high quality securities to keep us well protected if any industry experiences difficulties.

We have no direct exposure to sub prime or alt-A mortgages in either our fixed maturity securities or mortgage loan portfolios. In addition, we have not invested in instruments such as credit default swaps that are making so much news lately.

The profile of our commercial mortgage loan portfolio is entirely different from the residential mortgages that have been the subject of so much concern. We offer small commercial mortgage loans to borrowers who want a fixed rate over time and we rigorously underwrite every commercial mortgage loan we make. The quality of our commercial mortgage loans is excellent and our delinquency rates are very low.

In 2007, our average loan-to-value ratio on new loans was 69 percent. Over time, these loans continue to amortize further lowering the overall loan-to-value ratios. The average loan-to-value ratio in our commercial mortgage portfolio is 57 percent. The values of the commercial properties securing these loans would need to fall sharply before we would experience losses on foreclosure.

Over the past twenty years, we've had two recessions. During both of these recessions, the delinquency record for our commercial mortgage loans was exceptional. We have not suffered any significant delinquencies or losses on this portfolio in decades.

## The Standard Stands the Test of Time

In the July 2008 issue of Best's Review, Standard Insurance Company was recognized for financial strength dating back 80 years.

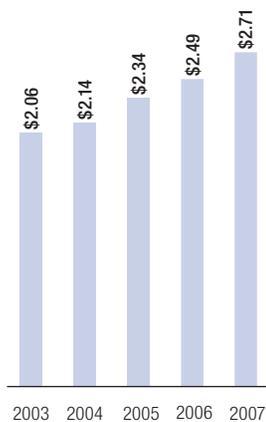
The magazine is published by A.M. Best Company, a credit rating organization focused on the financial services industry. Their ratings and analysis help customers and investors assess the financial strengths of organizations and products primarily in banking and insurance sectors. The company, founded in 1906 (the same year that the company that would become The Standard was founded), has a unique historical perspective on the industry.

For their latest issue, they undertook a "history project" profiling insurers able to maintain an "A" rating or higher for at least 75 years. The Standard was honored to be among one of only 15 life/health insurers able to consistently achieve this high level of performance for more than seven decades.

According to the article, The Standard has maintained an "A" rating since 1928. Given the rapidly evolving markets, changing customer needs and challenging economic times, this is a significant accomplishment. We are proud of this long-standing track record of financial strength and stability.

### StanCorp Financial Group, Inc.

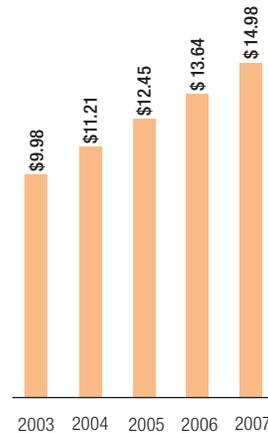
**Total Revenues**  
(in billions)



**Net Income**  
(in millions)



**Total Assets**  
(in billions)



### StanCorp Financial Group

Assets	\$14.98 billion
Fixed Maturity Securities	57.2% of invested assets
A or Higher	72.5%
BBB/Baa	23.4%
BB/Ba	2.4%
B or Lower	1.7%
Commercial Mortgage Loans	41.9% of Invested Assets
60-Day Delinquencies	0.05%
Other	0.9% of Invested Assets
Portfolio Yields	
Fixed Maturity Securities	5.57%
Commercial Mortgage Loans	6.36%

*As of December 31, 2007*



**The Standard**<sup>®</sup>  
Positively different.

Standard Insurance Company  
1100 SW Sixth Avenue  
Portland OR 97204  
800.247.6888

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

The Standard is a marketing name for StanCorp Financial Group, Inc. and subsidiaries.

13983B (09/08)