ING U.S., Inc.
Form 10-Q
May 23, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _ to _

Commission File Number: _001-35897_

ING U.S., Inc.

(Exact name of registrant as specified in its charter)	
Delaware	52-1222820
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
230 Park Avenue	
New York, New York	10169
(Address of principal executive offices)	(Zip Code)
(212) 309-8200	
(Registrant's telephone number, including area code)	

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

Indicate by check mark whether the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At May 21, 2013 260,769,230 shares of Common Stock, $.01 par value, were outstanding.

ING U.S., Inc.
Form 10-Q for the period ended March 31, 2013

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Results of Operations and Financial Condition," contains statements which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to trends in operations and financial results and the business and products of ING U.S., Inc. (the "Company"), as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend" and other similar expressions. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects on us. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and many of which are subject to change. These uncertainties and contingencies could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company. Factors that could cause such differences include, but are not limited to, those discussed in Part I, Item 2. "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Part II, Item 1A. "Risk Factors" of this Form 10-Q as well as those discussed in "Risk Factors," "Management's Discussion and Analysis of Results of Operations and Financial Condition - Trends and Uncertainties" and "Business - Closed Blocks - Closed Blocks Variable Annuity" in the Company's Prospectus dated May 1, 2013, filed with the SEC pursuant to Rule 424(b)(1) under the Securities Act of 1933, as amended (the "Securities Act"), on May 3, 2013 (the "Prospectus").

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
ING U.S., Inc.
Condensed Consolidated Balance Sheets
March 31, 2013 (Unaudited) and December 31, 2012
(In millions, except share data)

	March 31, 2013	December 31, 2012
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $63,469.6 at 2013 and $62,955.4 at 2012)	$70,622.9	$70,910.3
Fixed maturities, at fair value using the fair value option	2,675.8	2,771.3
Equity securities, available-for-sale, at fair value (cost of $246.5 at 2013 and $297.9 at 2012)	282.3	340.1
Short-term investments	2,992.1	5,991.2
Mortgage loans on real estate, net of valuation allowance of $3.9 at 2013 and at 2012	8,949.4	8,662.3
Policy loans	2,204.4	2,200.3
Limited partnerships/corporations	468.5	465.1
Derivatives	2,077.0	2,374.5
Other investments	166.7	167.0
Securities pledged (amortized cost of $1,656.7 at 2013 and $1,470.0 at 2012)	1,774.7	1,605.5
Total investments	92,213.8	95,487.6
Cash and cash equivalents	2,787.7	1,786.8
Short-term investments under securities loan agreements, including collateral delivered	863.5	664.0
Accrued investment income	900.8	863.5
Reinsurance recoverable	7,151.0	7,379.3
Deferred policy acquisition costs, Value of business acquired	4,019.6	3,656.3
Sales inducements to contract holders	235.5	212.7
Goodwill and other intangible assets	341.8	348.5
Other assets	1,128.2	1,362.5
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	2,980.7	2,931.2
Cash and cash equivalents	1,054.8	440.8
Corporate loans, at fair value using the fair value option	4,043.1	3,559.3
Other assets	31.2	34.3
Assets held in separate accounts	103,098.3	97,667.4
Total assets	$220,850.0	$216,394.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Condensed Consolidated Balance Sheets
March 31, 2013 (Unaudited) and December 31, 2012
(In millions, except share data)

	March 31, 2013	December 31, 2012
Liabilities and Shareholder's Equity:		
Future policy benefits	$15,061.5	$15,493.6
Contract owner account balances	70,813.6	70,562.1
Payables under securities loan agreement, including collateral held	1,348.8	1,509.8
Short-term debt	321.2	1,064.6
Long-term debt	3,440.8	3,171.1
Funds held under reinsurance agreements	1,170.8	1,236.6
Derivatives	1,670.6	1,944.2
Pension and other post-employment provisions	906.6	903.2
Current income taxes	13.2	11.7
Deferred income taxes	921.6	1,042.7
Other liabilities	1,231.3	1,604.2
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	4,448.1	3,829.4
Other liabilities	804.7	292.4
Liabilities related to separate accounts	103,098.3	97,667.4
Total liabilities	205,251.1	200,333.0
Shareholder's equity:		
Common stock (900,000,000 shares authorized, 230,079,120 issued and 230,000,000 outstanding, net of 79,120 of Treasury shares; $0.01 par value per share)	2.3	2.3
Additional paid-in capital	22,909.9	22,917.6
Accumulated other comprehensive income	3,452.8	3,710.7
Retained earnings (deficit):		
Appropriated-consolidated investment entities	0.2	6.4
Unappropriated	(12,974.1)	(12,762.1)
Total ING U.S., Inc. shareholder's equity	13,391.1	13,874.9
Noncontrolling interest	2,207.8	2,186.3
Total shareholder's equity	15,598.9	16,061.2
Total liabilities and shareholder's equity	$220,850.0	$216,394.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2013, and 2012 (Unaudited)
(In millions, except per share data)

	Three Months Ended March 31,	
	2013	2012
Revenues:		
Net investment income	$1,198.7	$1,277.4
Fee income	891.9	889.0
Premiums	471.9	461.6
Net realized gains (losses):		
Total other-than-temporary impairments	(11.6)	(7.3)
Less: Portion of other-than-temporary impairments recognized in Other comprehensive income (loss)	(0.6)	(0.4)
Net other-than-temporary impairments recognized in earnings	(11.0)	(6.9)
Other net realized capital gains (losses)	(863.8)	(1,243.0)
Total net realized capital gains (losses)	(874.8)	(1,249.9)
Other revenue	95.6	89.0
Income (loss) related to consolidated investment entities:		
Net investment income (loss)	44.2	34.9
Changes in fair value related to collateralized loan obligations	(8.9)	(16.7)
Total revenues	1,818.6	1,485.3
Benefits and expenses:		
Policyholder benefits	540.5	448.1
Interest credited to contract owner account balance	520.9	570.1
Operating expenses	759.1	759.4
Net amortization of deferred policy acquisition costs and value of business acquired	130.5	173.7
Interest expense	44.4	24.3
Operating expenses related to consolidated investment entities:		
Interest expense	36.8	22.2
Other expense	0.7	0.4
Total benefits and expenses	2,032.9	1,998.2
Income (loss) before income taxes	(214.3)	(512.9)
Income tax expense	11.2	7.9
Net income (loss)	(225.5)	(520.8)
Less: Net income (loss) attributable to noncontrolling interest	(13.5)	(15.6)
Net income (loss) available to ING U.S., Inc.'s common shareholder	$(212.0)	$(505.2)
Net income (loss) available to ING U.S., Inc.'s common shareholder per common share	$(0.92)	$(2.20)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Condensed Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2013, and 2012 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2013	2012
Net income (loss)	$(225.5)	$(520.8)
Other comprehensive income (loss), before tax:		
Unrealized gains/(losses) on securities	(399.9)	(75.7)
Other-than-temporary impairments	10.9	12.8
Pension and other postretirement benefits liability	(3.5)	(3.8)
Other comprehensive income (loss), before tax	(392.5)	(66.7)
Income tax (benefit) related to items of other comprehensive income (loss)	(134.6)	(58.7)
Other comprehensive income (loss), after tax	(257.9)	(8.0)
Comprehensive income (loss)	(483.4)	(528.8)
Less: Comprehensive income (loss) attributable to the noncontrolling interest	(13.5)	(15.6)
Comprehensive income (loss) attributable to ING U.S., Inc.'s common shareholder	$(469.9)	$(513.2)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Condensed Consolidated Statements of Changes in Shareholder's Equity
For the Three Months Ended March 31, 2013 and 2012 (Unaudited)
(In millions)

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total ING U.S., Inc. Shareholder's Equity	Noncontrolling Interest	Total Shareholder's Equity
Balance at January 1, 2013	$ 2.3	$ 22,917.6	$ 3,710.7	$ 6.4	$ (12,762.1)	$ 13,874.9	$ 2,186.3	$ 16,061.2
Comprehensive income (loss):								
Net income (loss)	—	—	—	—	(212.0)	(212.0)	(13.5)	(225.5)
Other comprehensive income (loss), after tax	—	—	(257.9)	—	—	(257.9)	—	(257.9)
Total comprehensive income (loss)						(469.9)	(13.5)	(483.4)
Reclassification of noncontrolling interest		—	—	(6.2)	—	(6.2)	6.2	—
Employee related benefits	—	(7.7)	—	—	—	(7.7)	—	(7.7)
Contribution from (Distribution to) noncontrolling interest, net	—	—	—	—	—	—	28.8	28.8
Balance at March 31, 2013	$ 2.3	$ 22,909.9	$ 3,452.8	$ 0.2	$ (12,974.1)	$ 13,391.1	$ 2,207.8	$ 15,598.9

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total ING U.S., Inc. Shareholder's Equity	Noncontrolling Interest	Total Shareholder's Equity
Balance at January 1, 2012	$ 2.3	$ 22,865.2	$ 2,595.0	$ 126.5	$ (13,235.1)	$ 12,353.9	$ 1,572.2	$ 13,926.1
Comprehensive income (loss):								
Net income (loss)	—	—	—	—	(505.2)	(505.2)	(15.6)	(520.8)
Other comprehensive income (loss), after tax	—	—	(8.0)	—	—	(8.0)	—	(8.0)
Total comprehensive income (loss)						(513.2)	(15.6)	(528.8)
Reclassification of noncontrolling interest	—	—	—	(16.7)	—	(16.7)	16.7	—

Employee related benefits	—	5.9	—	—	—	5.9	—	5.9
Contribution from (Distribution to) noncontrolling interest, net	—	—	—	—	—	—	59.6	59.6
Balance at March 31, 2012	$ 2.3	$ 22,871.1	$ 2,587.0	$ 109.8	$ (13,740.3)	$ 11,829.9	$ 1,632.9	$ 13,462.8

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2013, and 2012 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2013	2012
Net cash (used in) provided by operating activities	$(28.4)	$324.3
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	4,455.8	5,838.7
Equity securities, available-for-sale	28.4	23.5
Mortgage loans on real estate	318.3	316.3
Loan - Dutch State obligation	—	145.3
Limited partnerships/corporations	18.0	63.1
Acquisition of:		
Fixed maturities	(4,802.8)	(4,233.3)
Equity securities, available-for-sale	(9.4)	(9.9)
Mortgage loans on real estate	(581.4)	(553.9)
Limited partnerships/corporations	(9.8)	(77.3)
Short-term investments, net	2,999.1	499.4
Policy loans, net	(4.1)	39.8
Derivatives, net	(1,089.6)	(1,171.2)
Other investments, net	11.8	(0.1)
Sales from consolidated investment entities	573.8	181.5
Purchase of consolidated investment entities	(613.8)	(380.0)
Collateral received (delivered), net	(360.5)	(209.4)
Purchases of fixed assets, net	(6.6)	(8.2)
Other, net	—	(0.2)
Net cash provided by investing activities	927.2	464.1
Cash Flows from Financing Activities:		
Deposits received for investment contracts	$2,936.2	$4,251.2
Maturities and withdrawals from investment contracts	(2,996.6)	(4,918.2)
Proceeds from issuance of debt with maturities of more than three months	1,000.6	43.9
Repayment of debt with maturities of more than three months	(1,304.6)	(47.6)
Short-term debt	(169.7)	129.1
Debt issuance costs	(6.5)	—
Contributions from participants in consolidated investment entities	642.7	392.2
Net cash (used in) provided by financing activities	102.1	(149.4)
Net increase in cash and cash equivalents	1,000.9	639.0
Cash and cash equivalents, beginning of period	1,786.8	638.0
Cash and cash equivalents, end of period	$2,787.7	$1,277.0
Supplemental cash flow information:		
Income taxes paid, net	$(3.2)	$(2.2)
Interest paid	55.1	29.4

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

ING U.S., Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

1. Business, Basis of Presentation and Significant Accounting Policies

Business

ING U.S., Inc. and its subsidiaries (collectively "the Company") is a financial services organization in the United States that offers a broad range of retirement services, annuities, investment management services, mutual funds, life insurance, group insurance and supplemental health products, guaranteed investment contracts, and funding agreements.

In 2009, ING Groep N.V. (“ING Group” or “ING”) announced the anticipated separation of its global banking and insurance businesses, including the divestiture of the Company. On May 7, 2013, ING U.S., Inc. completed the offering of 65,192,307 shares of its common stock, including the issuance and sale by ING U.S., Inc. of 30,769,230 shares of common stock and the sale by ING Insurance International B.V. (“ING International”), an indirect wholly owned subsidiary of ING Group and previously the sole stockholder of ING U.S., Inc. of 34,423,077 shares of outstanding common stock of ING U.S., Inc. (collectively, the “IPO"). Following the IPO, ING International owns 75% of the outstanding common stock of ING U.S., Inc. (before any exercise of the underwriters' option to acquire from ING International up to an additional 9,778,846 shares of ING U.S., Inc. common stock). ING International is a wholly owned subsidiary of ING Verzekeringen N.V. ("ING V"), which is a wholly owned subsidiary of ING Insurance Topholding N.V., which is a wholly owned subsidiary of ING Group, the ultimate parent company. ING is a global financial services holding company based in The Netherlands, with American Depository Shares listed on the New York Stock Exchange under the symbol "ING."

On April 11, 2013, the Company announced plans to rebrand in the future as Voya Financial. The Voya Financial identity is reflected in the Company's new ticker symbol (NYSE: VOYA).

The Company provides its principal products and services in three businesses (Retirement Solutions, Investment Management and Insurance Solutions) and reports results through five ongoing operating segments, including Retirement, Annuities, Investment Management, Individual Life and Employee Benefits. The Company also has a Corporate segment, which includes the financial data not directly related to the businesses and Closed Block segments. See the Segments Note to these Condensed Consolidated Financial Statements.

Basis of Presentation

On April 10, 2013, the Company's Board of Directors authorized the total number of shares of all classes of stock which the Company has the authority to issue to be 1,000,000,000, of which 900,000,000 shares, par value $0.01 per share, are designated as common stock and a 100,000,000 shares, par value $0.01 per share, are designated as preferred stock. In addition, the Company's Board of Directors authorized a 2,295.248835-for-1 split of the Company's common stock. These actions were subsequently approved by the Company's sole stockholder on April 10, 2013 and effected on April 11, 2013, resulting in 230,079,120 shares of common stock issued, including 79,120 of Treasury shares, and 230,000,000 shares of common stock outstanding and held by ING International, prior to the IPO. The accompanying Condensed Consolidated Financial Statements and Notes to Condensed Consolidated

Financial Statements give retroactive effect to the stock split for all periods presented. There are no preferred shares issued or outstanding.

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are unaudited. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates.

The Condensed Consolidated Financial Statements include the accounts of ING U.S., Inc. and its subsidiaries, as well as partnerships (voting interest entities ("VOEs")) in which the Company has control and variable interest entities ("VIEs") for which the Company is the primary beneficiary. See the Consolidated Investment Entities Note to these Condensed Consolidated Financial Statements.

Certain immaterial reclassifications have been made to prior year financial information to conform to the current year classifications. Intercompany transactions and balances have been eliminated.

The accompanying Condensed Consolidated Financial Statements reflect all adjustments (including normal, recurring adjustments) necessary to present fairly the financial position of the Company as of March 31, 2013, its results of operations, comprehensive income, changes in shareholder's equity and cash flows for the three months ended March 31, 2013 and 2012, in conformity with U.S. GAAP. Interim results are not necessarily indicative of full year performance. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company's prospectus dated May 1, 2013, filed with the SEC pursuant to Rule 424(b)(1) under the Securities Act of 1933, as amended (the "Securities Act") on May 3, 2013 (the "Prospectus").

Adoption of New Pronouncements

Disclosures about Offsetting Assets and Liabilities
In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-11, "Balance Sheet (Accounting Standards Codification ("ASC") Topic 210): Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"), which requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, as well as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the standard requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements.

In January 2013, the FASB issued ASU 2013-01, "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" ("ASU 2013-01"), which clarifies that the scope of ASU 2011-11 applies to derivatives accounted for in accordance with ASU Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement.

The provisions of ASU 2013-01 and ASU 2011-11 were adopted retrospectively by the Company on January 1, 2013. The adoption had no effect on the Company's financial condition, results of operations, or cash flows as the pronouncement only pertains to additional disclosure. The disclosures required by ASU 2011-11 and ASU 2013-01 are included in the Derivative Financial Instruments Note to these Condensed Consolidated Financial Statements.

Disclosures about Amounts Reclassified out of AOCI
In January 2013, the FASB issued ASU 2013-02, "Comprehensive Income (ASC Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" ("ASU 2013-02"), which requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its

entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts.

The provisions of ASU 2013-02 were adopted by the Company on January 1, 2013. The adoption had no effect on the Company's financial condition, results of operations, or cash flows as the pronouncement only pertains to additional disclosure. The disclosures required by ASU 2013-02, including comparative period disclosures, are included in the Accumulated Other Comprehensive Income Note to these Condensed Consolidated Financial Statements.

Future Adoption of Accounting Pronouncements

Joint and Several Liability Arrangements
In February 2013, the FASB issued ASU 2013-04, "Liabilities (ASC Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date” ("ASU 2013-04"), which requires an entity to measure obligations resulting from joint and several liable arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of (1) the amount the reporting entity agreed

to pay on the basis of its arrangement among its co-obligors and (2) any additional amount it expects to pay on behalf of its co-obligors. ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation, as well as other information about those obligations.

The provisions of ASU 2013-04 are effective for years, and interim periods within those years, beginning after December 15, 2013. The amendments should be applied retrospectively for those obligations resulting from joint and several liability arrangements that exist at the beginning of an entity's year of adoption. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2013-04.

ING U.S., Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

2. Investments (excluding Consolidated Investment Entities)

Fixed Maturities and Equity Securities

Available-for-sale and fair value option ("FVO") fixed maturities and equity securities were as follows as of March 31, 2013:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[(2)]	Fair Value	OTTI[(3)]
Fixed maturities:						
U.S. Treasuries	$5,186.3	$575.2	$4.0	$—	$5,757.5	$—
U.S. government agencies and authorities	642.0	67.5	—	—	709.5	—
State, municipalities and political subdivisions	288.6	29.2	—	—	317.8	—
U.S. corporate securities	34,082.4	3,770.8	93.3	—	37,759.9	13.0
Foreign securities:[(1)]						
Government	1,072.1	93.3	9.3	—	1,156.1	—
Other	13,601.1	1,393.9	41.1	—	14,953.9	—
Total foreign securities	14,673.2	1,487.2	50.4	—	16,110.0	—
Residential mortgage-backed securities:						
Agency	4,941.3	578.7	17.0	138.0	5,641.0	1.1
Non-Agency	1,489.8	194.9	46.9	74.1	1,711.9	130.4
Total Residential mortgage-backed securities	6,431.1	773.6	63.9	212.1	7,352.9	131.5
Commercial mortgage-backed securities	4,301.4	515.8	4.0	—	4,813.2	4.4
Other asset-backed securities	2,197.1	116.7	53.2	(8.0)	2,252.6	14.2
Total fixed maturities, including securities pledged	67,802.1	7,336.0	268.8	204.1	75,073.4	163.1
Less: Securities pledged	1,656.7	126.1	8.1	—	1,774.7	—
Total fixed maturities	66,145.4	7,209.9	260.7	204.1	73,298.7	163.1
Equity securities:						
Common stock	192.6	0.3	0.2	—	192.7	—
Preferred stock	53.9	35.7	—	—	89.6	—
Total equity securities	246.5	36.0	0.2	—	282.3	—

Total fixed maturities and equity securities investments	$66,391.9	$7,245.9	$260.9	$204.1	$73,581.0	$163.1

(1) Primarily U.S. dollar denominated.

(2) Embedded derivatives within fixed maturity securities are reported with the host investment. The changes in fair value of embedded derivatives are reported in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.

(3) Represents Other-than Temporary-Impairments ("OTTI") reported as a component of Other comprehensive income.

ING U.S., Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

Available-for-sale and FVO fixed maturities and equity securities were as follows as of December 31, 2012:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives [2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$5,194.3	$691.2	$1.8	$—	$5,883.7	$—
U.S. government agencies and authorities	645.4	78.8	—	—	724.2	—
State, municipalities and political subdivisions	320.2	32.6	—	—	352.8	—
U.S. corporate securities	32,986.1	4,226.6	48.8	—	37,163.9	13.4
Foreign securities[1]:						
Government	1,069.4	125.2	4.6	—	1,190.0	—
Other	13,321.8	1,527.4	54.7	—	14,794.5	—
Total foreign securities	14,391.2	1,652.6	59.3	—	15,984.5	—
Residential mortgage-backed securities:						
Agency	5,071.6	633.3	14.8	156.0	5,846.1	1.2
Non-Agency	1,612.6	198.6	71.9	81.6	1,820.9	139.6
Total Residential mortgage-backed securities	6,684.2	831.9	86.7	237.6	7,667.0	140.8
Commercial mortgage-backed securities	4,438.9	513.6	6.1	—	4,946.4	4.4
Other asset-backed securities	2,536.4	128.4	90.0	(10.2)	2,564.6	15.4
Total fixed maturities, including securities pledged	67,196.7	8,155.7	292.7	227.4	75,287.1	174.0
Less: Securities pledged	1,470.0	139.6	4.1	—	1,605.5	—
Total fixed maturities	65,726.7	8,016.1	288.6	227.4	73,681.6	174.0
Equity securities:						
Common stock	194.4	13.2	1.0	—	206.6	—
Preferred stock	103.5	30.0	—	—	133.5	—
Total equity securities	297.9	43.2	1.0	—	340.1	—
Total fixed maturities and equity securities investments	$66,024.6	$8,059.3	$289.6	$227.4	$74,021.7	$174.0

[1] Primarily U.S. dollar denominated.

(2) Embedded derivatives within fixed maturity securities are reported with the host investment. The changes in fair value of embedded derivatives are reported in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
(3) Represents OTTI reported as a component of Other comprehensive income.

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The amortized cost and fair value of fixed maturities, including securities pledged, as of March 31, 2013, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called, or prepaid. Mortgage-backed securities ("MBS") and Other asset-backed securities ("ABS") are shown separately because they are not due at a single maturity date.

	Amortized Cost	Fair Value
Due to mature:		
One year or less	$2,923.6	$3,021.8
After one year through five years	14,250.2	15,205.4
After five years through ten years	18,184.4	19,830.3
After ten years	19,514.3	22,597.2
Mortgage-backed securities	10,732.5	12,166.1
Other asset-backed securities	2,197.1	2,252.6
Fixed maturities, including securities pledged	$67,802.1	$75,073.4

The investment portfolio is monitored to maintain a diversified portfolio on an ongoing basis. Credit risk is mitigated by monitoring concentrations by issuer, sector and geographic stratification and limiting exposure to any one issuer.

As of March 31, 2013 and December 31, 2012, the Company did not have any investments in a single issuer, other than obligations of the U.S. government and government agencies, with a carrying value in excess of 10% of the Company’s consolidated Shareholder’s equity.

The following tables set forth the composition of the U.S. and foreign corporate securities within the fixed maturity portfolio by industry category as of the dates indicated:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Fair Value
March 31, 2013				
Communications	$4,048.7	$510.2	$10.9	$4,548.0
Financial	6,027.8	748.3	32.7	6,743.4
Industrial and other companies	27,160.9	2,621.1	66.8	29,715.2
Utilities	9,007.6	1,128.7	20.6	10,115.7
Transportation	1,438.5	156.4	3.4	1,591.5
Total	$47,683.5	$5,164.7	$134.4	$52,713.8
December 31, 2012				
Communications	$3,609.5	$563.4	$2.4	$4,170.5
Financial	5,912.9	749.4	46.7	6,615.6
Industrial and other companies	26,613.3	3,063.3	24.2	29,652.4
Utilities	8,893.1	1,210.5	28.9	10,074.7
Transportation	1,279.1	167.4	1.3	1,445.2

Total	$46,307.9	$5,754.0	$103.5	$51,958.4

The Company invests in various categories of collateralized mortgage obligations ("CMOs"), including CMOs that are not agency-backed, that are subject to different degrees of risk from changes in interest rates and defaults. The principal risks inherent in holding CMOs are prepayment and extension risks related to significant decreases and increases in interest rates resulting in the prepayment of principal from the underlying mortgages, either earlier or later than originally anticipated. As of March 31, 2013 and December 31, 2012, approximately 32.5% and 33.1%, respectively, of the Company's CMO holdings, such as interest-only or principal-only strips were invested in those types of CMOs which are subject to more prepayment and extension risk than traditional CMOs.

(Dollar amounts in millions, unless otherwise stated)

Repurchase Agreements

The Company engages in dollar repurchase agreements with mortgage-backed securities ("dollar rolls") and repurchase agreements with other collateral types to increase its return on investments and improve liquidity. Such arrangements meet the requirements to be accounted for as financing arrangements. As of March 31, 2013 and December 31, 2012, the Company did not have any securities pledged in dollar rolls and repurchase agreement transactions.

The Company also enters into reverse repurchase agreements. These transactions involve a purchase of securities and an agreement to sell substantially the same securities as those purchased. As of March 31, 2013 and December 31, 2012, the Company did not have any securities pledged under reverse repurchase agreements.

Securities Lending

The Company engages in securities lending whereby certain domestic securities from its portfolio are loaned to other institutions for short periods of time. As of March 31, 2013 and December 31, 2012, the fair value of loaned securities was $804.8 and $601.8, respectively, and is included in Securities pledged on the Condensed Consolidated Balance Sheets. As of March 31, 2013 and December 31, 2012, collateral retained by the lending agent and invested in liquid assets on the Company's behalf was $827.5 and $619.5, respectively, and recorded in Short-term investments under securities loan agreement, including collateral delivered on the Condensed Consolidated Balance Sheets. As of March 31, 2013 and December 31, 2012, liabilities to return collateral of $827.5 and $619.5, respectively, were included in Payables under securities loan agreement, including collateral held on the Condensed Consolidated Balance Sheets.

Unrealized Capital Losses

Unrealized capital losses (including noncredit impairments), along with the fair value of fixed maturity securities, including securities pledged, by market sector and duration were as follows as of March 31, 2013:

	Six Months or Less Below Amortized Cost		More Than Six Months and Twelve Months or Less Below Amortized Cost		More Than Twelve Months Below Amortized Cost		Total	
	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses
U.S. Treasuries	$72.6	$4.0	$—	$—	$—	$—	$72.6	$4.0
	3,128.0	64.7	143.6	5.1	191.9	23.5	3,463.5	93.3

U.S. corporate, state and municipalities								
Foreign	968.5	22.5	47.1	4.3	191.7	23.6	1,207.3	50.4
Residential mortgage-backed	682.8	6.5	63.3	2.7	477.8	54.7	1,223.9	63.9
Commercial mortgage-backed	5.8	—	1.9	0.1	43.4	3.9	51.1	4.0
Other asset-backed	81.8	0.1	10.0	1.3	442.8	51.8	534.6	53.2
Total	$4,939.5	$97.8	$265.9	$13.5	$1,347.6	$157.5	$6,553.0	$268.8

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Unrealized capital losses (including noncredit impairments), along with the fair value of fixed maturity securities, including securities pledged, by market sector and duration were as follows as of December 31, 2012:

	Six Months or Less Below Amortized Cost		More Than Six Months and Twelve Months or Less Below Amortized Cost		More Than Twelve Months Below Amortized Cost		Total	
	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses
U.S. Treasuries	$451.2	$1.8	$—	$—	$—	$—	$451.2	$1.8
U.S. corporate, state and municipalities	1,333.4	19.2	116.5	3.0	231.2	26.6	1,681.1	48.8
Foreign	360.2	12.7	59.8	7.4	314.9	39.2	734.9	59.3
Residential mortgage-backed	369.3	6.4	42.0	2.1	585.1	78.2	996.4	86.7
Commercial mortgage-backed	22.0	0.2	15.3	1.7	44.4	4.2	81.7	6.1
Other asset-backed	70.2	—	7.0	1.2	609.2	88.8	686.4	90.0
Total	$2,606.3	$40.3	$240.6	$15.4	$1,784.8	$237.0	$4,631.7	$292.7

Of the unrealized capital losses aged more than twelve months, the average market value of the related fixed maturities was 89.5% and 88.3% of the average book value as of March 31, 2013 and December 31, 2012, respectively.

Unrealized capital losses (including noncredit impairments) in fixed maturities, including securities pledged, for instances in which fair value declined below amortized cost by greater than or less than 20% for consecutive months as indicated in the tables below, were as follows as of the dates indicated:

	Amortized Cost		Unrealized Capital Losses		Number of Securities	
	< 20%	> 20%	< 20%	> 20%	< 20%	> 20%
March 31, 2013						
Six months or less below amortized cost	$5,279.7	$16.2	$126.0	$3.9	474	16
More than six months and twelve months or less below amortized cost	594.0	41.3	37.4	11.3	119	9
More than twelve months below amortized cost	672.5	218.1	28.5	61.7	218	54
Total	$6,546.2	$275.6	$191.9	$76.9	811	79
December 31, 2012						
	$3,154.6	$42.1	$95.2	$11.4	308	21

Six months or less below amortized cost						
More than six months and twelve months or less below amortized cost	363.3	30.2	19.5	10.3	83	9
More than twelve months below amortized cost	940.1	394.1	35.9	120.4	221	95
Total	$4,458.0	$466.4	$150.6	$142.1	612	125

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Unrealized capital losses (including noncredit impairments) in fixed maturities, including securities pledged, by market sector for instances in which fair value declined below amortized cost by greater than or less than 20% were as follows as of the dates indicated:

	Amortized Cost		Unrealized Capital Losses		Number of Securities	
	< 20%	> 20%	< 20%	> 20%	< 20%	> 20%
March 31, 2013						
U.S. Treasuries	$76.6	$—	$4.0	$—	2	—
U.S. corporate, state and municipalities	3,527.0	29.8	82.6	10.7	218	1
Foreign	1,182.5	75.2	29.8	20.6	95	7
Residential mortgage-backed	1,195.5	92.3	37.4	26.5	393	54
Commercial mortgage-backed	53.1	2.0	3.7	0.3	10	1
Other asset-backed	511.5	76.3	34.4	18.8	93	16
Total	$6,546.2	$275.6	$191.9	$76.9	811	79
December 31, 2012						
U.S. Treasuries	$453.0	$—	$1.8	$—	3	—
U.S. corporate, state and municipalities	1,688.5	41.4	33.1	15.7	109	3
Foreign	684.9	109.3	24.1	35.2	50	14
Residential mortgage-backed	938.3	144.8	42.5	44.2	343	77
Commercial mortgage-backed	85.9	1.9	5.6	0.5	19	1
Other asset-backed	607.4	169.0	43.5	46.5	88	30
Total	$4,458.0	$466.4	$150.6	$142.1	612	125

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The following tables summarize loan-to-value, credit enhancement and fixed floating rate details for RMBS and Other ABS in a gross unrealized loss position as of the dates indicated:

	Loan-to-Value Ratio			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2013	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[1]				
Non-agency RMBS > 100%	$374.2	$103.9	$26.0	$27.3
Non-agency RMBS 90% - 100%	106.6	15.2	8.9	5.1
Non-agency RMBS 80% - 90%	91.3	23.3	8.7	5.1
Non-agency RMBS < 80%	306.5	12.6	14.7	3.9
Agency RMBS	737.4	11.2	12.3	3.3
Other ABS (Non-RMBS)	91.1	2.3	1.3	0.5
Total RMBS and Other ABS	$1,707.1	$168.5	$71.9	$45.2

	Credit Enhancement Percentage			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2013	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[1]				
Non-agency RMBS 10% +	$607.2	$86.4	$43.7	$20.5
Non-agency RMBS 5% - 10%	94.9	2.2	3.1	0.6
Non-agency RMBS 0% - 5%	103.7	5.2	5.0	2.3
Non-agency RMBS 0%	72.8	61.2	6.5	18.0
Agency RMBS	737.4	11.2	12.3	3.3
Other ABS (Non-RMBS)	91.1	2.3	1.3	0.5
Total RMBS and Other ABS	$1,707.1	$168.5	$71.9	$45.2

	Fixed Rate/Floating Rate			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2013	< 20%	> 20%	< 20%	> 20%
Fixed Rate	$780.5	$22.7	$13.1	$6.3
Floating Rate	926.6	145.8	58.8	38.9
Total	$1,707.1	$168.5	$71.9	$45.2

[1] For purposes of this table, subprime mortgages are included in Non-agency RMBS categories.

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	Loan-to-Value Ratio			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2012	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[(1)]				
Non-agency RMBS > 100%	$562.3	$203.8	$39.5	$58.0
Non-agency RMBS 90% - 100%	134.2	35.2	12.8	10.7
Non-agency RMBS 80% - 90%	78.9	46.9	7.5	12.1
Non-agency RMBS < 80%	288.9	17.5	14.0	5.5
Agency RMBS	398.0	8.1	11.0	3.8
Other ABS (Non-RMBS)	83.4	2.3	1.2	0.6
Total RMBS and Other ABS	$1,545.7	$313.8	$86.0	$90.7

	Credit Enhancement Percentage			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2012	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[(1)]				
Non-agency RMBS 10% +	$706.8	$187.1	$53.8	$51.2
Non-agency RMBS 5% - 10%	187.6	2.2	6.8	0.7
Non-agency RMBS 0% - 5%	89.4	12.3	7.6	4.2
Non-agency RMBS 0%	80.5	101.8	5.6	30.2
Agency RMBS	398.0	8.1	11.0	3.8
Other ABS (Non-RMBS)	83.4	2.3	1.2	0.6
Total RMBS and Other ABS	$1,545.7	$313.8	$86.0	$90.7

	Fixed Rate/Floating Rate			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2012	< 20%	> 20%	< 20%	> 20%
Fixed Rate	$669.4	$33.3	$14.2	$10.2
Floating Rate	876.3	280.5	71.8	80.5
Total	$1,545.7	$313.8	$86.0	$90.7

(1) For purposes of this table, subprime mortgages are included in Non-agency RMBS categories.

All investments with fair values less than amortized cost are included in the Company’s other-than-temporary impairments analysis, and impairments were recognized as disclosed in the "Evaluating Securities for Other-Than-Temporary Impairments" section below. The Company evaluates non-agency RMBS and ABS for "other-than-temporary impairments" each quarter based on actual and projected cash flows after considering the quality and updated loan-to-value ratios reflecting current home prices of underlying collateral, forecasted loss severity, the payment priority within the tranche structure of the security and amount of any credit enhancements. The Company's assessment of current levels of cash flows compared to estimated cash flows at the time the securities were acquired indicates the amount and the pace of projected cash flows from the underlying collateral has generally been lower and slower, respectively. However, since cash flows are typically projected at a trust level, the impairment review incorporates the security's position within the trust structure as well as credit enhancement remaining in the trust to determine whether an impairment is warranted. Therefore, while lower and slower cash flows will impact the trust, the effect on a particular security within the trust will be dependent upon the trust structure. Where the assessment continues to project full recovery of principal and interest on schedule, the Company has not recorded an impairment. Unrealized losses on below investment grade securities are principally related to RMBS (primarily Alt-A RMBS), and ABS (primarily subprime RMBS) largely due to economic and market uncertainties including concerns over unemployment levels, lower interest rate environment on floating rate securities requiring higher risk premiums since purchase and valuations on residential real estate supporting non-agency RMBS. Based on this analysis, the Company determined that the remaining investments in an unrealized loss position were not other-than-temporarily impaired and therefore no further other-than-temporary impairment was necessary.

Fixed Maturity Securities Credit Quality - Ratings

Information about certain of the Company's fixed maturity securities holdings by NAIC designations is set forth in the following tables. Corresponding rating agency designation does not directly translate into NAIC designation, but represents the Company's best estimate of comparable ratings from rating agencies, including Fitch Ratings, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services ("S&P"). If no rating is available from a rating agency, then an internally developed rating is used.

The fixed maturities in the Company's portfolio are generally rated by external rating agencies and, if not externally rated, are rated by the Company on a basis similar to that used by the rating agencies. Ratings are derived from three ARO ratings and are applied as follows based on the number of agency ratings received:

- when three ratings are received, the middle rating is applied;
- when two ratings are received, the lower rating is applied;
- when a single rating is received, the ARO rating is applied; and
- when ratings are unavailable, an internal rating is applied.

Subprime and Alt-A Mortgage Exposure

The Company does not originate or purchase subprime or Alt-A whole-loan mortgages. Subprime lending is the origination of loans to customers with weaker credit profiles. The Company defines Alt-A mortgages to include the following: residential mortgage loans to customers who have strong credit profiles but lack some element(s), such as documentation to substantiate income; residential mortgage loans to borrowers that would otherwise be classified as prime but whose loan structure provides repayment options to the borrower that increase the risk of default; and any securities backed by residential mortgage collateral not clearly identifiable as prime or subprime.

The Company's exposure to subprime mortgage-backed securities is primarily in the form of ABS structures collateralized by subprime residential mortgages and the majority of these holdings are included in Other ABS in the Fixed Maturities and Equity Securities section above. As of March 31, 2013, the fair value and gross unrealized losses related to the Company's exposure to subprime mortgage-backed securities were $836.9 and $52.1, respectively, representing 1.1% of total fixed maturities, including securities pledged, based on fair value. As of December 31, 2012, the fair value and gross unrealized losses related to the Company's exposure to subprime mortgage-backed securities were $967.3 and $89.1, respectively, representing 1.3% of total fixed maturities, including securities pledged, based on fair value.

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The following tables summarize the Company's exposure to subprime mortgage-backed securities by credit quality using NAIC designations, ARO ratings and vintage year as of the dates indicated:

	% of Total Subprime Mortgage-backed Securities								
	NAIC Designation			ARO Ratings			Vintage		
March 31, 2013									
	1	60.0	%	AAA	0.4	%	2007	29.1	%
	2	6.5	%	AA	1.0	%	2006	32.5	%
	3	22.9	%	A	5.8	%	2005 and prior	38.4	%
	4	9.5	%	BBB	6.0	%		100.0	%
	5	0.8	%	BB and below	86.8	%			
	6	0.3	%		100.0	%			
		100.0	%						
December 31, 2012									
	1	60.3	%	AAA	1.1	%	2007	29.1	%
	2	11.9	%	AA	1.0	%	2006	36.8	%
	3	16.7	%	A	5.4	%	2005 and prior	34.1	%
	4	8.1	%	BBB	6.0	%		100.0	%
	5	2.8	%	BB and below	86.5	%			
	6	0.2	%		100.0	%			
		100.0	%						

The Company's exposure to Alt-A mortgages is included in Residential mortgage-backed securities in the "Fixed Maturities and Equity Securities" section above. As of March 31, 2013, the fair value and gross unrealized losses related to the Company's exposure to Alt-A RMBS aggregated to $402.0 and $31.3, respectively, representing 0.5% of total fixed maturities, including securities pledged, based on fair value. As of December 31, 2012, the fair value and gross unrealized losses related to the Company's exposure to Alt-A RMBS aggregated to $411.3 and $47.9, respectively, representing 0.5% of total fixed maturities, including securities pledged, based on fair value.

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The following tables summarize the Company's exposure to Alt-A residential mortgage-backed securities by credit quality using NAIC designations, ARO ratings and vintage year as of the dates indicated:

	% of Total Alt-A Mortgage-backed Securities								
	NAIC Designation			ARO Ratings			Vintage		
March 31, 2013									
	1	42.4	%	AAA	0.1	%	2007	20.8	%
	2	11.4	%	AA	0.5	%	2006	26.0	%
	3	23.2	%	A	2.0	%	2005 and prior	53.2	%
	4	18.7	%	BBB	3.4	%		100.0	%
	5	3.6	%	BB and below	94.0	%			
	6	0.7	%		100.0	%			
		100.0	%						
December 31, 2012									
	1	34.1	%	AAA	0.2	%	2007	20.4	%
	2	11.9	%	AA	1.2	%	2006	25.9	%
	3	18.8	%	A	1.5	%	2005 and prior	53.7	%
	4	26.9	%	BBB	4.1	%		100.0	%
	5	7.5	%	BB and below	93.0	%			
	6	0.8	%		100.0	%			
		100.0	%						

Commercial Mortgage-backed and Other Asset-backed Securities

As of March 31, 2013 and December 31, 2012, the fair value of the Company's CMBS totaled \$4.8 billion and \$4.9 billion, respectively. As of March 31, 2013 and December 31, 2012, the gross unrealized losses related to CMBS totaled \$4.0 and \$6.1, respectively. CMBS investments represent pools of commercial mortgages that are broadly diversified across property types and geographical areas.

(Dollar amounts in millions, unless otherwise stated)

The following tables summarize the Company’s exposure to CMBS holdings by credit quality using NAIC designations, ARO ratings and vintage year as of the dates indicated:

	% of Total CMBS								
	NAIC Designation			ARO Ratings			Vintage		
March 31, 2013									
	1	98.1	%	AAA	37.0	%	2008	0.2	%
	2	1.5	%	AA	16.5	%	2007	37.6	%
	3	0.3	%	A	11.6	%	2006	30.7	%
	4	0.1	%	BBB	18.0	%	2005 and prior	31.5	%
	5	—	%	BB and below	16.9	%		100.0	%
	6	—	%		100.0	%			
		100.0	%						
December 31, 2012									
	1	98.3	%	AAA	38.1	%	2008	0.3	%
	2	1.4	%	AA	17.2	%	2007	37.4	%
	3	0.2	%	A	11.2	%	2006	30.2	%
	4	0.1	%	BBB	17.8	%	2005 and prior	32.1	%
	5	—	%	BB and below	15.7	%		100.0	%
	6	—	%		100.0	%			
		100.0	%						

As of March 31, 2013 and December 31, 2012, the fair value of the Company's Other ABS, excluding subprime exposure, totaled $1.4 billion and $1.6 billion, respectively. As of March 31, 2013 and December 31, 2012, the gross unrealized losses related to Other ABS, excluding subprime exposure, totaled $1.9 and $1.8, respectively.

As of March 31, 2013, Other ABS was also broadly diversified both by type and issuer with credit card receivables, nonconsolidated collateralized loan obligations and automobile receivables, comprising 41.4%, 3.8% and 33.0%, respectively, of total Other ABS, excluding subprime exposure. As of December 31, 2012, Other ABS was also broadly diversified both by type and issuer with credit card receivables, nonconsolidated collateralized loan obligations and automobile receivables, comprising 40.5%, 4.1% and 33.3%, respectively, of total Other ABS, excluding subprime exposure.

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The following tables summarize the Company's exposure to Other ABS holdings, excluding subprime exposure, by credit quality using NAIC designations, ARO ratings and vintage year as of the dates indicated:

	% of Total Other ABS								
	NAIC Designation			ARO Ratings			Vintage		
March 31, 2013									
	1	98.3	%	AAA	92.2	%	2013	1.9	%
	2	0.9	%	AA	2.0	%	2012	22.7	%
	3	0.1	%	A	4.1	%	2011	12.7	%
	4	—	%	BBB	0.9	%	2010	5.7	%
	5	—	%	BB and below	0.8	%	2009	2.1	%
	6	0.7	%		100.0	%	2008	6.0	%
		100.0	%				2007 and prior	48.9	%
								100.0	%
December 31, 2012									
	1	97.7	%	AAA	91.9	%	2012	24.6	%
	2	1.7	%	AA	0.9	%	2011	14.9	%
	3	0.1	%	A	4.9	%	2010	5.8	%
	4	—	%	BBB	1.7	%	2009	2.1	%
	5	—	%	BB and below	0.6	%	2008	5.9	%
	6	0.5	%		100.0	%	2007	18.4	%
		100.0	%				2006 and prior	28.3	%
								100.0	%

Troubled Debt Restructuring

The Company invests in high quality, well performing portfolios of commercial mortgage loans and private placements. Under certain circumstances, modifications are granted to these contracts. Each modification is evaluated as to whether a troubled debt restructuring has occurred. A modification is a troubled debt restructure when the borrower is in financial difficulty and the creditor makes concessions. Generally, the types of concessions may include reducing the face amount or maturity amount of the debt as originally stated, reducing the contractual interest rate, extending the maturity date at an interest rate lower than current market interest rates and/or reducing accrued interest. The Company considers the amount, timing and extent of the concession granted in determining any impairment or changes in the specific valuation allowance recorded in connection with the troubled debt restructuring. A valuation allowance may have been recorded prior to the quarter when the loan is modified in a troubled debt restructuring. Accordingly, the carrying value (net of the specific valuation allowance) before and after modification through a troubled debt restructuring may not change significantly, or may increase if the expected recovery is higher than the pre-modification recovery assessment. As of March 31, 2013, the Company had no private placement troubled debt restructurings and no commercial mortgage loan troubled debt restructurings. As of December 31, 2012, the Company had one private placement troubled debt restructuring with a pre-modification carrying value of $1.2, which was written down to zero and no commercial mortgage loan troubled debt restructurings.

As of March 31, 2013 and December 31, 2012, the Company had no commercial mortgage loans or private placements modified in a troubled debt restructuring with a subsequent payment default.

Mortgage Loans on Real Estate

The Company's mortgage loans on real estate are all commercial mortgage loans held for investment, which are reported at amortized cost, less impairment write-downs and allowance for losses. The Company diversifies its commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. The Company manages risk when originating commercial mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate.

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Subsequently, the Company continuously evaluates all mortgage loans based on relevant current information including an appraisal of loan-specific credit quality, property characteristics and market trends. Loan performance is monitored on a loan specific basis through the review of submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review ensures properties are performing at a consistent and acceptable level to secure the debt.

The following table summarizes the Company's investment in mortgage loans as of the dates indicated:

	March 31, 2013	December 31, 2012
Commercial mortgage loans	$8,953.3	$8,666.2
Collective valuation allowance	(3.9)	(3.9)
Total net commercial mortgage loans	$8,949.4	$8,662.3

There were no impairments taken on the mortgage loan portfolio for the three months ended March 31, 2013 and 2012.

The following table summarizes the activity in the allowance for losses for all commercial mortgage loans for the periods indicated:

	Three Months Ended March 31, 2013	Twelve Months Ended December 31, 2012
Collective valuation allowance for losses, beginning of period	$3.9	$4.4
Addition to (reduction of) allowance for losses	—	(0.5)
Collective valuation allowance for losses, end of period	$3.9	$3.9

The carrying values and unpaid principal balances of impaired mortgage loans were as follows as of the dates indicated:

	March 31, 2013	December 31, 2012
Impaired loans with allowances for losses	$—	$—
Impaired loans without allowances for losses	16.8	16.8
Subtotal	16.8	16.8
Less: Allowances for losses on impaired loans	—	—
Impaired loans, net	$16.8	$16.8
Unpaid principal balance of impaired loans	$31.9	$31.9

The following table presents information on restructured loans, loans 90 days or more past due and loans in foreclosure as of the dates indicated:

	March 31, 2013	December 31, 2012
Troubled debt restructured loans[(1)]	$—	$—
Loans 90 days or more past due, interest no longer accruing, at amortized cost[(1)]	—	—
Loans in foreclosure, at amortized cost[(1)]	9.0	9.0
Unpaid principal balance of loans 90 days or more past due, interest no longer accruing	—	—

(1) Amounts included in Troubled debt restructured loans, Loans 90 days or more past due and Loans in foreclosure, which were also impaired, are included in the Impaired loans, average investment during the period as shown in the table below.

There were four mortgage loans in the Company's portfolio in process of foreclosure as of March 31, 2013 and December 31, 2012 with a total amortized cost of $9.0. There were no other loans in arrears with respect to principal and interest as of March 31, 2013 and December 31, 2012.

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The following table presents information on the average investment during the period in impaired loans and interest income recognized on impaired and troubled debt restructured loans for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Impaired loans, average investment during period (book value)	$16.9	$44.6
Interest income recognized on impaired loans, on an accrual basis	0.2	0.4
Interest income recognized on impaired loans, on a cash basis	0.2	0.5
Interest income recognized on troubled debt restructured loans, on an accrual basis	—	0.4

Loan-to-value ("LTV") and debt service coverage ("DSC") ratios are measures commonly used to assess the risk and quality of mortgage loans. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the underlying collateral. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of a property’s net income to its debt service payments. A DSC ratio of less than 1.0 indicates that property’s operations do not generate sufficient income to cover debt payments. These ratios are utilized as part of the review process described above.

The following table presents the LTV ratios as of the dates indicated:

	March 31, 2013[(1)]	December 31, 2012[(1)]
Loan-to-Value Ratio:		
0% - 50%	$1,913.7	$1,987.9
50% - 60%	2,437.7	2,425.2
60% - 70%	4,136.2	3,736.1
70% - 80%	431.3	481.7
80% and above	34.4	35.3
Total Commercial mortgage loans	$8,953.3	$8,666.2

(1) Balances do not include allowance for mortgage loan credit losses.

The following table presents the DSC ratios as of the dates indicated:

	March 31, 2013[(1)]	December 31, 2012[(1)]
Debt Service Coverage Ratio:		
Greater than 1.5x	$6,114.6	$5,953.7
1.25x - 1.5x	1,454.0	1,336.3
1.0x - 1.25x	1,016.8	992.7
Less than 1.0x	359.0	374.6
Commercial mortgage loans secured by land or construction loans	8.9	8.9
Total Commercial mortgage loans	$8,953.3	$8,666.2

(1) Balances do not include allowance for mortgage loan credit losses.

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Properties collateralizing mortgage loans are geographically dispersed throughout the United States, as well as diversified by property type, as reflected in the following tables as of the dates indicated:

	March 31, 2013[1]			December 31, 2012[1]		
	Gross Carrying Value	% of Total		Gross Carrying Value	% of Total	
Commercial Mortgage Loans by U.S. Region:						
Pacific	$2,025.5	22.7	%	$1,973.9	22.8	%
South Atlantic	1,725.9	19.3	%	1,687.6	19.4	%
Middle Atlantic	1,000.5	11.2	%	1,059.5	12.2	%
East North Central	1,020.1	11.4	%	962.8	11.1	%
West South Central	1,301.6	14.5	%	1,176.3	13.6	%
Mountain	800.9	8.9	%	718.2	8.3	%
West North Central	535.0	6.0	%	537.5	6.2	%
New England	334.8	3.7	%	334.6	3.9	%
East South Central	209.0	2.3	%	215.8	2.5	%
Total Commercial mortgage loans	$8,953.3	100.0	%	$8,666.2	100.0	%

[1] Balances do not include allowance for mortgage loan credit losses.

	March 31, 2013[1]			December 31, 2012[1]		
	Gross Carrying Value	% of Total		Gross Carrying Value	% of Total	
Commercial Mortgage Loans by Property Type:						
Industrial	$3,385.2	37.7	%	$3,361.5	38.8	%
Retail	2,609.9	29.2	%	2,350.2	27.1	%
Office	1,243.3	13.9	%	1,284.7	14.8	%
Apartments	935.8	10.5	%	952.1	11.0	%
Hotel/Motel	324.1	3.6	%	280.6	3.2	%
Mixed Use	101.1	1.1	%	74.0	0.9	%
Other	353.9	4.0	%	363.1	4.2	%
Total Commercial mortgage loans	$8,953.3	100.0	%	$8,666.2	100.0	%

[1] Balances do not include allowance for mortgage loan credit losses.

The following table sets forth the breakdown of mortgages by year of origination as of the dates indicated:

	March 31, 2013[1]	December 31, 2012[1]
Year of Origination:		
2013	$580.8	$—
2012	1,797.0	1,821.0
2011	1,915.5	1,940.8
2010	418.7	429.9
2009	174.5	175.1

2008	670.8	725.1
2007 and prior	3,396.0	3,574.3
Total Commercial mortgage loans	$8,953.3	$8,666.2

(1) Balances do not include allowance for mortgage loan credit losses.

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Evaluating Securities for Other-Than-Temporary Impairments

The Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities and equity securities in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

The following tables identify the Company's credit-related and intent-related impairments included in the Condensed Consolidated Statements of Operations, excluding impairments included in Other comprehensive income (loss) by type for the periods indicated:

	Three Months Ended March 31,			
	2013		2012	
	Impairment	No. of Securities	Impairment	No. of Securities
U.S. corporate	$—	—	$0.4	1
Foreign[1]	—	—	0.8	2
Residential mortgage-backed	3.6	74	3.3	62
Commercial mortgage-backed	0.1	2	1.7	1
Other asset-backed [2]	7.3	2	0.7	3
Total	$11.0	78	$6.9	69

[1] Primarily U.S. dollar denominated.
[2] Includes loss on real estate owned that is classified as Other assets on the Condensed Consolidated Balance Sheets.

The above tables include $3.6 and $3.8 of write-downs related to credit impairments for the three months ended March 31, 2013 and 2012, respectively, in Other-than-temporary impairments, which are recognized in the Condensed Consolidated Statements of Operations. The remaining $7.4 and $3.1 and in write-downs for the three months ended March 31, 2013 and 2012, respectively, are related to intent impairments.

The following tables summarize these intent impairments, which are also recognized in earnings, by type for the periods indicated:

	Three Months Ended March 31,			
	2013		2012	
	Impairment	No. of Securities	Impairment	No. of Securities
U.S. corporate	$—	—	$0.4	1
Foreign[1]	—	—	0.8	2
Commercial mortgage-backed	0.1	2	1.7	1
Other asset-backed	7.3	2	0.2	1
Total	$7.4	4	$3.1	5

[1] Primarily U.S. dollar denominated.

The Company may sell securities during the period in which fair value has declined below amortized cost for fixed maturities or cost for equity securities. In certain situations, new factors, including changes in the business environment, can change the Company's previous intent to continue holding a security. Accordingly, these factors may lead the Company to record additional intent related capital losses.

The fair value of fixed maturities with OTTI as of March 31, 2013 and December 31, 2012 was $8.2 billion and $9.0 billion, respectively.

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The following tables identify the amount of credit impairments on fixed maturities for which a portion of the OTTI loss was recognized in Other comprehensive income (loss) and the corresponding changes in such amounts for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Balance at January 1	$114.7	$133.9
Additional credit impairments:		
On securities not previously impaired	0.2	0.1
On securities previously impaired	3.0	3.3
Reductions:		
Securities sold, matured, prepaid or paid down	(5.5)	(6.8)
Balance at March 31	$112.4	$130.5

Net Investment Income

The following table summarizes Net investment income for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Fixed maturities	$1,012.6	$1,084.1
Equity securities, available-for-sale	2.6	3.2
Mortgage loans on real estate	118.2	123.7
Policy loans	29.9	30.7
Short-term investments and cash equivalents	0.9	0.8
Other	35.9	35.7
Gross investment income	1,200.1	1,278.2
Less: Investment expenses	1.4	0.8
Net investment income	$1,198.7	$1,277.4

As of March 31, 2013 and December 31, 2012, the Company had $0.2 and $0.3, respectively, of investments in fixed maturities which produced no net investment income. Fixed maturities are moved to a non-accrual status immediately when the investment defaults.

Net Realized Capital Gains (Losses)

Net realized capital gains (losses) are comprised of the difference between the amortized cost of investments and proceeds from sale and redemption, as well as losses incurred due to the credit-related and intent-related other-than-temporary impairment of investments. Realized investment gains and losses are also primarily generated from changes in fair value of embedded derivatives within product guarantees and fixed maturities, changes in fair value of fixed maturities recorded at FVO and changes in fair value including accruals on derivative instruments, except for effective cash flow hedges. The cost of the investments on disposal is generally determined based on first-in-first-out ("FIFO") methodology.

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Net realized capital gains (losses) were as follows for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Fixed maturities, available-for-sale, including securities pledged	$9.4	$128.3
Fixed maturities, at fair value option	(107.6)	(125.1)
Equity securities, available-for-sale	0.2	2.6
Derivatives	(1,099.7)	(1,668.4)
Embedded derivative - fixed maturities	(23.3)	(16.2)
Embedded derivative - product guarantees	346.3	430.1
Other investments	(0.1)	(1.2)
Net realized capital gains (losses)	$(874.8)	$(1,249.9)
After-tax net realized capital gains (losses)	$(568.7)	$(874.4)

Proceeds from the sale of fixed maturities and equity securities, available-for-sale and the related gross realized gains and losses, before tax, were as follows for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Proceeds on sales	$3,212.7	$4,252.7
Gross gains	42.0	142.0
Gross losses	14.4	10.1

3. Derivative Financial Instruments

The Company enters into the following types of derivatives:

Interest rate caps: The Company uses interest rate cap contracts to hedge the interest rate exposure arising from duration mismatches between assets and liabilities. Interest rate caps are also used to hedge interest rate exposure if rates rise above a specified level. Such increases in rates will require the Company to incur additional expenses. The future payout from the interest rate caps fund this increased exposure. The Company pays an upfront premium to purchase these caps. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Interest rate swaps: Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and/or liabilities. Interest rate swaps are also used to hedge the interest rate risk associated with the value of assets it owns or in an anticipation of acquiring them. Using interest rate swaps, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest payments, calculated by reference to an agreed upon notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made to/from the counterparty at each due date. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Foreign exchange swaps: The Company uses foreign exchange or currency swaps to reduce the risk of change in the value, yield or cash flows associated with certain foreign denominated invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows against U.S. dollar cash flows at regular periods, typically quarterly or semi-annually. The Company utilizes these contracts in non-qualifying hedging relationships.

Credit default swaps: Credit default swaps are used to reduce credit loss exposure with respect to certain assets that the Company owns, or to assume credit exposure on certain assets that the Company does not own. Payments are made to or received from the counterparty at specified intervals. In the event of a default on the underlying credit exposure, the Company will either receive a payment (purchased credit protection) or will be required to make a payment (sold credit protection) equal to the par minus recovery value of the swap contract. The Company utilizes these contracts in non-qualifying hedging relationships.

Total return swaps: The Company uses total return swaps as a hedge against a decrease in variable annuity account values, which are invested in certain indices. Using total return swaps, the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of assets or a market index and the LIBOR rate, calculated by reference to an agreed upon notional principal amount. No cash is exchanged at the onset of the contracts. Cash is paid and received over the life of the contract based upon the terms of the swaps. The Company utilizes these contracts in non-qualifying hedging relationships.

Currency forwards: The Company uses currency forward contracts to hedge policyholder liabilities associated with the variable annuity contracts which are linked to foreign indices. The currency fluctuations may result in a decrease in account values, which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company utilizes these contracts in non-qualifying hedging relationships.

Forwards: The Company uses forward contracts to hedge certain invested assets against movement in interest rates, particularly mortgage rates. The Company uses To Be Announced securities as an economic hedge against rate movements. The Company utilizes forward contracts in non-qualifying hedging relationships.

Futures: Futures contracts are used to hedge against a decrease in certain equity indices. Such decreases may result in a decrease in variable annuity account values which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company also uses futures contracts as a hedge against an increase in certain equity indices. Such increases may result in increased payments to the holders of the fixed index annuity ("FIA") contracts. The Company enters into exchange traded futures with regulated futures commissions that are members of the exchange. The Company also posts initial and variation margin with the exchange on a daily basis. The Company utilizes exchange-traded futures in non-qualifying hedging relationships.

Swaptions: A swaption is an option to enter into a swap with a forward starting effective date. The Company uses swaptions to hedge the interest rate exposure associated with the minimum crediting rate and book value guarantees embedded in the retirement products that the Company offers. Increases in interest rates will generate losses on assets that are backing such liabilities. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. Swaptions are also used to hedge against an increase in the interest rate benchmarked crediting strategies within FIA contracts. Such increases may result in increased payments to contract holders of FIA contracts and the interest rate swaptions offset this increased exposure. The Company pays a premium when it purchases the swaption. The Company utilizes these contracts in non-qualifying hedging relationships.

Options: The Company uses put options to manage the equity, interest rate and equity volatility risk of the economic liabilities associated with certain variable annuity minimum guaranteed living benefits. The Company also uses call options to hedge against an increase in various equity indices. Such increases may result in increased payments to the holders of the FIA contracts. The Company pays an upfront premium to purchase these options. The Company utilizes these options in non-qualifying hedging relationships.

Variance swaps: The Company uses variance swaps to manage equity volatility risk on the economic liabilities associated with certain minimum guaranteed living benefits. An increase in the equity volatility results in a higher valuations of such liabilities. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on the changes in equity volatility over a defined period. The Company utilizes equity variance swaps in non-qualifying hedging relationships.

Managed custody guarantees ("MCG"): The Company issues certain credited rate guarantees on externally managed variable bond funds that represent stand-alone derivatives. The market value is partially determined by, among other things, levels of or changes in interest rates, prepayment rates and credit ratings/spreads.

Embedded derivatives: The Company also invests in certain fixed maturity instruments and has issued certain annuity products that contain embedded derivatives whose market value is at least partially determined by, among other things, levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity rates, or credit ratings/spreads. In addition, the Company has entered into a coinsurance with a funds withheld arrangement which contains an embedded derivative whose fair value is based on the change in the fair value of the underlying assets held in trust. The embedded derivatives for certain fixed maturity instruments, certain annuity products and coinsurance with funds withheld arrangements are reported with the host contract in investments, in Future policy benefits or Funds held under reinsurance agreements, respectively, on the Condensed Consolidated Balance Sheets. Changes in the fair value of embedded derivatives within fixed maturity investments and within annuity products are recorded in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations. Changes in fair value of embedded derivatives with reinsurance agreements are reported in Policyholder benefits in the Condensed Consolidated Statements of Operations.

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The Company's use of derivatives is limited mainly to economic hedging to reduce the Company's exposure to cash flow variability of assets and liabilities, interest rate risk, credit risk, exchange rate risk, and market risk. It is the Company's policy not to offset amounts recognized for derivative instruments and amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement, which provides the Company with the legal right of offset.

The notional amounts and fair values of derivatives were as follows as of the dates indicated:

	March 31, 2013			December 31, 2012		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives: Qualifying for hedge accounting[1]						
Cash flow hedges:						
Interest rate contracts	$937.5	$188.0	$—	$1,000.0	$215.4	$—
Fair value hedges:						
Interest rate contracts	1,282.9	—	187.0	291.1	—	16.4
Derivatives: Non-qualifying for hedge accounting[1]						
Interest rate contracts[2]	70,679.3	1,700.6	1,314.3	69,719.2	1,981.1	1,545.0
Foreign exchange contracts	1,811.9	16.1	84.8	1,985.8	11.3	95.0
Equity contracts	13,935.1	127.2	53.5	14,890.4	103.4	235.1
Credit contracts	3,086.0	45.1	31.0	3,106.0	63.3	52.7
Managed custody guarantees	N/A	—	—	N/A	—	—
Embedded derivatives:						
Within fixed maturity investments	N/A	204.1	—	N/A	227.4	—
Within annuity products	N/A	—	3,268.3	N/A	—	3,571.7
Within reinsurance agreements	N/A	—	154.8	N/A	—	169.5
Total		$2,281.1	$5,093.7		$2,601.9	$5,685.4

[1] Open derivative contracts are reported as Derivatives assets or liabilities on the Condensed Consolidated Balance Sheets at fair value.
[2] As of March 31, 2013, includes a notional amount, asset fair value and liability fair value for interest rate caps of $6.5 billion, $52.9 and $10.5, respectively. As of December 31, 2012, includes a notional amount, asset fair value and

liability fair value for interest rate caps of $4.5 billion, $17.7 and $0.6, respectively.
N/A - Not Applicable

The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions is through the fourth quarter of 2016.

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Although the Company has not elected to net its derivative exposures, the notional amounts and fair values of derivatives eligible for offset were as follows as of the dates indicated:

	March 31, 2013		
	Notional Amount	Assets Fair Value	Liability Fair Value
Credit contracts	$3,086.0	$45.1	$31.0
Equity contracts	3,927.1	124.8	23.0
Foreign exchange contracts	1,811.9	16.1	84.8
Interest rate contracts	72,899.7	1,888.6	1,501.3
		$2,074.6	$1,640.1
Counterparty netting[1]		$(1,088.4)	$(1,088.4)
Cash collateral netting[2]		(579.9)	(62.3)
Securities collateral netting[2]		(163.2)	(383.8)
Net receivables/payables		$243.1	$105.6

[1] Represents the netting of receivable balances with payable balances for the same counterparty under enforceable netting agreements.
[2] Represents the netting of collateral received and posted on a counterparty basis under credit support agreements.

	December 31, 2012		
	Notional Amount	Assets Fair Value	Liability Fair Value
Credit contracts	$3,106.0	$63.3	$52.7
Equity contracts	3,967.0	79.1	19.1
Foreign exchange contracts	1,985.8	11.3	95.0
Interest rate contracts	71,010.3	2,196.5	1,561.4
		$2,350.2	$1,728.2
Counterparty netting[1]		$(1,126.9)	$(1,126.9)
Cash collateral netting[2]		(943.4)	(85.7)
Securities collateral netting[2]		(68.6)	(395.6)
Net receivables/payables		$211.3	$120.0

[1] Represents the netting of receivable balances with payable balances for the same counterparty under enforceable netting agreements.
[2] Represents the netting of collateral received and posted on a counterparty basis under credit support agreements.

Collateral

Under the terms of the Company’s Over-The-Counter Derivative International Swaps and Derivatives Association, Inc. ("ISDA") agreements, the Company may receive from, or deliver to, counterparties, collateral to assure that all terms of the ISDA agreements will be met with regard to the Credit Support Annex ("CSA"). The terms of the CSA call for the Company to pay interest on any cash received equal to the Federal Funds rate. To the extent cash collateral is received and delivered, it is included in Payables under securities loan agreements, including collateral held and Short-term investments under securities loan agreements, including collateral delivered, respectively, on the

Condensed Consolidated Balance Sheets and is reinvested in short-term investments. Collateral held is used in accordance with the CSA to satisfy any obligations. Investment grade bonds owned by the Company are the source of noncash collateral posted, which is reported in Securities pledged on the Condensed Consolidated Balance Sheets. As of March 31, 2013, the Company held $521.3 of net cash collateral related to derivative contracts. As of March 31, 2013, the Company delivered $24.2 and $11.8 of cash collateral related to derivative contracts and credit facilities, respectively. As of December 31, 2012, the Company held $890.3 of net cash collateral related to derivative contracts. As of December 31, 2012, the Company delivered $32.8 and $11.8 of cash collateral related to derivative contracts and credit facilities, respectively. In

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addition, as of March 31, 2013 and December 31, 2012, the Company delivered securities as collateral of $969.8 and $1.0 billion, respectively.

Net realized gains (losses) on derivatives were as follows for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Derivatives: Qualifying for hedge accounting[1]		
Cash flow hedges:		
Interest rate contracts	$0.1	$—
Fair value hedges:		
Interest rate contracts	1.3	(1.4)
Derivatives: Non-qualifying for hedge accounting[2]		
Interest rate contracts	(256.0)	(445.5)
Foreign exchange contracts	87.1	(12.3)
Equity contracts	(939.1)	(1,228.8)
Credit contracts	6.9	19.6
Managed custody guarantees	—	1.0
Embedded derivatives:		
Within fixed maturity investments[2]	(23.3)	(16.2)
Within annuity products[2]	346.3	429.1
Within reinsurance agreements[3]	14.7	1.0
Total	$(762.0)	$(1,253.5)

[1] Changes in value for effective fair value hedges are recorded in Other net realized capital gains (losses). Changes in fair value upon disposal for effective cash flow hedges are amortized through Net investment income and the ineffective portion is recorded in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations. For the three months ended March 31, 2013 and 2012, ineffective amounts were immaterial.
[2] Changes in value are included in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[3] Changes in value are included in Policyholder benefits in the Condensed Consolidated Statements of Operations.

Credit Default Swaps

As of March 31, 2013, the fair values of credit default swaps of $45.1 and $31.0 were included in Derivatives assets and Derivatives liabilities, respectively, on the Condensed Consolidated Balance Sheets. As of December 31, 2012, the fair values of credit default swaps of $63.3 and $52.7 were included in Derivatives assets and Derivatives liabilities, respectively, on the Condensed Consolidated Balance Sheets. As of March 31, 2013 and December 31, 2012, the maximum potential future net exposure to the Company was $1.1 billion, net of purchased protection of $1.0 billion on credit default swaps.

4. Fair Value Measurements (excluding Consolidated Investment Entities)

Fair Value Measurement

The Company categorizes its financial instruments into a three-level hierarchy based on the priority of the inputs to the valuation technique, pursuant to the Fair Value Measurements and disclosures of the FASB ASC Topic 820. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3), as described in the Fair Value Measurements Note in the Consolidated Financial Statements included in the Company's Prospectus. If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

When available, the estimated fair value of financial instruments is based on quoted prices in active markets that are readily and regularly obtainable. When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, including discounted cash flow methodologies, matrix pricing, or other similar techniques.

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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	$5,039.3	$718.2	$—	$5,757.5
U.S. government agencies and authorities	—	709.5	—	709.5
U.S. corporate, state and municipalities	—	37,520.9	556.8	38,077.7
Foreign[1]	—	16,002.7	107.3	16,110.0
Residential mortgage-backed securities	—	7,264.6	88.3	7,352.9
Commercial mortgage-backed securities	—	4,813.2	—	4,813.2
Other asset-backed securities	—	2,151.7	100.9	2,252.6
Total fixed maturities, including securities pledged	5,039.3	69,180.8	853.3	75,073.4
Equity securities, available-for-sale	217.4	5.5	59.4	282.3
Derivatives:				
Interest rate contracts	5.5	1,883.1	—	1,888.6
Foreign exchange contracts	—	16.1	—	16.1
Equity contracts	2.4	59.3	65.5	127.2
Credit contracts	—	14.1	31.0	45.1
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	6,602.0	41.3	—	6,643.3
Assets held in separate accounts	97,454.5	5,641.6	2.2	103,098.3
Total assets	$109,321.1	$76,841.8	$1,011.4	$187,174.3
Percentage of Level to total	58.4 %	41.1 %	0.5 %	100.0 %
Liabilities:				
Derivatives:				
Annuity product guarantees:				
FIA	$—	$—	$1,561.7	$1,561.7
GMAB/GMWB/GMWBL[2]	—	—	1,628.6	1,628.6
Stabilizer and MCGs	—	—	78.0	78.0
Other derivatives:				
Interest rate contracts	—	1,501.3	—	1,501.3
Foreign exchange contracts	—	84.8	—	84.8
Equity contracts	30.5	23.0	—	53.5
Credit contracts	—	—	31.0	31.0
Embedded derivative on reinsurance	—	154.8	—	154.8
Total liabilities	$30.5	$1,763.9	$3,299.3	$5,093.7

[1] Primarily U.S. dollar denominated.

(2) Guaranteed minimum accumulation benefits ("GMAB"), Guaranteed minimum withdrawal benefits ("GMWB") and Guaranteed minimum withdrawal benefits with life payouts ("GMWBL").

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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	$5,220.5	$663.2	$—	$5,883.7
U.S. government agencies and authorities	—	724.2	—	724.2
U.S. corporate, state and municipalities	—	36,992.5	524.2	37,516.7
Foreign[1]	—	15,880.3	104.2	15,984.5
Residential mortgage-backed securities	—	7,592.9	74.1	7,667.0
Commercial mortgage-backed securities	—	4,946.4	—	4,946.4
Other asset-backed securities	—	2,449.4	115.2	2,564.6
Total fixed maturities, including securities pledged	5,220.5	69,248.9	817.7	75,287.1
Equity securities, available-for-sale	264.2	20.1	55.8	340.1
Derivatives:				
Interest rate contracts	—	2,196.5	—	2,196.5
Foreign exchange contracts	—	11.3	—	11.3
Equity contracts	24.3	55.9	23.2	103.4
Credit contracts	—	10.9	52.4	63.3
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	8,365.4	76.6	—	8,442.0
Assets held in separate accounts	91,928.5	5,722.6	16.3	97,667.4
Total assets	$105,802.9	$77,342.8	$965.4	$184,111.1
Percentage of Level to total	57.5 %	42.0 %	0.5 %	100.0 %
Liabilities:				
Derivatives:				
Annuity product guarantees:				
FIA	$—	$—	$1,434.3	$1,434.3
GMAB/GMWB/GMWBL	—	—	2,035.4	2,035.4
Stabilizer and MCGs	—	—	102.0	102.0
Other derivatives:				
Interest rate contracts	1.6	1,559.8	—	1,561.4
Foreign exchange contracts	—	95.0	—	95.0
Equity contracts	216.0	19.1	—	235.1
Credit contracts	—	—	52.7	52.7
Embedded derivative on reinsurance	—	169.5	—	169.5
Total liabilities	$217.6	$1,843.4	$3,624.4	$5,685.4

[1] Primarily U.S. dollar denominated.

Valuation of Financial Assets and Liabilities at Fair Value

Certain assets and liabilities are measured at estimated fair value on the Company's Condensed Consolidated Balance Sheets. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The exit price and the transaction (or entry) price will be the same at initial recognition in many circumstances.

However, in certain cases, the transaction price may not represent fair value. The fair value of a liability is based on the amount that would be paid to transfer a liability to a third-party with an equal credit standing. Fair value is required to be a market-based measurement which is determined based on a hypothetical transaction at the measurement date, from a market participant’s perspective. The Company considers three broad valuation techniques when a quoted price is unavailable: (i) the market approach, (ii) the income approach and (iii) the cost approach. The Company determines the most appropriate valuation technique to use, given the instrument being measured and the availability of sufficient inputs. The Company prioritizes the inputs to fair valuation techniques and allows for the use of unobservable inputs to the extent that observable inputs are not available.

The Company utilizes a number of valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of "exit price" and the fair value hierarchy as prescribed in ASC Topic 820. Valuations are obtained from third-party commercial pricing services, brokers and industry-standard, vendor-provided software that models the value based on market observable inputs. The valuations obtained from third-party commercial pricing services are non-binding. The Company reviews the assumptions and inputs used by third-party commercial pricing services for each reporting period in order to determine an appropriate fair value hierarchy level. The documentation and analysis obtained from third-party commercial pricing services are reviewed by the Company, including in-depth validation procedures confirming the observability of inputs. The valuations are reviewed and validated monthly through the internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades, or monitoring of trading volumes.

Transfers in and out of Level 1 and 2

There were no securities transferred between Level 1 and Level 2 for the three months ended March 31, 2013 and 2012. The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

Level 3 Financial Instruments

The fair values of certain assets and liabilities are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (i.e., Level 3 as defined by ASC Topic 820), including but not limited to liquidity spreads for investments within markets deemed not currently active. These valuations, whether derived internally or obtained from a third-party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability. In addition, the Company has determined, for certain financial instruments, an active market is such a significant input to determine fair value that the presence of an inactive market may lead to classification in Level 3. In light of the methodologies employed to obtain the fair values of financial assets and liabilities classified as Level 3, additional information is presented below.

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The following table summarizes the change in fair value of the Company’s Level 3 assets and liabilities and transfers in and out of Level 3 for the three months ended March 31, 2013:

	Fair Value as of January 1	Total Realized/Unrealized Gains (Losses) Included in:		Purchases	Issuances	Sales	Settlements	Transfers in to Level 3[2]	Transfers out of Level 3[2]	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings[3]
		Net Income	OCI								
Fixed maturities, including securities pledged:											
U.S. corporate, state and municipalities	$524.2	$(0.1)	$2.2	$50.1	$—	$—	$(13.5)	$58.5	$(64.6)	$556.8	$(0.1)
Foreign	104.2	—	4.8	—	—	—	(1.7)	—	—	107.3	—
Residential mortgage-backed securities	74.1	(1.8)	—	16.0	—	—	(0.2)	0.2	—	88.3	(1.8)
Other asset-backed securities	115.2	5.9	(0.7)	—	—	—	(19.5)	0.3	(0.3)	100.9	3.7
Total fixed maturities including securities pledged	817.7	4.0	6.3	66.1	—	—	(34.9)	59.0	(64.9)	853.3	1.8
Equity securities, available-for-sale	55.8	(0.3)	1.8	2.0	—	(1.9)	—	51.8	(49.8)	59.4	—
Derivatives:											
Product guarantees:											
FIA[1]	(1,434.3)	(123.7)	—	—	(15.1)	—	11.4	—	—	(1,561.7)	—
GMAB/GMWB/GMWBL[1]	(2,035.4)	444.5	—	—	(37.8)	—	0.1	—	—	(1,628.6)	—
Stabilizer and MCGs[1]	(102.0)	25.5	—	(1.5)	—	—	—	—	—	(78.0)	—
Other derivatives, net	22.9	44.7	—	6.3	—	—	(8.4)	—	—	65.5	37.6
Assets held in separate accounts[4]	16.3	—	—	0.2	—	(6.6)	—	2.2	(9.9)	2.2	—

[1] All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by contract basis. These amounts are included in Other net realized gains (losses) in the Condensed Consolidated Statements of Operations.
[2] The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.
[3] For financial instruments still held as of March 31, amounts are included in Net investment income and Total net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[4] The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which result in a net zero impact on net income for the Company.

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The following table summarizes the change in fair value of the Company's Level 3 assets and liabilities and transfers in and out of Level 3 for the three months ended March 31, 2012:

	Fair Value as of January 1	Total Realized/Unrealized Gains (Losses) Included in: Net Income	OCI	Purchases	Issuances	Sales	Settlements	Transfers in to Level 3[2]	Transfers out of Level 3[2]	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings[3]
Fixed maturities, including securities pledged:											
U.S. corporate, state and municipalities	$520.6	$—	$0.8	$0.5	$—	$—	$(22.3)	$70.7	$—	$570.3	$—
Foreign	160.6	1.8	(0.6)	—	—	(11.2)	(1.8)	—	(78.8)	70.0	—
Residential mortgage-backed securities	186.6	(1.8)	1.3	—	—	—	(1.2)	—	(91.7)	93.2	(0.3)
Other asset-backed securities	104.5	5.2	2.8	—	—	(4.5)	(0.4)	—	—	107.6	5.3
Total fixed maturities including securities pledged	972.3	5.2	4.3	0.5	—	(15.7)	(25.7)	70.7	(170.5)	841.1	5.0
Equity securities, available-for-sale	67.6	—	(0.3)	5.0	—	(5.6)	—	—	—	66.7	(0.3)
Derivatives:											
Product guarantees:											
FIA[1]	(1,304.9)	(188.6)	—	—	(28.6)	—	29.9	—	—	(1,492.2)	—
GMAB/GMWB/GMWBL[1]	(2,272.2)	468.1	—	—	(38.0)	—	0.1	—	—	(1,842.0)	—
Stabilizer and MCGs[1]	(221.0)	150.6	—	(1.6)	—	—	—	—	—	(72.0)	—
Other derivatives, net	(24.8)	11.3	—	5.8	—	—	43.1	—	(5.4)	30.0	15.6
Assets held in separate accounts[4]	16.1	0.3	—	14.8	—	(8.3)	—	0.2	—	23.1	0.4

[1] All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by contract basis. These amounts are included in Other net realized gains (losses) in the Condensed Consolidated Statements of Operations.
[2] The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.
[3] For financial instruments still held as of March 31, amounts are included in Net investment income and Total net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[4] The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which result in a net zero impact on net income for the Company.

For the three months ended March 31, 2013 and 2012, the transfers in and out of Level 3 for fixed maturities and separate accounts as well as equity securities for the three months ended March 31, 2013, were due to the variation in inputs relied upon for valuation each quarter. Securities that are primarily valued using independent broker quotes when prices are not available from one of the commercial pricing services are reflected as transfers into Level 3. When securities are valued using more widely available information, the securities are transferred out of Level 3 and into Level 1 or 2, as appropriate.

The fair value of certain options and swap contracts were valued using observable inputs, and such options and swap contracts were transferred from Level 3 to Level 2 for the three months ended March 31, 2012.

Significant Unobservable Inputs

Quantitative information about the significant unobservable inputs used in the Company's Level 3 fair value measurements of its annuity product guarantees is presented in the following sections and table.

The Company's Level 3 fair value measurements of its fixed maturities, equity securities available-for-sale and equity and credit derivative contracts are primarily based on broker quotes for which the quantitative detail of the unobservable inputs is neither provided nor reasonably corroborated, thus negating the ability to perform a sensitivity analysis. The Company performs a review of broker quotes by performing a monthly price variance comparison and back tests broker quotes to recent trade prices.

Significant unobservable inputs used in the fair value measurements of GMABs, GMWBs and GMWBLs include long-term equity implied volatility, correlations between the rate of return on policyholder funds and between interest rates and equity returns, nonperformance risk, mortality and policyholder behavior assumptions, such as benefit utilization, lapses and partial withdrawals.

Significant unobservable inputs used in the fair value measurements of FIAs include nonperformance risk and lapses. Such inputs are monitored quarterly.

The significant unobservable inputs used in the fair value measurement of the Stabilizer embedded derivatives and MCG derivative are interest rate implied volatility, nonperformance risk, lapses and policyholder deposits. Such inputs are monitored quarterly.

Following is a description of selected inputs:

Equity / Interest Rate Volatility: A term-structure model is used to approximate implied volatility for the equity indices for GMAB, GMWB and GMWBL fair value measurements and swap rates for the Stabilizer and MCG fair value measurements. Where no implied volatility is readily available in the market, an alternative approach is applied based on historical volatility.

Correlations: Integrated interest rate and equity scenarios are used in GMAB, GMWB and GMWBL fair value measurements to better reflect market interest rates and interest rate volatility correlations between equity and fixed income fund groups and between equity fund groups and interest rates. The correlations are based on historical fund returns and swap rates from external sources.

Nonperformance Risk: For the estimate of the fair value of embedded derivatives associated with our product guarantees, the Company uses a blend of observable, similarly rated peer company credit default swap spreads, adjusted to reflect the credit quality of the individual insurance subsidiary that issued the guarantee and the priority of policyholder claims.

Actuarial Assumptions: Management regularly reviews actuarial assumptions, which are based on the Company's experience and periodically reviewed against industry standards. Industry standards and Company experience may be limited on certain products.

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The following table presents the unobservable inputs for Level 3 fair value measurements as of March 31, 2013:

Unobservable Input	Range[1] GMWB / GMWBL		GMAB		FIA		Stabilizer / MCG	
Long-term equity implied volatility	15% to 25%		15% to 25%		-		-	
Interest rate implied volatility	-		-		-		0% to 3.3%	
Correlations between:								
Equity Funds	50% to 98%		50% to 98%		-		-	
Equity and Fixed Income Funds	-20% to 44%		-20% to 44%		-		-	
Interest Rates and Equity Funds	-30% to -16%		-30% to -16%		-		-	
Nonperformance risk	0.01% to 1.3%		0.01% to 1.3%		0.01% to 1.3%		0.01% to 1.3%	
Actuarial Assumptions:								
Benefit Utilization	85% to 100%	(2)	-		-		-	
Partial Withdrawals	0% to 10%		0% to 10%		-		-	
Lapses	0.08% to 32%	(3)	0.08% to 31%	(3)	0% to 10%	(3)	0% to 55%	(4)
Policyholder Deposits[5]	-		-		-		0% to 60%	(4)
Mortality	-	(6)	-	(6)	-		-	

[1] Represents the range of reasonable assumptions that management has used in its fair value calculations.
[2] Those policyholders who have elected systematic withdrawals are assumed to continue taking withdrawals. As a percent of account value, 26% are taking systematic withdrawals. Of those policyholders who are not taking withdrawals, we assume that 85% will begin systematic withdrawals after a delay period. The utilization function varies by policyholder age and policy duration. Interactions with lapse and mortality also affect utilization. The utilization rate for GMWB and GMWBL tends to be lower for younger contract owners and contracts that have not reached their maximum accumulated GMWB and GMWBL benefit amount. There is also a lower utilization rate, though indirectly, for contracts that are less “in the money” (i.e., where the notional benefit amount is in excess of the account value) due to higher lapses. Conversely, the utilization rate tends to be higher for contract owners near or beyond retirement age and contracts that have accumulated their maximum GMWB or GMWBL benefit amount. There is also a higher utilization rate, though indirectly, for contracts which are highly “in the money”. The chart below provides the GMWBL account value by current age group and average expected delay times from the associated attained age group as of March 31, 2013 (account value amounts are in $ billions).

	Account Values			
Attained Age Group	In the Money	Out of the Money	Total	Average Expected Delay (Years)
< 60	$3.0	$0.8	$3.8	5.5
60-69	6.3	1.3	7.6	1.8
70+	4.1	0.6	4.7	0.1
	$13.4	$2.7	$16.1	2.6

[3] Lapse rates tend to be lower during the contractual surrender charge period and higher after the surrender charge period ends; the highest lapse rates occur in the year immediately after the end of the surrender charge period. We make dynamic adjustments to lower the lapse rates for contracts that are more “in the money.” The table below shows an analysis of policy account values according to whether they are in or out of the surrender charge period and to

whether they are "in the money" or "out of the money" as of March 31, 2013 (account value amounts are in $ billions).

		GMAB		GMWB/GMWBL	
	Moneyness	Account Value	Lapse Range	Account Value	Lapse Range
During Surrender Charge Period					
	In the Money**	$—	0.08% to 8.2%	$7.0	0.08% to 5.8%
	Out of the Money	—	0.41% to 12%	2.2	0.35% to 12%
After Surrender Charge Period					
	In the Money**	—	2.4% to 22%	6.5	1.5% to 17%
	Out of the Money	0.1	12% to 31%	1.2	3.2% to 32%

** The low end of the range corresponds to policies that are highly "in the money." The high end of the range corresponds to the policies that are close to zero in terms of "in the moneyness."

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(4) Stabilizer contracts with recordkeeping agreements have a different range of lapse and policyholder deposit assumptions from Stabilizer (Investment only) and MCG contracts as shown below:

	Percentage of Plans	Overall Range of Lapse Rates	Range of Lapse Rates for 85% of Plans	Overall Range of Policyholder Deposits	Range of Policyholder Deposits for 85% of Plans
Stabilizer (Investment Only) and MCG Contracts	87 %	0-30%	0-15%	0-55%	0-20%
Stabilizer with Recordkeeping Agreements	13 %	0-55%	0-25%	0-60%	0-30%
Aggregate of all plans	100 %	0-55%	0-25%	0-60%	0-30%

(5) Measured as a percentage of assets under management or assets under administration.
(6) The mortality rate is based on the Annuity 2000 Basic table with mortality improvements.

The following table presents the unobservable inputs for Level 3 fair value measurements as of December 31, 2012:

Unobservable Input	Range[1] GMWB / GMWBL	GMAB	FIA	Stabilizer / MCG
Long-term equity implied volatility	15% to 25%	15% to 25%	—	—
Interest rate implied volatility	—	—	—	0% to 4.0%
Correlations between:				
Equity Funds	50% to 98%	50% to 98%	—	—
Equity and Fixed Income Funds	-20% to 44%	-20% to 44%	—	—
Interest Rates and Equity Funds	-25% to -16%	-25% to -16%	—	—
Nonperformance risk	0.10% to 1.3%	0.10% to 1.3%	0.10% to 1.3%	0.10% to 1.3%
Actuarial Assumptions:				
Benefit Utilization	85% to 100% (2)	—	—	—
Partial Withdrawals	0% to 10%	0% to 10%	—	—
Lapses	0.08% to 32% (3)	0.08% to 31% (3)	0% to 10% (3)	0% to 55% (4)
Policyholder Deposits[5]	—	—	—	0% to 60% (4)
Mortality	— (6)	— (6)	—	—

(1) Represents the range of reasonable assumptions that management has used in its fair value calculations.
(2) Those policyholders who have elected systematic withdrawals are assumed to continue taking withdrawals. As a percent of account value, 26% are taking systematic withdrawals. Of those policyholders who are not taking withdrawals, we assume that 85% will begin systematic withdrawals after a delay period. The utilization function varies by policyholder age and policy duration. Interactions with lapse and mortality also affect utilization. The utilization rate for GMWB and GMWBL tends to be lower for younger contract owners and contracts that have not reached their maximum accumulated GMWB and GMWBL benefit amount. There is also a lower utilization rate, though indirectly, for contracts that are less “in the money” (i.e., where the notional benefit amount is in excess of the account value) due to higher lapses. Conversely, the utilization rate tends to be higher for contract owners near or beyond retirement age and contracts that have accumulated their maximum GMWB or GMWBL benefit amount.

There is also a higher utilization rate, though indirectly, for contracts which are highly “in the money”. The chart below provides the GMWBL account value by current age group and average expected delay times from the associated attained age group as of December 31, 2012 (account value amounts are in $ billions).

	Account Values			
Attained Age Group	In the Money	Out of the Money	Total	Average Expected Delay (Years)
< 60	$3.5	$0.3	$3.8	5.5
60-69	7.0	0.4	7.4	1.9
70+	4.3	0.1	4.4	0.2
	$14.8	$0.8	$15.6	2.8

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(3) Lapse rates tend to be lower during the contractual surrender charge period and higher after the surrender charge period ends; the highest lapse rates occur in the year immediately after the end of the surrender charge period. We make dynamic adjustments to lower the lapse rates for contracts that are more "in the money." The table below shows an analysis of policy account values according to whether they are in or out of the surrender charge period and to whether they are "in the money" or "out of the money" as of December 31, 2012 (account value amounts are in $ billions).

	Moneyness	GMAB Account Value	Lapse Range	GMWB/GMWBL Account Value	Lapse Range
During Surrender Charge Period					
	In the Money**	$—	0.08% to 8.2%	8.8	0.08% to 5.8%
	Out of the Money	—	0.41% to 12%	0.9	0.35% to 12%
After Surrender Charge Period					
	In the Money**	—	2.4% to 22%	6.2	1.5% to 17%
	Out of the Money	0.1	12% to 31%	0.6	3.2% to 32%

** The low end of the range corresponds to policies that are highly "in the money." The high end of the range corresponds to the policies that are close to zero in terms of "in the moneyness."

(4) Stabilizer contracts with recordkeeping agreements have a different range of lapse and policyholder deposit assumptions from Stabilizer (Investment only) and MCG contracts as shown below:

	Percentage of Plans	Overall Range of Lapse Rates	Range of Lapse Rates for 85% of Plans	Overall Range of Policyholder Deposits	Range of Policyholder Deposits for 85% of Plans
Stabilizer (Investment Only) and MCG Contracts	87 %	0-30%	0-15%	0-55%	0-20%
Stabilizer with Recordkeeping Agreements	13 %	0-55%	0-25%	0-60%	0-30%
Aggregate of all plans	100 %	0-55%	0-25%	0-60%	0-30%

(5) Measured as a percentage of assets under management or assets under administration.

(6) The mortality rate is based on the Annuity 2000 Basic table with mortality improvements.

Generally, the following will cause an increase (decrease) in the GMAB, GMWB and GMWBL embedded derivative fair value liabilities:

- An increase (decrease) in long-term equity implied volatility
- An increase (decrease) in equity-interest rate correlations
- A decrease (increase) in nonperformance risk
- A decrease (increase) in mortality
- An increase (decrease) in benefit utilization
- A decrease (increase) in lapses

Changes in fund correlations may increase or decrease the fair value depending on the direction of the movement and the mix of funds. Changes in partial withdrawals may increase or decrease the fair value depending on the timing and magnitude of withdrawals.

Generally, the following will cause an increase (decrease) in the FIA embedded derivative fair value liability:

- A decrease (increase) in nonperformance risk
- A decrease (increase) in lapses

Generally, the following will cause an increase (decrease) in the derivative and embedded derivative fair value liabilities related to Stabilizer and MCG contracts:

- An increase (decrease) in interest rate volatility
- A decrease (increase) in nonperformance risk
- A decrease (increase) in lapses
- A decrease (increase) in policyholder deposits

The Company notes the following interrelationships:

- Higher long-term equity implied volatility is often correlated with lower equity returns, which will result in higher in-the-moneyness, which in turn, results in lower lapses due to the dynamic lapse component reducing the lapses. This increases the projected number of policies that are available to use the GMWBL benefit and may also increase the fair value of the GMWBL.

- Generally, an increase (decrease) in benefit utilization will decrease (increase) lapses for GMWB and GMWBL.

- Generally, an increase (decrease) in interest rate volatility will increase (decrease) lapses of Stabilizer and MCG contracts due to dynamic participant behavior.

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Other Financial Instruments

The carrying values and estimated fair values of the Company's financial instruments as of the dates indicated:

	March 31, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Fixed maturities, including securities pledged	$75,073.4	$75,073.4	$75,287.1	$75,287.1
Equity securities, available-for-sale	282.3	282.3	340.1	340.1
Mortgage loans on real estate	8,949.4	9,215.2	8,662.3	8,954.8
Policy loans	2,204.4	2,204.4	2,200.3	2,200.3
Limited partnerships/corporations	468.5	468.5	465.1	465.1
Cash, cash equivalents, short-term investments and short-term investments under securities loan agreements	6,643.3	6,643.3	8,442.0	8,442.0
Derivatives	2,077.0	2,077.0	2,374.5	2,374.5
Other investments	166.7	173.5	167.0	173.7
Assets held in separate accounts	103,098.3	103,098.3	97,667.4	97,667.4
Liabilities:				
Investment contract liabilities:				
Funding agreements without fixed maturities and deferred annuities[1]	49,798.5	55,996.7	50,133.7	56,851.0
Funding agreements with fixed maturities and guaranteed investment contracts	3,924.5	3,826.2	3,784.0	3,671.0
Supplementary contracts, immediate annuities and other	3,131.4	3,473.5	3,109.2	3,482.3
Derivatives:				
Annuity product guarantees:				
FIA	1,561.7	1,561.7	1,434.3	1,434.3
GMAB / GMWB / GMWBL	1,628.6	1,628.6	2,035.4	2,035.4
Stabilizer and MCGs	78.0	78.0	102.0	102.0
Other derivatives	1,670.6	1,670.6	1,944.2	1,944.2
Short-term debt	321.2	323.6	1,064.6	1,070.6
Long-term debt	3,440.8	3,677.2	3,171.1	3,386.2
Embedded derivatives on reinsurance	154.8	154.8	169.5	169.5

(1) Certain amounts included in Funding agreements without fixed maturities and deferred annuities are also reflected within the Annuity product guarantees section of the table above.

The following disclosures are made in accordance with the requirements of ASC Topic 825 which requires disclosure of fair value information about financial instruments, whether or not recognized at fair value on the Condensed Consolidated Balance Sheets, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates, in many cases, could not be realized in immediate settlement of the instrument.

ASC Topic 825 excludes certain financial instruments, including insurance contracts and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following valuation methods and assumptions were used by the Company in estimating the fair value of the following financial instruments, which are not carried at fair value on the Condensed Consolidated Balance Sheets:

Mortgage loans on real estate: The fair values for mortgage loans on real estate are estimated on a monthly basis using discounted cash flow analyses and rates currently being offered in the marketplace for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. Mortgage loans on real estate are classified as Level 3.

Policy loans: The fair value of policy loans approximates to the carrying value of the loans. Policy loans are collateralized by the cash surrender value of the associated insurance contracts and are classified as Level 2.

Limited partnerships/corporations: The fair value for these investments, primarily private equity fund of funds and hedge funds, is based on actual or estimated Net Asset Value ("NAV") information, as provided by the investee and are classified as Level 3.

Other investments: Federal Home Loan Bank ("FHLB") stock is carried at cost and periodically evaluated for impairment based on ultimate recovery of par value and is classified as Level 1.

Investment contract liabilities:

Funding agreements without a fixed maturity and deferred annuities: Fair value is estimated as the mean present value of stochastically modeled cash flows associated with the contract liabilities taking into account assumptions about contract holder behavior. The stochastic valuation scenario set is consistent with current market parameters and discount is taken using stochastically evolving risk-free rates in the scenarios plus an adjustment for nonperformance risk. Margins for non-financial risks associated with the contract liabilities are also included. These liabilities are classified as Level 3.

Funding agreements with a fixed maturity and guaranteed investment contracts: Fair value is estimated by discounting cash flows, including associated expenses for maintaining the contracts, at rates, which are risk-free rates plus an adjustment for nonperformance risk. These liabilities are classified as Level 2.

Supplementary contracts and immediate annuities: Fair value is estimated as the mean present value of the single deterministically modeled cash flows associated with the contract liabilities discounted using stochastically evolving short risk-free rates in the scenarios plus an adjustment for nonperformance risk. The valuation is consistent with current market parameters. Margins for non-financial risks associated with the contract liabilities are also included. These liabilities are classified as Level 3.

Short-term debt and Long-term debt: Estimated fair value of the Company’s short-term and long-term debt is based upon discounted future cash flows using a discount rate approximating the current market rate, incorporating nonperformance risk. Short-term debt is classified as Level 1 and Level 2 and long-term debt is classified as Level 2.

Fair value estimates are made at a specific point in time, based on available market information and judgments about various financial instruments, such as estimates of timing and amounts of future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company’s entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized capital gains (losses). In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating the Company’s management of interest rate, price and liquidity risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

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5. Deferred Policy Acquisition Costs and Value of Business Acquired

Activity within deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") was as follows for the periods indicated:

	DAC	VOBA	Total
Balance at January 1, 2013	$3,221.6	$434.7	$3,656.3
Deferrals of commissions and expenses	104.5	3.3	107.8
Amortization:			
Amortization	(174.8)	(36.6)	(211.4)
Interest accrued[1]	58.4	22.5	80.9
Net amortization included in Condensed Consolidated Statements of Operations	(116.4)	(14.1)	(130.5)
Change in unrealized capital gains/losses on available-for-sale securities	262.0	124.0	386.0
Balance at March 31, 2013	$3,471.7	$547.9	$4,019.6

	DAC	VOBA	Total
Balance at January 1, 2012	$3,666.9	$685.4	$4,352.3
Deferrals of commissions and expenses	154.3	4.8	159.1
Amortization:			
Amortization	(188.4)	(67.0)	(255.4)
Interest accrued[1]	58.4	23.3	81.7
Net amortization included in Condensed Consolidated Statements of Operations	(130.0)	(43.7)	(173.7)
Change in unrealized capital gains/losses on available-for-sale securities	12.6	19.2	31.8
Balance at March 31, 2012	$3,703.8	$665.7	$4,369.5

[1] Interest accrued at the following rates for DAC: 1.7% to 7.4% during 2013 and 1.5% to 8.0% during 2012. Interest accrued at the following rates for VOBA: 2.0% to 7.5% during 2013 and 2.0% to 7.4% during 2012.

6. Shareholder's Equity and Dividend Restrictions

Common Stock

The Company did not have any shares issued or acquired for the three months ended March 31, 2013 and 2012.

Dividend Restrictions

The states in which the insurance subsidiaries of ING U.S., Inc. are domiciled impose certain restrictions on the subsidiaries' ability to pay dividends to their parent. These restrictions are based in part on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts, or "extraordinary" dividends, are subject to approval by the insurance commissioner of the state of domicile of the insurance subsidiary proposing to pay the dividend.

Under the insurance laws applicable to ING U.S., Inc.'s insurance subsidiaries domiciled in Connecticut, Colorado, Indiana, Iowa and Minnesota, an "extraordinary" dividend or distribution is defined as a dividend or distribution that, together with other dividends and distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's policyholder surplus as of the preceding December 31, or (ii) the insurer's net gain from operations for the twelve-month period ending the preceding December 31, in each case determined in accordance with statutory accounting principles. New York has similar restrictions, except that New York's statutory definition of "extraordinary" dividend or distribution is an aggregate amount in any calendar year that exceeds the lesser of (i) 10% of policyholder's surplus for the twelve-month period ending the preceding December 31, or (ii) the insurer's net gain from operations for the twelve-month period ending the preceding December 31, not including realized capital gains. In addition, under the insurance laws of Connecticut, Colorado, Iowa and Minnesota, no dividend or other distribution exceeding an amount equal to a domestic insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval.

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Dividend Payment

In March and April 2013, in response to requests made in 2012 and refreshed in 2013, ING U.S., Inc.'s insurance subsidiaries domiciled in Colorado, Connecticut, Iowa and Minnesota received approvals or notices of non-objection, as the case may be, from their respective domiciliary insurance regulators to make extraordinary distributions to ING U.S., Inc. or Lion Connecticut Holdings Inc. ("Lion Holdings"), a wholly owned subsidiary of ING U.S., Inc., in the aggregate amount of $1.434 billion, contingent upon completion of the IPO and the use of the extraordinary distribution funds solely for Company operations. The approved distributions of $1.434 billion were made on May 8, 2013. See the Subsequent Events Note to these Condensed Consolidated Financial Statements.

Reclassification of Statutory Negative Unassigned Funds

On May 8, 2013, insurance subsidiaries domiciled in Colorado, Iowa and Minnesota each reset, on a one-time basis, their respective negative unassigned funds account as of December 31, 2012 (as reported in their respective 2012 statutory annual statements) to zero (with an offsetting reduction in gross paid-in capital and contributed surplus). These resets were made pursuant to permitted practices in accordance with statutory accounting practices granted by their respective domiciliary insurance regulators. These permitted practices have no impact on total capital and surplus of these insurance subsidiaries and will be reflected in their second quarter statutory financial statements. See the Subsequent Events Note to these Condensed Consolidated Financial Statements.

7. Accumulated Other Comprehensive Income

Shareholder's equity included the following components of AOCI as of the dates indicated:

	March 31, 2013	2012
Fixed maturities, net of OTTI	$7,067.2	$5,489.5
Equity securities, available-for-sale	35.8	44.5
Derivatives	201.5	145.7
DAC/VOBA adjustment on available-for-sale securities	(2,397.6)	(2,170.5)
Sales inducements adjustment on available-for-sale securities	(119.0)	(95.3)
Other	(28.8)	(40.0)
Unrealized capital gains (losses), before tax	4,759.1	3,373.9
Deferred income tax asset (liability)	(1,363.4)	(857.7)
Net unrealized capital gains (losses)	3,395.7	2,516.2
Pension and other postretirement benefits liability, net of tax	57.1	70.8
AOCI	$3,452.8	$2,587.0

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Changes in AOCI, including the reclassification adjustments recognized in the Condensed Consolidated Statements of Operations were as follows for the periods indicated:

	Three Months Ended March 31, 2013		
	Before-Tax Amount	Income Tax	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	$(792.1)	$274.4	$(517.7)
Equity securities	(6.3)	2.2	(4.1)
Other	11.6	(4.1)	7.5
OTTI	10.9	(3.8)	7.1
Adjustments for amounts recognized in Net realized capital gains (losses) in the Condensed Consolidated Statements of Operations	(14.6)	5.1	(9.5)
DAC/VOBA	386.0 [1]	(135.1)	250.9
Sales inducements	28.4	(9.9)	18.5
Change in unrealized gains/losses on available-for-sale securities	(376.1)	128.8	(247.3)
Derivatives:			
Derivatives	(12.7) [2]	4.5	(8.2)
Adjustments for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	(0.2)	0.1	(0.1)
Change in unrealized gains/losses on derivatives	(12.9)	4.6	(8.3)
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Condensed Consolidated Statements of Operations	(3.5) [3]	1.2	(2.3)
Change in pension and other postretirement benefits liability	(3.5)	1.2	(2.3)
Change in Other comprehensive income (loss)	$(392.5)	$134.6	$(257.9)

[1] See the Deferred Policy Acquisition Costs and Value of Business Acquired Note to these Condensed Consolidated Financial Statements for additional information.
[2] See the Derivative Financial Instruments Note to these Condensed Consolidated Financial Statements for additional information.
[3] See the Employee Benefits Obligations Note to these Condensed Consolidated Financial Statements for amounts reported in Net Periodic (Benefit) Costs.

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	Three Months Ended March 31, 2012		
	Before-Tax Amount	Income Tax	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	$59.5	$14.6 [4]	$74.1
Equity securities	11.3	(4.0)	7.3
Other	(6.8)	2.4	(4.4)
OTTI	12.8	(4.5)	8.3
Adjustments for amounts recognized in Net realized capital gains (losses) in the Condensed Consolidated Statements of Operations	(129.6)	45.4	(84.2)
DAC/VOBA	31.8 [1]	(11.1)	20.7
Sales inducements	(15.0)	5.2	(9.8)
Change in unrealized gains/losses on available-for-sale securities	(36.0)	48.0	12.0
Derivatives:			
Derivatives	(26.9) [2]	9.4	(17.5)
Adjustments for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	—	—	—
Change in unrealized gains/losses on derivatives	(26.9)	9.4	(17.5)
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Condensed Consolidated Statements of Operations	(3.8) [3]	1.3	(2.5)
Change in pension and other postretirement benefits liability	(3.8)	1.3	(2.5)
Change in Other comprehensive income (loss)	$(66.7)	$58.7	$(8.0)

[1] See the Deferred Policy Acquisition Costs and Value of Business Acquired Note to these Condensed Consolidated Financial Statements for additional information.
[2] See the Derivative Financial Instruments Note to these Condensed Consolidated Financial Statements for additional information.
[3] See the Employee Benefits Obligations Note to these Condensed Consolidated Financial Statements for amounts reported in Net Periodic (Benefit) Costs.
[4] Amount includes $33.0 release of valuation allowance. See Income Taxes Note to these Condensed Consolidated Financial Statements for additional information.

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8. Income Taxes

Income taxes were different from the amount computed by applying the federal income tax rate to income (loss) before income taxes for the following reasons for the periods indicated:

	Three Months Ended March 31,			
	2013		2012	
Income (loss) before income taxes	$(214.3	)	$(512.9	)
Tax rate	35.0	%	35.0	%
Income tax expense (benefit) at federal statutory rate	(75.0	)	(179.5	)
Tax effect of:				
Valuation allowance	104.2		217.2	
Dividend received deduction	(21.9	)	(18.6	)
Audit settlement	(2.1	)	(0.6	)
State tax expense (benefit)	4.1		(17.3	)
Noncontrolling interest	4.7		5.5	
Tax credits	(4.6	)	(3.8	)
Non-deductible expenses	4.3		4.4	
Other	(2.5	)	0.6	
Income tax expense (benefit)	$11.2		$7.9	

Valuation allowances are provided when it is considered unlikely that deferred tax assets will be realized. As of March 31, 2013 and December 31, 2012, the Company had valuation allowances of $3.4 billion and $3.3 billion, respectively, that was allocated to continuing operations and $(288.5) as of the end of each period that was allocated to other comprehensive income related to realized and unrealized capital losses.

For the three months ended March 31, 2013 and 2012, the total increases (decreases) in the valuation allowance were $104.2 and $184.2, respectively. For the quarters ended March 31, 2013 and 2012, there were increases of $104.2 and $217.2, respectively, in the valuation allowance that were allocated to continuing operations and (decreases) of $0.0 and $(33.0) that were allocated to Other comprehensive income.

Tax Regulatory Matters

Recently, the IRS completed its examination of the Company's returns through tax year 2011. The 2011 audit settlement did not have a material impact on the financial statements. The Company is currently under audit by the IRS for tax years 2012 and 2013 and it is expected that the examination of tax year 2012 will be finalized within the next twelve months. The Company and the IRS have agreed to participate in the Compliance Assurance Program for the tax years 2012 and 2013. The Company is also under examination by various state agencies.

The Company does not expect any material changes to the unrecognized tax benefits within the next year.

9. Employee Benefit Arrangements

Pension, Other Postretirement Benefit Plans and Other Benefit Plans

ING U.S., Inc.'s subsidiaries maintain both qualified and non-qualified defined benefit pension plans (the “Plans”). The qualified plans generally cover all employees. The non-qualified plans cover certain employees and sales representatives who meet specified eligibility requirements. Prior to January 2012, certain participants earned benefits under a final average pension formula using compensation and length of service to determine the accrued pension benefit. Effective January 1, 2012, all participants earned benefits under a cash balance pension formula that provides a benefit credit equal to 4% of eligible compensation of the participant.

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In addition to providing qualified retirement benefit plans, the Company provides certain supplemental retirement benefits to eligible employees, non-qualified pension plans for insurance sales representatives who have entered into a career agent agreement and certain other individuals. These plans are non-qualified defined benefit plans which means all benefits are payable from the general assets of the sponsoring company. The Company also offers deferred compensation plans for eligible employees, eligible career agents and certain other individuals who meet the eligibility criteria.

ING U.S., Inc.'s subsidiaries also provide other post-employment and post-retirement employee benefits to certain employees. These are primarily post-retirement healthcare and life insurance benefits to retired employees and other eligible dependents and post-employment/pre-retirement plans provided to employees and former employees.

The components of net periodic benefit cost were as follows for the periods indicated:

	Three Months Ended March 31,			
	2013	2012	2013	2012
	Pension Plans		Other Postretirement Benefits	
Net Periodic (Benefit) Costs:				
Service cost	$11.3	$9.8	$—	$—
Interest cost	22.1	22.5	0.4	0.3
Expected return on plan assets	(25.3)	(22.5)	—	—
Amortization of prior service cost (credit)	(2.6)	(3.0)	(0.9)	(0.8)
Net periodic (benefit) costs	$5.5	$6.8	$(0.5)	$(0.5)

Defined Contribution Plans

Certain of the Company’s subsidiaries sponsor defined contribution plans. The largest defined contribution plan is the ING Americas Savings Plan and ESOP ("The Savings Plan"). Substantially all employees of the Company are eligible to participate, other than the Company’s agents. The Savings Plan allows eligible participants to defer into the Savings Plan a specified percentage of eligible compensation on a pretax and/or after-tax basis, subject to IRS limits. The Company matches such pretax contributions, up to a maximum of 6% of eligible compensation. All matching contributions are subject to a 4 year graded vesting schedule.

10. Financing Agreements

Short-term Debt

The following table summarizes the Company’s short-term debt including the weighted average interest rate on short-term borrowings outstanding as of the dates indicated:

			Weighted Average Rate	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Commercial paper	$4.0	$192.0	1.10%	1.22%
Current portion of long-term debt[(1)]	317.2	872.6	4.19%	2.42%

Total	$321.2	$1,064.6

(1) See "Affiliated Financing Agreements" in the Related Party Transactions Note to these Condensed Consolidated Financial Statements.

Commercial Paper

The Company has a commercial paper program with an authorized capacity of $3.0 billion, which is guaranteed by ING V. The Company pays ING V 10 basis points ("bps") on the outstanding balance of the commercial paper program as a fee for this guarantee. The Company’s commercial paper borrowings have generally been used to fund the working capital needs of the Company’s subsidiaries and provide short-term liquidity.

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Guaranteed Debt

The following amounts guaranteed by ING Group or ING V are included with the Company's debt obligations as of the dates indicated:

	March 31, 2013	December 31, 2012
Commercial paper	$4.0	$192.0
Lion Connecticut Holdings Inc. debentures[1]	637.2	636.9
Total	$641.2	$828.9

[1] ING Group is guarantor to outstanding legacy debt securities originally issued by Aetna Services, Inc. (formerly Aetna Life and Casualty).

Long-term Debt

The following table summarizes the carrying value of the Company's long-term debt securities issued and outstanding as of the dates indicated:

	Maturity	March 31, 2013	December 31, 2012
2.20% Syndicated Bank Term Loan, due 2014[1]	04/20/2014	$425.0	$1,350.0
6.75% Lion Connecticut Holdings Inc. debentures, due 2013[2]	09/15/2013	138.5	138.3
7.25% Lion Connecticut Holdings Inc. debentures, due 2023[2]	08/15/2023	158.2	158.1
7.63% Lion Connecticut Holdings Inc. debentures, due 2026[2]	08/15/2026	231.9	231.9
8.42% Equitable of Iowa Companies Capital Trust II Notes, due 2027	04/01/2027	13.9	13.9
6.97% Lion Connecticut Holdings Inc. debentures, due 2036[2]	08/15/2036	108.6	108.6
2.54% Lion Connecticut Holdings Inc. Floating Rate Note, due 2016	04/29/2016	500.0	500.0
1.00% Windsor Property Loan	06/14/2027	4.9	4.9
0.96% Surplus Floating Rate Note	12/31/2037	—	359.3
0.93% Surplus Floating Rate Note[3]	06/30/2037	329.1	329.1
5.5% Senior Notes, due 2022	07/15/2022	849.6	849.6
2.9% Senior Notes, due 2018	02/15/2018	998.3	—
Subtotal		3,758.0	4,043.7
Less: Current portion of long-term debt		317.2	872.6
Total		$3,440.8	$3,171.1

[1] On May 21, 2013, the outstanding loan balance was repaid.
[2] Guaranteed by ING Group.
[3] On April 19, 2013, the note was repaid.

As of March 31, 2013 and December 31, 2012, the Company was in compliance with all debt covenants.

Unsecured senior debt which consists of senior notes, fixed rate notes and other notes with varying interest rates rank highest in priority, followed by subordinated debt which consists of junior subordinated debt securities. Payments of interest and principal on the Company's surplus notes, which are subordinate to all other obligations at the issuer operating insurance company level and senior to obligations issued at ING U.S., Inc., may be made only with the prior approval of the insurance department of the state of domicile.

On July 13, 2012, the Company issued $850.0 in 5.5% unsecured Senior Notes due 2022 (the "2022 Notes") in a private placement with registration rights. The 2022 Notes are guaranteed by Lion Holdings. Interest is paid semi-annually, in arrears, on each January 15 and July 15, commencing on January 15, 2013.

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On February 11, 2013, the Company issued $1.0 billion of unsecured 2.9% Senior Notes due 2018 in a private placement with registration rights (the "2018 Notes"). The 2022 Notes are guaranteed by Lion Holdings. Interest is paid semi-annually, in arrears, on each February 15 and August 15, commencing on August 15, 2013. ING Financial Markets, LLC, an affiliate, served as Joint Book Running Manager and was paid $0.3 for its services.

Under the Registration Rights Agreements associated with the 2022 Notes and the 2018 Notes, the Company and Lion Holdings agreed to use reasonable best efforts to cause a registration statement to be filed with the SEC within 365 days after the date of note issuance, or; if earlier, within 30 days after the effectiveness of any registration statement filed by the Company covering the IPO of the Company's equity securities. The registration statement will cover the offer to the holders of the notes to exchange the notes for new notes containing terms identical to the notes except for transfer restrictions.

During the three months ended March 31, 2013, the Company made payments totaling $850.0 on the Syndicated Bank Term Loan from the proceeds of the 2018 Notes.

Aetna Notes

ING Group guarantees various debentures of Lion Holdings that were assumed by Lion Holdings in connection with the Company's acquisition of Aetna's life insurance and related businesses in 2000 (the "Aetna Notes"). Concurrent with the completion of the Company's IPO, the Company entered into a shareholder agreement with ING Group that governs certain aspects of the Company's continuing relationship. The Company agreed in the shareholder agreement to reduce the aggregate outstanding principal amount of Aetna Notes to:

- no more than $400.0 as of December 31, 2015;
- no more than $300.0 as of December 31, 2016;
- no more than $200.0 as of December 31, 2017;
- no more than $100.0 as of December 31, 2018;
- and zero as of December 31, 2019.

The reduction in principal amount of Aetna Notes can be accomplished, at the Company's option, through redemptions, repurchases or other means, but will also be deemed to have been reduced to the extent the Company posts collateral with a third-party collateral agent, for the benefit of ING Group, which may consist of cash collateral; certain investment-grade debt instruments; a letter of credit meeting certain requirements; or senior debt obligations of ING Group or a wholly owned subsidiary of ING Group (other than the Company or its subsidiaries).

If the Company fails to reduce the outstanding principal amount of the Aetna Notes, the Company agreed to pay a quarterly fee (ranging from 0.5% per quarter for 2016 to 1.25% per quarter for 2019) to ING Group based on the outstanding principal amount of Aetna Notes which exceed the limits set forth above.

Surplus Notes

On November 1, 2007 Whisperingwind II, LLC, an indirect wholly owned subsidiary of the Company, entered into a Variable Funding Surplus Note Purchase Agreement (the "WWII Purchase Agreement") with Structured Asset Repackaged Trust II, 2005-B (the "STARTS Trust"), a Delaware statutory business trust organized by HSBC Securities (USA), Inc. ("HSBC"), as part of an insurance securitization transaction. Under the WWII Purchase Agreement, Whisperingwind II is provided opportunity for issuance and sale, and for the STARTS Trust to purchase one or more floating rate variable funding surplus notes ("WWII Note"). On December 31, 2012, the Company executed a binding letter of intent with a third party reinsurer on behalf of RLI and Whisperingwind II, LLC, its indirect wholly owned subsidiary, to enter into a novation and recapture agreement related to an existing insurance securitization transaction. As a result, the carrying amount of the WWII Note of $359.3 was paid in full on January 3, 2013, and was cancelled.

On June 29, 2007, Whisperingwind III, LLC, an indirect wholly owned subsidiary of the Company, entered into a Variable Funding Surplus Note Purchase Agreement (the “WWIII Purchase Agreement”) with Structured Asset Repackaged Trust II, 2007-ING WWIII (the “WWIII STARTS Trust”), a Delaware statutory business trust organized by HSBC, as part of an insurance securitization transaction, supporting reserves ceded under a reinsurance agreement with an affiliate. Under the WWIII Purchase Agreement, Whisperingwind III is provided opportunity for issuance and sale, and for the WWIII STARTS Trust to purchase one or more floating rate variable funding surplus notes (the “WWIII Note”) up to an aggregate principal commitment amount of $498.8 with an available commitment period extending through June 30, 2037. Principal and interest repayments cannot be made without prior written approval (or written confirmation of non-disapproval) of the South Carolina Director of Insurance. In anticipation of receiving regulatory approval to redeem the WWIII Note, and upon the agreement of the ceding insurer, WWIII replaced the surplus note with LOCs totaling $305.0. Upon receiving regulatory approval, on April 19, 2013 WWIII executed a Redemption and Cancellation Agreement with WWIII STARTS Trust to redeem the WWIII Note in full. The carrying amount of the WWIII Note $329.1 was paid in full on April 19, 2013, and was cancelled.

Credit Facilities

The Company maintains credit facilities used primarily for collateral required under affiliated reinsurance transactions and also for general corporate purposes. As of March 31, 2013, unsecured and uncommitted credit facilities totaled $3.4 billion, unsecured and committed credit facilities totaled $8.9 billion and secured facilities totaled $275.0. Of the aggregate $12.6 billion ($4.5 billion with ING Bank, N.V. ("ING Bank", an affiliate)) capacity available, the Company utilized $8.5 billion ($2.7 billion with ING Bank) in credit facilities outstanding as of March 31, 2013. Total fees associated with credit facilities for the three months ended March 31, 2013, and 2012 were $45.4 and $55.2, respectively.

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The following table outlines the Company's credit facilities, their dates of expiration, capacity and utilization as of March 31, 2013:

	Secured/ Unsecured	Committed/ Uncommitted	Expiration	Capacity	Utilization	Unused Commitment
Obligor / Applicant						
ING U.S., Inc.(1) (2)	Unsecured	Committed	4/20/2015	$3,500.0	$2,220.8	$1,279.2
ING U.S., Inc. / Security Life of Denver International Limited, Roaring River LLC(1)	Unsecured	Uncommitted	2/28/2013	1,605.0	15.0	—
Security Life of Denver International Limited(1)(3)	Unsecured	Uncommitted	12/31/2031	1,500.0	1,500.0	—
ING U.S., Inc. / Security Life of Denver International Limited	Unsecured	Committed	8/19/2021	750.0	750.0	—
ING U.S., Inc. / Security Life of Denver International Limited	Unsecured	Committed	11/9/2021	750.0	750.0	—
Security Life of Denver International Limited(1)	Unsecured	Committed	12/31/2013	825.0	825.0	—
ING U.S., Inc. / Security Life of Denver International Limited	Unsecured	Committed	12/27/2022	500.0	500.0	—
ING U.S., Inc. / Security Life of Denver International Limited(1)	Unsecured	Uncommitted	6/30/2013	300.0	225.6	—
ReliaStar Life Insurance Company	Secured	Committed	Conditional	265.0	265.0	—
ING U.S., Inc. / Security Life of Denver International Limited	Unsecured	Committed	12/31/2025	475.0	475.0	—
ING U.S., Inc.	Unsecured	Uncommitted	Various dates	2.1	2.1	—
ING U.S., Inc.	Secured	Uncommitted	Various dates	10.0	4.7	—
ING U.S., Inc. / Roaring River III LLC	Unsecured	Committed	6/30/2022	1,151.2	488.0	663.2
ING U.S., Inc. / Roaring River II LLC	Unsecured	Committed	12/31/2019	995.0	485.0	510.0
Total				$12,628.3	$8,506.2	$2,452.4
Secured facilities				$275.0	$269.7	$—
Unsecured and uncommitted				3,407.1	1,742.7	—
Unsecured and committed				8,946.2	6,493.8	2,452.4
Total				$12,628.3	$8,506.2	$2,452.4
ING Bank				$4,480.0	$2,724.2	$91.4

(1) Refer to the Related Party Transactions Note to these Condensed Consolidated Financial Statements for information.
(2) On April 16, 2013, $305.0 of additional LOCs were issued to replace the WWIII Note which was cancelled.
(3) On May 14, 2013, the $1.5 billion contingent capital LOC facility was terminated. See the Subsequent Events Note to these Condensed Consolidated Financial Statements.

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11. Commitments and Contingencies

Commitments

Through the normal course of investment operations, the Company commits to either purchase or sell securities, mortgage loans, or money market instruments, at a specified future date and at a specified price or yield. The inability of counterparties to honor these commitments may result in either a higher or lower replacement cost. Also, there is likely to be a change in the value of the securities underlying the commitments.

As of March 31, 2013, the Company had off-balance sheet commitments to purchase investments equal to their fair value of $801.6, of which $247.1 relates to consolidated investment entities. As of December 31, 2012, the Company had off balance sheet commitments to purchase investments equal to their fair value of $890.1, of which $254.9 relates to consolidated investment entities.

Insurance Company Guaranty Fund Assessments

Insurance companies are assessed the costs of funding the insolvencies of other insurance companies by the various state guaranty associations, generally based on the amount of premiums companies collect in that state.

The Company accrues the cost of future guaranty fund assessments based on estimates of insurance companies insolvencies provided by the National Organization of Life and Health Insurance Guaranty Associations and the amount of premiums written in each state. The Company has estimated this undiscounted liability, which is included in Other liabilities on the Condensed Consolidated Balance Sheets, to be $51.2 and $51.3 as of March 31, 2013 and December 31, 2012, respectively. The Company has also recorded an asset in Other assets on the Condensed Consolidated Balance Sheets of $20.9 as of March 31, 2013 and December 31, 2012 for future credits to premium taxes.

Restricted Assets

The Company is required to maintain assets on deposit with various regulatory authorities to support its insurance operations. The Company may also post collateral in connection with certain securities lending, repurchase agreements, funding agreements, credit facilities and derivative transactions. The components of the fair value of the restricted assets were as follows as of the dates indicated:

	March 31, 2013	December 31, 2012
Fixed maturity collateral pledged to FHLB	$3,404.8	$3,400.9
FHLB restricted stock[1]	144.4	144.6
Other fixed maturities-state deposits	287.4	262.1
Securities pledged[2]	1,774.7	1,605.5
Total restricted assets	$5,611.3	$5,413.1

[1] Included in Other investments in the Condensed Consolidated Balance Sheets.
[2] Includes the fair value of loaned securities of $804.8 and $601.8 as of March 31, 2013 and December 31, 2012, respectively, which is included in Securities pledged on the Condensed Consolidated Balance Sheets. In addition, as

of March 31, 2013 and December 31, 2012, the Company delivered securities as collateral of $969.8 and $1.0 billion, respectively, which was included in Securities pledged in the Condensed Consolidated Balance Sheets.

Federal Home Loan Bank Funding Agreements

The Company is a member of the FHLB of Des Moines and the FHLB of Topeka and is required to pledge collateral that backs funding agreements issued to the FHLB. As of March 31, 2013 and December 31, 2012, the Company had $2.6 billion in non-putable funding agreements, which are included in Contract owner account balances on the Condensed Consolidated Balance Sheets. As of March 31, 2013 and December 31, 2012, the Company had $265.0, in LOCs issued by the FHLBs. As of March 31, 2013 and December 31, 2012, assets with a market value of approximately $3.1 billion, collateralized the FHLB funding agreements. As of March 31, 2013 and December 31, 2012, assets with a market value of approximately $338.5 and $336.5, respectively, collateralized the FHLB LOCs. Assets pledged to the FHLBs are included in Fixed maturities, available-for-sale, on the Condensed Consolidated Balance Sheets.

Litigation and Regulatory Matters

The Company is a defendant in a number of litigation matters arising from the conduct of its business, both in the ordinary course and otherwise. In some of these matters, claimants seek to recover very large or indeterminate amounts, including compensatory, punitive, treble and exemplary damages. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages and other relief. Claimants are not always required to specify the monetary damages they seek or they may be required only to state an amount sufficient to meet a court's jurisdictional requirements. Moreover, some jurisdictions allow claimants to allege monetary damages that far exceed any reasonable possible verdict. The variability in pleading requirements and past experience demonstrates that the monetary and other relief that may be requested in a lawsuit or claim often bears little relevance to the merits or potential value of a claim. Litigation against the Company includes a variety of claims including negligence, breach of contract, fraud, violation of regulation or statute, breach of fiduciary duty, negligent misrepresentation, failure to supervise, elder abuse and other torts.

As with other financial services companies, the Company periodically receives informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the Company or the financial services industry. It is the practice of the Company to cooperate fully in these matters.

The outcome of a litigation or regulatory matter and amount or range of potential loss is difficult to forecast and estimating potential losses requires significant management judgment. It is not possible to predict the ultimate outcome or to provide reasonably possible losses or ranges of losses for all pending regulatory matters and litigation. While it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known, management believes that the outcome of pending litigation and regulatory matters is not likely to have such an effect. However, given the large and indeterminate amounts sought and the inherent unpredictability of such matters, it is possible that an adverse outcome in certain of the Company's litigation or regulatory matters could, from time to time, have a material adverse effect upon the Company's results of operations or cash flows in a particular quarterly or annual period.

For some matters, the Company is able to estimate a possible range of loss. For such matters in which a loss is probable, an accrual has been made. This paragraph contains an estimate of reasonably possible losses above any amounts accrued. For matters where the Company, however, believes a loss is reasonably possible, but not probable, no accrual is required. For matters for which an accrual has been made, but there remains a reasonably possible range of loss in excess of the amounts accrued, the estimate reflects the reasonably possible range of loss in excess of the accrued amounts. For matters for which a reasonably possible (but not probable) range of loss exists, the estimate reflects the reasonably possible and unaccrued loss or range of loss. As of March 31, 2013, the Company estimates the aggregate range of reasonably possible losses, in excess of any amounts accrued for these matters as of such date, to be up to approximately $100.0.

For other matters, the Company is currently not able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from plaintiffs and other parties, investigation of factual allegations, rulings by a court on motions or appeals, analysis by experts and the progress of settlement discussions. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation and regulatory contingencies and updates the Company's accruals, disclosures and reasonably possible losses or ranges of loss based on such reviews.

Litigation against the Company includes a case styled Healthcare Strategies, Inc., Plan Administrator of the Healthcare Strategies Inc. 401(k) Plan v. ING Life Insurance and Annuity Company (U.S.D.C. D. CT, filed February 22, 2011), in which sponsors of 401(k) plans governed by the Employee Retirement Income Security Act ("ERISA") claim that ILIAC has entered into revenue sharing agreements with mutual funds and others in violation of the prohibited transaction rules of ERISA. Among other things, the plaintiffs seek disgorgement of all revenue sharing payments and profits earned in connection with such payments, an injunction barring the practice of revenue sharing, and attorney fees. On September 26, 2012, the district court certified the case as a class action in which the named plaintiffs represent approximately 15,000 similarly situated plan sponsors. ILIAC denies the allegations and is vigorously defending this litigation.

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Regulatory matters include considerable regulatory scrutiny regarding whether and to what extent life insurance companies are using the United States Social Security Administration's Death Master File ("SSDMF") to proactively ascertain when customers have deceased and to pay benefits even where no claim for benefits has been made. The Company has received industry-wide and company-specific inquiries and is engaged in multi-state market conduct examinations with respect to its claims settlement practices, including its use of Personal Transition Accounts and of the SSDMF and compliance with unclaimed property laws. A majority of states are conducting an audit of the Company's compliance with unclaimed property laws. The Company also has been reviewing whether benefits are owed and whether reserves are adequate in instances where an insured appears to have died, but no claim for death benefits has been made. Some of the investigations, exams, inquiries and audits could result in regulatory action against the Company. The potential outcome of such action is difficult to predict but could subject the Company to adverse consequences, including, but not limited to, settlement payments, additional payments to beneficiaries and additional escheatment of funds deemed abandoned under state laws. The investigations may also result in fines and penalties and changes to the Company's procedures for the identification and escheatment of abandoned property and other financial liability.

12. Related Party Transactions

In the normal course of business, the Company enters into various transactions with affiliated companies. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions.

The following tables summarize income and expense from transactions with related parties for the periods indicated:

	Three Months Ended March 31,			
	2013		2012	
	Income	Expense	Income	Expense
ING V	$0.4	$3.3	$0.5	$0.8
ING Group	4.2	5.0	—	10.0
ING Bank	(0.4)	18.4	10.6	33.4
Other	3.6	3.7	3.8	1.5
Total	$7.8	$30.4	$14.9	$45.7

Assets and liabilities from transactions with related parties as of the dates indicated are shown in the following table:

	March 31, 2013		December 31, 2012	
	Assets	Liabilities	Assets	Liabilities
ING V	$0.4	$501.9	$0.3	$501.9
ING Group	9.5	0.8	3.4	0.1
ING Bank	36.3	43.5	33.6	33.6
Other	3.6	1.8	2.2	1.1
Total	$49.8	$548.0	$39.5	$536.7

The material agreements whereby the Company generates revenues and expenses with affiliated entities are as follows:

Credit Facilities

The Company is a borrower in several credit facility agreements with ING Bank, in which ING Bank provides LOC capacity. The Company had accrued payables of $17.1 and $18.4 as of March 31, 2013 and December 31, 2012, respectively. The Company incurred expenses of $17.7 and $32.0 for the three months ended March 31, 2013 and 2012, respectively.

On December 31, 2011, Security Life of Denver International Limited ("SLDI") entered into a $1.5 billion contingent capital LOC facility with ING Bank to support its reinsurance obligations to ING USA Annuity and Life Insurance Company (“ING USA”), another of the Company's wholly-owned subsidiaries, related to variable annuity cessions from ING USA to SLDI. The contingent capital LOC facility was unconditional and irrevocable and pursuant to its terms, was to expire on December 31, 2031.

Following the deposit by SLDI of contributed capital as cash collateral into a funds withheld trust account to support its reinsurance obligations to ING USA, the $1.5 billion contingent capital LOCs issued under the contingent capital LOC facility were cancelled and on May 14, 2013, the $1.5 billion contingent capital LOC facility was terminated. See the Subsequent Events Note to these Condensed Consolidated Financial Statements.

Derivatives

The Company is party to several derivative contracts with ING V and ING Bank and one or more of ING Bank's subsidiaries. Each of these contracts were entered into as a result of a competitive bid, which included unaffiliated counterparties. The Company is exposed to various risks relating to its ongoing business operations, including but not limited to interest rate risk, foreign currency risk and equity market risk. To manage these risks, the Company uses various strategies, including derivatives contracts, certain of which are with related parties, such as interest rate swaps, equity options and currency forwards.

As of March 31, 2013 and December 31, 2012, the outstanding notional amounts were $2.3 billion (consisting of interest rate swaps of $2.1 billion and equity options of $222.3) and $2.1 billion (consisting of interest rate swaps of $1.9 billion and equity options of $265.7), respectively. As of March 31, 2013 and December 31, 2012, the market values for these contracts were $7.1 and $15.6, respectively. For the three months ended March 31, 2013, and 2012, the Company recorded net realized capital gains (losses) of $(1.4) and $7.5, respectively, with ING Bank and ING V.

The Company has sold protection under certain credit default swap derivative contracts that are supported by a guarantee provided by ING V. As of March 31, 2013 and December 31, 2012, the maximum potential future exposure to the Company on credit default swaps supported by the ING V guarantee was $1.0 billion.

13. Consolidated Investment Entities

The Company provides investment management services to and has transactions with, various collateralized loan obligations, private equity funds, single strategy hedge funds, insurance entities, securitizations and other investment entities in the normal course of business. In certain instances, the Company serves as the investment manager, making day-to-day investment decisions concerning the assets of these entities. These entities are considered to be either VIEs or VOEs and the Company evaluates its involvement with each entity to determine whether consolidation is required.

Certain investment entities are consolidated under VIE or VOE consolidation guidance. The Company consolidates entities under the VIE guidance when it is determined that the Company is the primary beneficiary of these entities. The Company consolidates certain entities under the VOE guidance when it acts as the controlling general partner and the limited partners have no substantive rights to impact ongoing governance and operating activities.

With the exception of guarantees issued by the Company in relation to collateral support for reinsurance contracts, the Company has no right to the benefits from, nor does it bear the risks associated with these investments beyond the Company’s direct equity and debt investments in and management fees generated from these investment products. Such direct investments amounted to approximately $606.9 and $600.0 as of March 31, 2013 and December 31, 2012, respectively. If the Company were to liquidate, the assets held by consolidated investment entities would not be available to the general creditors of the Company as a result of the liquidation.

Consolidated Investments

Collateral Loan Obligations ("CLO") Entities

Certain subsidiaries of the Company structure and manage CLO entities created for the sole purpose of offering investors various maturity and risk characteristics by issuing multiple tranches of collateralized debt. The notes issued by the CLO entities are backed by diversified portfolios consisting primarily of senior secured floating rate leveraged loans.

The Company provides collateral management services to the CLO entities. In return for providing management services, the Company earns investment management fees and contingent performance fees. The Company has invested in certain of the entities, generally taking an ownership position in the unrated junior subordinated tranches. The CLO entities are structured and managed

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similarly but have differing fee structures and initial capital investments made by the Company. The Company's ownership interests and management and contingent performance fees were assessed to determine if the Company is the primary beneficiary of these entities.

As of March 31, 2013 and December 31, 2012, the Company consolidated 10 CLOs and 9 CLOs, respectively.

Private Equity Funds and Single Strategy Hedge Funds (Limited Partnerships)

The Company invests in and manages various limited partnerships, including private equity funds and single strategy hedge funds. The Company, as a general partner or managing member of certain sponsored investment funds, is generally presumed to control the limited partnerships unless the limited partners have the substantive ability to remove the general partner without cause based upon a simple majority vote, or can otherwise dissolve the partnership, or have substantive participating rights over decision-making of the partnerships.

As of March 31, 2013 and December 31, 2012, the Company consolidated 35 funds, which were structured as partnerships.

The following table summarizes the components of the consolidated investment entities, excluding collateral support for certain reinsurance contracts, as of the dates indicated:

	March 31, 2013	December 31, 2012
Assets of Consolidated Investment Entities		
VIEs - CLO entities:		
Cash and cash equivalents	$1,000.9	$360.6
Corporate loans, at fair value using the fair value option	4,043.1	3,559.3
Total CLO entities	5,044.0	3,919.9
VOEs - Private equity funds and single strategy hedge funds:		
Cash and cash equivalents	53.9	80.2
Limited partnerships/corporations, at fair value	2,980.7	2,931.2
Other assets	31.2	34.3
Total investment funds	3,065.8	3,045.7
Total assets of consolidated investment entities	$8,109.8	$6,965.6
Liabilities of Consolidated Investment Entities		
VIEs - CLO entities:		
CLO notes, at fair value using the fair value option	$4,448.1	$3,829.4
Other liabilities	510.9	—
Total CLO entities	4,959.0	3,829.4
VOEs - Private equity funds and single strategy hedge funds:		
Other liabilities	293.8	292.4
Total investment funds	293.8	292.4
Total liabilities of consolidated investment entities	$5,252.8	$4,121.8

Fair Value Measurement

Upon consolidation of CLO entities, the Company elected to apply the FVO for financial assets and financial liabilities held by these entities and continued to measure these assets (primarily corporate loans) and liabilities (debt obligations issued by CLO entities) at fair value in subsequent periods. The Company has elected the FVO to more closely align its accounting with the economics of its transactions and allows the Company to more effectively align changes in the fair value of CLO assets with a commensurate change in the fair value of CLO liabilities.

Investments held by consolidated private equity funds and single strategy hedge funds are measured and reported at fair value in the Company's Condensed Consolidated Financial Statements. Changes in the fair value of consolidated investment entities are recorded as a separate line item within Income (loss) related to consolidated investment entities in the Company's Condensed Consolidated Statements of Operations.

The methodology for measuring the fair value and fair value hierarchy classification of financial assets and liabilities of consolidated investment entities is consistent with the methodology and fair value hierarchy rules applied by the Company to its investment portfolio. Refer to the Fair Value Measurement section of the Business, Basis of Presentation and Significant Policies Note included in the Consolidated Financial Statements in the Company's Prospectus.

As discussed in more detail below, the Company utilizes valuations obtained from third-party commercial pricing services, brokers and investment sponsors or third-party administrators that supply NAV (or its equivalent) per share used as a practical expedient. The valuations obtained from brokers and third-party commercial pricing services are non-binding. These valuations are reviewed on a monthly or quarterly basis (dependent on the type of fund or product). Procedures include, but are not limited to, a review of underlying fund investor reports, review of top and worst performing funds requiring further scrutiny, review of variance from prior periods and review of variance from benchmarks, where applicable. In addition, the Company considers both macro and fund specific events which may impact the latest NAV supplied and determines if further adjustments of value should be made. Such changes, if any, are subject to senior management review.

When a price cannot be obtained from a commercial pricing service, independent broker quotes are solicited. Securities priced using independent broker quotes are classified as Level 3. Broker quotes and prices obtained from pricing services are reviewed and validated through an internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades, or monitoring of trading volumes.

Cash and Cash Equivalents

The carrying amounts for cash reflect the assets' fair values. The fair value for cash equivalents is determined based on quoted market prices. These assets are classified as Level 1.

VIEs - CLO Entities

Corporate loans - Corporate loan investments, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans from a variety of industries, including, but not limited to, the aerospace and defense, broadcasting, technology, utilities, household products, healthcare, oil and gas and finance industries. Corporate loans mature at various dates between 2013 and 2022, pay interest at LIBOR or PRIME plus a spread of up to 10.0% and typically range in credit rating categories from AA+ down to unrated. As of March 31, 2013 and December 31, 2012, the unpaid principal balance exceeded the fair value of the corporate loans by approximately $2.7 and $26.9, respectively. Less than 1% of the collateral assets are in default as of March 31, 2013 and December 31, 2012.

The fair values for corporate loans are determined using independent commercial pricing services. Fair value measurement based on pricing services may be classified in Level 2 or Level 3 depending on the type, complexity, observability and liquidity of the asset being measured. The inputs used by independent commercial pricing services, such as benchmark yields and credit risk adjustments, are those that are derived principally from or corroborated by observable market data. Hence, the fair value measurement of corporate loans priced by independent pricing service providers is classified within Level 2 of the fair value hierarchy.

CLO notes - The CLO notes are backed by a diversified loan portfolio consisting primarily of senior secured floating rate leveraged loans. Repayment risk is segmented into tranches with credit ratings of these tranches reflecting both the credit quality of underlying collateral as well as how much protection a given tranche is afforded by tranches that are subordinate to it. The most subordinated tranche bears the first loss and receives the residual payments, if any. The interest rates are generally variable rates based on LIBOR plus a pre-defined spread, which varies from 0.22% for the more senior tranches to 7.00% for the more subordinated tranches. CLO notes mature at various dates between 2020 and 2024 and have a weighted average maturity of 9.1 years. The outstanding balance on the notes issued by consolidated CLOs exceeds their fair value by approximately $98.7 and $99.6 as of

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March 31, 2013 and December 31, 2012, respectively. The investors in this debt are not affiliated with the Company and have no recourse to the general credit of the Company for this debt.

The fair values of the CLO notes including subordinated tranches in which the Company retains an ownership interest are obtained from a third-party commercial pricing service. The service combines the modeling of projected cash flow activity and the calibration of modeled results with transactions that have taken place in the specific debt issue as well as debt issues with similar characteristics. Several of the more significant inputs to the models including default rate, recovery rate, prepayment rate and discount margin, are determined primarily based on the nature of the investments in the underlying collateral pools and cannot be corroborated by observable market data. Accordingly, CLO notes are classified within Level 3 of the fair value hierarchy.

The Company reviews the detailed prices including comparisons to prior periods for reasonableness. The Company utilizes a formal pricing challenge process to request a review of any price during which time the vendor examines its assumptions and relevant market inputs to determine if a price change is warranted.

Other liabilities - On March 28, 2013, the Company launched a CLO backed by a diversified portfolio consisting mostly of senior secured floating rate leveraged loans. As of March 31, 2013, investment totaling $510.9 were purchased and the value of these loans are carried at fair value on the Condensed Consolidated Balance Sheets within Assets related to consolidated investment entities. Based on anticipated settlement in April 2013, the corresponding securities payable is reflected within Liabilities related to consolidated investment entities.

The following table presents significant unobservable inputs for Level 3 fair value measurements as of March 31, 2013:

Assets and Liabilities	Fair Value	Valuation Technique	Unobservable Inputs
CLO Notes	$4,448.1	Discounted Cash Flow	Default Rate
			Recovery Rate
			Prepayment Rate
			Discount Margin

The following narrative indicates the sensitivity of inputs:

- Default Rate: An increase (decrease) in the expected default rate would likely increase (decrease) the discount margin (increase risk premium) used to value the CLO notes and, as a result, would potentially decrease the value of the CLO notes; however, if an increase in the expected default rates does not have a subsequent change in the discount margin used to value the CLO notes, then an increase in default rate would potentially increase the value of the CLO notes as the expected weighted average life ("WAL") of the CLO notes would decrease.
- Recovery rate: A decrease (increase) in the expected recovery of defaulted assets would potentially decrease (increase) the valuation of CLO notes.
- Prepayment Rate: A decrease (increase) in the expected rate of collateral prepayments would potentially decrease (increase) the valuation of CLO notes as the expected WAL would increase.
- Discount Margin (spread over LIBOR): An increase (decrease) in the discount margin used to value the CLO notes would decrease (increase) the value of the CLO notes.

VOEs - Private Equity Funds and Single Strategy Hedge Funds

Limited partnerships, at fair value, primarily represent the Company's investments in private equity funds and single strategy hedge funds. The fair value for these investments is estimated based on the NAV from the latest financial statements of these funds, provided by the fund's investment manager or third-party administrator. Investments in these funds typically may not be fully redeemed at NAV within 90 days because of inherent restrictions on near-term redemptions. Therefore, these investments are classified within Level 3 of the fair value hierarchy.

These consolidated investments are mostly private equity funds spread across 35 limited partnerships that focus on the primary or secondary market. The limited partnerships invest in private equity funds and, at times, make strategic co-investments directly into private equity companies, including, but not limited to, buyout, venture capital, distressed and mezzanine.

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Private Equity Funds
As prescribed in ASC Topic 820, the unit of account for these investments is the interest in the investee fund. The Company owns an undivided interest in the fund portfolio and does not have the ability to dispose of individual assets and liabilities in the fund portfolio. Rather, the Company would be required to redeem or dispose of its entire interest in the investee fund. There is no current active market for interests in underlying private equity funds.

Valuation is generally based on the valuations provided by the fund's general partner or investment manager. The valuations typically reflect the fair value of the Company's capital account balance of each fund investment, including unrealized capital gains (losses), as reported in the financial statements of the respective investee fund as of the respective year end or the latest available date. In circumstances where fair values are not provided, the Company seeks to determine the fair value of fund investments based upon other information provided by the fund's general partner or investment manager or from other sources.

The fair value of securities received in-kind from fund investments is determined based on the restrictions around the securities.

- Unrestricted, publicly traded securities are valued at the closing public market price on the reporting date;
- Restricted, publicly traded securities may be valued at a discount from the closing public market price on the reporting date, depending on the circumstances; and
- Privately held securities are valued by the directors/general partner of the investee fund, based on a variety of factors, including the price of recent transactions in the company's securities and the company's earnings, revenue and book value.

As of March 31, 2013 and December 31, 2012, certain private equity funds maintained revolving lines of credit of $325.3, which renew annually and bear interest at LIBOR/EURIBOR plus 235-250 bps. The lines of credit are used for funding transactions before capital is called from investors, as well as for the financing of certain purchases. The private equity funds generally may borrow an amount that does not exceed the lessor of a certain percentage of the funds' undrawn commitments or undrawn commitments plus 350% asset coverage from the invested assets of the funds. As of March 31, 2013 and December 31, 2012, outstanding borrowings amount to $288.4. The borrowings are reflected in Liabilities related to consolidated investment entities - other liabilities on the Condensed Consolidated Balance Sheets. The borrowings are carried at an amount equal to the unpaid principal balance.

Private Equity Companies
In the case of direct investments or co-investments in private equity companies, the Company initially recognizes investments at cost and subsequently adjusts investments to fair value. On a quarterly basis, the Company reviews the general partner or lead investor's valuation of the investee company, taking into account other available information, such as indications of a market value through subsequent issues of capital or transactions between third-parties, performance of the investee company during the period and public, comparable companies' analysis, where appropriate.

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The fair value hierarchy levels of consolidated investment entities as of March 31, 2013 are presented in the table below:

	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
VIEs - CLO entities:				
Cash and cash equivalents	$1,000.9	$—	$—	$1,000.9
Corporate loans, at fair value using the fair value option	—	4,043.1	—	4,043.1
VOEs - Private equity funds and single strategy hedge funds:				
Cash and cash equivalents	53.9	—	—	53.9
Limited partnerships/corporations, at fair value	—	—	2,980.7	2,980.7
Total assets, at fair value	$1,054.8	$4,043.1	$2,980.7	$8,078.6
Liabilities				
VIEs - CLO entities:				
CLO notes, at fair value using the fair value option	$—	$—	$4,448.1	$4,448.1
Total liabilities, at fair value	$—	$—	$4,448.1	$4,448.1

The fair value hierarchy levels of consolidated investment entities as of December 31, 2012 are presented in the table below:

	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
VIEs - CLO entities:				
Cash and cash equivalents	$360.6	$—	$—	$360.6
Corporate loans, at fair value using the fair value option	—	3,559.3	—	3,559.3
VOEs - Private equity funds and single strategy hedge funds:				
Cash and cash equivalents	80.2	—	—	80.2
Limited partnerships/corporations, at fair value	—	—	2,931.2	2,931.2
Total assets, at fair value	$440.8	$3,559.3	$2,931.2	$6,931.3
Liabilities				
VIEs - CLO entities:				
CLO notes, at fair value using the fair value option	$—	$—	$3,829.4	$3,829.4
Total liabilities, at fair value	$—	$—	$3,829.4	$3,829.4

Level 3 assets primarily include investments in private equity funds and single strategy hedge funds held by the consolidated VOEs, while the Level 3 liabilities consist of CLO notes. Transfers of investments out of Level 3 and into Level 2 or Level 1, if any, are recorded as of the beginning of the period in which the transfer occurred. During the three months ended March 31, 2013 and 2012, there were no transfers in or out of Level 3, or transfers between

Level 1 and Level 2.

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The reconciliation of the beginning and ending fair value measurements for Level 3 assets and liabilities using significant unobservable inputs for the three months ended March 31, 2013:

	Beginning Balance January 1	Purchases	Sales	Gains (Losses) Included in the Condensed Consolidated Statement of Operations	Ending Balance March 31
Assets					
VOEs - Private equity funds and single strategy hedge funds:					
Limited partnerships/corporations, at fair value	$2,931.2	$65.9	$(0.6)	$(15.8)	$2,980.7
Total assets, at fair value	$2,931.2	$65.9	$(0.6)	$(15.8)	$2,980.7
Liabilities					
VIEs - CLO entities:					
CLO notes, at fair value using the fair value option	$(3,829.4)	$(612.9)	$0.9	$(6.7)	$(4,448.1)
Total liabilities, at fair value	$(3,829.4)	$(612.9)	$0.9	$(6.7)	$(4,448.1)

The reconciliation of the beginning and ending fair value measurements for Level 3 assets and liabilities using significant unobservable inputs for the three months ended March 31, 2012 is presented in the table below:

	Beginning Balance January 1	Purchases	Sales	Gains (Losses) Included in the Condensed Consolidated Statement of Operations	Ending Balance March 31
Assets					
VOEs - Private equity funds and single strategy hedge funds:					
Limited partnerships/corporations, at fair value	$2,860.3	$100.9	$(17.0)	$6.4	$2,950.6
Total assets, at fair value	$2,860.3	$100.9	$(17.0)	$6.4	$2,950.6
Liabilities					
VIEs - CLO entities:					
	$(2,057.1)	$(362.0)	$0.5	$(73.1)	$(2,491.7)

CLO notes, at fair value using the fair value option					
Total liabilities, at fair value	$(2,057.1)	$(362.0)	$0.5	$(73.1)	$(2,491.7)

Deconsolidation of Certain Investment Entities

During the three months ended March 31, 2013 and 2012, the Company did not deconsolidate any investment entities.

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Nonconsolidated VIEs

CLO Entities

In addition to the consolidated CLO entities, the Company also holds variable interest in certain CLO entities which are not consolidated as it has been determined that the Company is not the primary beneficiary. With these CLO entities, the Company serves as the investment manager and receives investment management fees and contingent performance fees. Generally, the Company does not hold any interest in the nonconsolidated CLO entities. The Company has never provided, and is not obligated to provide, any financial or other support to these entities.

The Company will review its assumptions on a periodic basis to determine if conditions have changed such that the projection of these contingent fees becomes significant enough to reconsider the Company's consolidation status as variable interest holder. As of March 31, 2013 and December 31, 2012, the Company did not hold any ownership interests in these unconsolidated CLOs.

The following table presents the carrying amounts of total assets and liabilities of the VIEs in which the Company has concluded that it holds a variable interest, but is not the primary beneficiary as of the dates indicated. The Company determines its maximum exposure to loss to be: (i) the amount invested in the debt or equity of the VIE and (ii) other commitments and guarantees to the VIE.

	March 31, 2013	December 31, 2012
Carrying amount	$—	$—
Maximum exposure to loss	—	—
Assets of nonconsolidated investment entities	1,779.4	1,792.2
Liabilities of nonconsolidated investment entities	1,770.3	1,772.9

Investment Funds

The Company manages or holds investments in certain private equity funds and single strategy hedge funds. With these entities, the Company serves as the investment manager and is entitled to receive investment management fees and contingent performance fees that are generally expected to be insignificant. Although the Company has the power to direct the activities that significantly impact the economic performance of the funds, it does not hold a significant variable interest in any of these funds and, as such, does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Accordingly, the Company is not considered the primary beneficiary and did not consolidate any of these investment funds.

In addition, the Company does not consolidate the funds, in which its involvement takes a form of a limited partner interest and is restricted to a role of a passive investor, as a limited partner's interest does not provide the Company with any substantive kick-out or participating rights, which would overcome the presumption of control by the general partner.

Securitizations

The Company invests in various tranches of securitization entities, including RMBS, CMBS and ABS. Through its investments, the Company is not obligated to provide any financial or other support to these entities. Each of the RMBS, CMBS and ABS entities are thinly capitalized by design and considered VIEs. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer, or investment manager, which are generally viewed to have the power to direct the activities that most significantly impact the securitization entities' economic performance, in any of these entities, nor does the Company function in any of these roles. The Company, through its investments or other arrangements, does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Therefore, the Company is not the primary beneficiary and will not consolidate any of the RMBS, CMBS and ABS entities in which it holds investments. These investments are accounted for as investments available-for-sale as described in the Fair Value Measurements Note to these Condensed Consolidated Financial Statements and unrealized capital gains (losses) on these securities are recorded directly in AOCI, except for certain RMBS which are accounted for under the FVO whose change in fair value is reflected in Other net realized gains (losses) in the Condensed Consolidated

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Statements of Operations. The Company's maximum exposure to loss on these structured investments is limited to the amount of its investment. Refer to the Investments (excluding Consolidated Investment Entities) Note of these Condensed Consolidated Financial Statements for details regarding the carrying amounts and classifications of these assets.

14. Segments

The Company provides its principal products and services in three ongoing businesses and reports results through five ongoing segments as follows:

Business	Segment
Retirement Solutions	Retirement Annuities
Investment Management	Investment Management
Insurance Solutions	Individual Life Employee Benefits

The Company also has a Corporate segment, which includes the financial data not directly related to the businesses and Closed Block segments, which include non-strategic products that are in run-off and no longer being actively marketed and sold.

These segments reflect the manner by which the Company's chief operating decision maker views and manages the business. The following is a brief description of these segments, as well as Corporate and Closed Block segments.

Retirement Solutions

The Retirement Solutions business provides its products through two segments: Retirement and Annuities. The Retirement segment provides tax-deferred, employer-sponsored retirement savings plans and administrative services in corporate, education, healthcare and government markets, as well as rollover IRAs and other retail financial products. The Annuities segment primarily provides fixed and indexed annuities, tax-qualified mutual fund custodial products and payout annuities for pre-retirement wealth accumulation and post-retirement income management sold through multiple channels.

Investment Management

The Investment Management business provides investment products and retirement solutions through a broad range of traditional and alternative asset classes, geographies and styles, in separate accounts, pooled accounts, annuity portfolios and mutual funds. Products and services are offered to institutional clients, including public, corporate and union retirement plans, endowments and foundations and insurance companies, as well as individual investors and affiliated U.S. businesses and are distributed through the Company's direct sales force, consultant channel and intermediary partners (such as banks, broker-dealers and independent financial advisers).

Insurance Solutions

The Insurance Solutions business provides its products through two segments: Individual Life and Employee Benefits. The Individual Life segment provides wealth protection and transfer opportunities through universal, variable, whole life and term products, distributed through independent channels to meet the needs of a broad range of customers from the middle market through affluent market segments. The Employee Benefits segment provides stop loss, group life, voluntary employee paid and disability products to mid-sized and large businesses.

Corporate

Corporate includes corporate operations and corporate level assets and financial obligations. The Corporate segment includes investment income on assets backing surplus in excess of amounts held at the segment level, financing and interest expenses, other items not allocated to segments, such as certain expenses and liabilities of employee benefit plans and intercompany eliminations.

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Closed Blocks

Closed Blocks include the Closed Block Variable Annuity, Closed Block Institutional Spread Products and Closed Block Other, which are in run-off. Closed Block Variable Annuity and Closed Block Institutional Spread Products (which issues guaranteed investment contracts and funding agreements) are no longer being actively marketed and sold, but are managed to protect regulatory and rating agency capital from equity market movements. The Closed Block Other segment mainly consists of the contingent consideration and loss related to the 2010 sale of three of the Company's broker dealers and the amortization of the deferred gain related to the divestment of Group Reinsurance in 2010 via reinsurance and the Individual Reinsurance segment that was divested in 2004 via reinsurance.

Measurement

Operating earnings before income taxes is an internal measure used by management to evaluate segment performance. The Company uses the same accounting policies and procedures to measure segment operating earnings before income taxes as it does for consolidated net income (loss). Operating earnings before income taxes does not replace net income (loss) as the U.S. GAAP measure of the Company's consolidated results of operations. However, the Company believes that the definitions of operating earnings before income taxes provide users with a more valuable measure of its business and segment performances and enhance the understanding of the Company's performance by highlighting performance drivers. Each segment's income (loss) before income taxes is calculated by making adjustments for the following items:

- Net investment gains (losses), net of related amortization of DAC, VOBA, sales inducements and unearned revenue. Net investment gains (losses) include gains (losses) on the sale of securities, impairments, changes in the fair value of investments using the FVO unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest;
- Net guaranteed benefit hedging gains (losses), which include changes in the fair value of derivatives related to guaranteed benefits, net of related reserve increases (decreases) and net of related amortization of DAC, VOBA and sales inducements, less the estimated cost of these benefits. The estimated cost, which is reflected in operating results, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. All other derivative and reserve changes related to guaranteed benefits are excluded from operating results, including the impacts related to changes in the Company's nonperformance spread;
- Income (loss) related to business exited through reinsurance or divestment;
- Income (loss) attributable to noncontrolling interests;
- Income (loss) related to early extinguishments of debt;
- Impairment of goodwill, value of management contract rights and value of customer relationships acquired;
- Immediate recognition of net actuarial gains (losses) related to the Company's pension and other post-employment benefit obligations and gains (losses) from plan amendments and curtailments; and
- Other items, including restructuring expenses (severance, lease write-offs, etc.), integration expenses related to the Company's acquisition of CitiStreet and certain third-party expenses related to the anticipated divestment of the Company by ING Group.

Operating earnings before income taxes also does not reflect the results of operations of the Company's Closed Block Variable Annuity segment, since this segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics. When the Company presents the adjustments to Income (loss) before income taxes on a consolidated basis, each adjustment excludes the relative portions attributable to the Company's Closed Block Variable Annuity segment.

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The summary below reconciles operating earnings before income taxes for the segments to Income (loss) before income
taxes for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Retirement Solutions:		
Retirement	$137.8	$123.9
Annuities	54.3	36.4
Investment Management	30.1	33.0
Insurance Solutions:		
Individual Life	50.8	55.0
Employee Benefits	12.4	15.6
Total Ongoing Businesses	285.4	263.9
Corporate	(50.1)	(48.4)
Closed Blocks:		
Closed Block Institutional Spread Products	22.1	22.1
Closed Block Other	(0.7)	2.2
Closed Blocks	21.4	24.3
Total operating earnings before income taxes	256.7	239.8
Adjustments:		
Closed Block Variable Annuity	(477.1)	(907.7)
Net investment gains (losses) and related charges and adjustments	41.8	60.3
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	3.1	137.4
Loss related to businesses exited through reinsurance or divestment	(16.9)	(12.6)
Income (loss) attributable to noncontrolling interests	(13.5)	(15.6)
Other adjustments to operating earnings	(8.4)	(14.5)
Income (loss) before income taxes	$(214.3)	$(512.9)

Operating revenues is a measure of the Company's segment revenues. The Company calculates operating revenues by adjusting each segment's revenues for the following items:

- Net realized investment gains (losses) and related charges and adjustments include gains (losses) on the sale of securities, impairments, changes in the fair value of investments using the FVO unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest. These are net of related amortization of unearned revenue;
- Gain (loss) on change in fair value of derivatives related to guaranteed benefits include changes in the fair value of derivatives related to guaranteed benefits, less the estimated cost of these benefits. The estimated cost, which is reflected in operating results, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. All other derivative and reserve changes related

to guaranteed benefits are excluded from operating revenues, including the impacts related to changes in the Company's nonperformance spread;

- Revenues related to businesses exited through reinsurance or divestment;
- Revenues attributable to noncontrolling interests; and
- Other adjustments to operating revenues primarily reflect fee income earned by the Company's broker-dealers for sales of non-proprietary products, which are reflected net of commission expense in the Company's segments' operating revenues, as well as other items where the income is passed on to third parties.

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Operating revenues also do not reflect the revenues of the Company's Closed Block Variable Annuity segment, since this segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics. When the Company presents the adjustments to Total revenues on a consolidated basis, each adjustment excludes the relative portions attributable to the Company's Closed Block Variable Annuity segment.

The summary below reconciles operating revenues for the segments to Total revenues for the periods indicated:

	Three Months Ended March 31,	
	2013	2012
Retirement Solutions:		
Retirement	$583.2	$580.4
Annuities	307.6	351.2
Investment Management	131.9	130.6
Insurance Solutions:		
Individual Life	687.1	712.0
Employee Benefits	318.1	313.3
Total Ongoing Businesses	2,027.9	2,087.5
Corporate	17.1	14.2
Closed Blocks:		
Closed Block Institutional Spread Products	38.3	43.0
Closed Block Other	7.2	10.4
Closed Blocks	45.5	53.4
Total operating revenues	2,090.5	2,155.1
Adjustments:		
Closed Block Variable Annuity	(444.0)	(978.8)
Net realized investment gains (losses) and related charges and adjustments	30.4	103.3
Gain (loss) on change in fair value of derivatives related to guaranteed benefits	20.6	125.3
Revenues related to businesses exited through reinsurance or divestment	(12.1)	7.5
Revenues (loss) attributable to noncontrolling interests	40.3	21.3
Other adjustments to operating revenues	92.9	51.6
Total revenues	$1,818.6	$1,485.3

Segment Information

The following is a summary of certain financial information for the Company’s segments for the periods indicated.

The Investment Management segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

	Three Months Ended March 31,	
	2013	2012
Investment management intersegment revenues	$39.3	$40.1

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The summary below presents Total assets for the Company's segments as of the dates indicated:

	March 31, 2013	December 31, 2012
Retirement Solutions:		
Retirement	$90,230.1	$86,504.3
Annuities	27,172.9	27,718.6
Investment Management	418.2	498.5
Insurance Solutions:		
Individual Life	25,750.2	25,319.0
Employee Benefits	2,584.2	2,657.0
Total Ongoing Businesses	146,155.6	142,697.4
Corporate	5,270.4	5,593.4
Closed Blocks:		
Closed Block Variable Annuity	49,001.4	49,157.6
Closed Block Institutional Spread Products	5,034.2	4,392.2
Closed Block Other	7,932.2	8,239.1
Closed Blocks	61,967.8	61,788.9
Total assets of segments	213,393.8	210,079.7
Noncontrolling interest	7,456.2	6,314.5
Total assets	$220,850.0	$216,394.2

15. Subsequent Events

Stock Split

On April 10, 2013, the Company's Board of Directors authorized the total number of shares of all classes of stock which the Company has the authority to issue to be 1,000,000,000, of which 900,000,000 shares, par value $0.01 per share, are designated as common stock and a 100,000,000 shares, par value $0.01 per share, are designated as preferred stock. In addition, the Company's Board of Directors authorized a 2,295.248835-for-1 split of the Company's common stock, resulting in 230,079,120 shares of common stock issued, including 79,120 of Treasury shares, and 230,000,000 shares of common stock outstanding and held by ING International, prior to the IPO. These actions were subsequently approved by the Company's sole stockholder on April 10, 2013 and effected on April 11, 2013. The accompanying Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements give retroactive effect to the stock split for all periods presented. There are no preferred shares issued or outstanding.

Initial Public Offering

On May 7, 2013, ING U.S., Inc. completed the offering of 65,192,307 shares of its common stock, including the issuance and sale by ING U.S., Inc. of 30,769,230 shares of common stock and the sale by ING International, an indirect wholly owned subsidiary of ING Group and previously the sole stockholder of ING U.S., Inc. of 34,423,077 shares of outstanding common stock of ING U.S., Inc. Following the IPO, ING International owns 75% of the outstanding common stock of ING U.S., Inc. (before any exercise of the underwriters' option to acquire from ING

International up to an additional 9,778,846 shares of ING U.S., Inc. common stock). The initial public offering price of the shares sold in the IPO was $19.50 per share. The Company received net proceeds of $569.9 after deducting underwriting fees of $21.8 and estimated offering costs of $8.3, and used the net proceeds received from the IPO to fund certain capital management activities. The Company did not receive any proceeds from the sale of shares by ING International.

Upon closing of the IPO, the Deal Incentive Awards granted to certain employees were automatically converted into 2,003,614 shares of restricted common stock issued under the 2013 Omnibus Employee Incentive Plan (the "Omnibus Plan"). Additionally, 1,271,322 shares of 2013 restricted common stock granted under the AIH Equity Compensation Plan and 6,629,294 of the 2013

LSPP awards from ING Group were automatically converted into 537,911 and 2,804,730, respectively, of comparable equity awards issued by the Company under the Omnibus Plan. Total common shares awarded or issued by the Company under this conversion plan amounted to 5,346,255.

On May 7, 2013, the Company issued to ING Group warrants to purchase up to 26,050,846 shares of the Company's common stock equal in the aggregate to 9.99% of the issued and outstanding shares of common stock at that date. The initial exercise price of the warrants is $48.75 per share of common stock (which is equal to 250% of the per share public offering price), subject to adjustments, including for stock dividends, certain cash dividends, subdivisions, combinations, reclassifications and non-cash distributions. The warrants provide for, upon the occurrence of certain change of control events affecting the Company, an increase in the number of shares to which a warrant holder is entitled upon payment of the aggregate exercise price of the warrant. The warrants are exercisable from May 7, 2014 to May 7, 2023, provided that they are not exercisable by ING Group or any of its affiliates before January 1, 2017. The warrants are not subject to any contractual restrictions on transfer. However, initially, the warrants are subject to the lock-up arrangement entered into by ING Group with the underwriters. The warrants are exercisable in accordance with their terms before January 1, 2017, by holders other than ING Group or its affiliates, if any.

Extraordinary Dividends and Termination of Contingent Capital Letter of Credit

In March and April 2013, in response to requests made in 2012 and refreshed in 2013, ING U.S., Inc.'s insurance subsidiaries domiciled in Colorado, Connecticut, Iowa and Minnesota received approvals or notices of non-objection, as the case may be, from their respective domiciliary insurance regulators to make extraordinary distributions to ING U.S., Inc. or Lion Holdings, in the aggregate amount of $1.434 billion, contingent upon completion of the IPO and the use of the extraordinary distribution funds solely for Company operations. The approved distributions of $1.434 billion were made on May 8, 2013.

On May 8, 2013, ING U.S., Inc. made a capital contribution to SLDI in the amount of $1.782 billion. Immediately thereafter, SLDI deposited the contributed capital as cash collateral into a funds withheld trust account to support its reinsurance obligation to ING USA related to variable annuity cessions from ING USA to SLDI. Following the deposit by SLDI of the contributed capital into the funds withheld trust account, the $1.5 billion contingent capital LOCs issued under the contingent capital LOC facility were cancelled and on May 14, 2013, the $1.5 billion contingent capital LOC facility was terminated.

Reclassification of Statutory Negative Unassigned Funds

On May 8, 2013, insurance subsidiaries domiciled in Colorado, Iowa and Minnesota each reset, on a one-time basis, their respective negative unassigned funds account as of December 31, 2012 (as reported in their respective 2012 statutory annual statements) to zero (with an offsetting reduction in gross paid-in capital and contributed surplus). These resets were made pursuant to permitted practices in accordance with statutory accounting practices granted by their respective domiciliary insurance regulators. These permitted practices have no impact on total capital and surplus of these insurance subsidiaries and will be reflected in their second quarter statutory financial statements.

Junior Subordinated Notes

On May 16, 2013, the Company issued $750.0 million of 5.65% Fixed-to-Floating Rate Junior Subordinated Notes due in 2053 in a private placement with registration rights (the “2053 Notes”). The 2053 Notes are guaranteed on an unsecured, junior subordinated basis by Lion Holdings. Interest is payable semi-annually, in arrears, on May 15 and November 15 beginning November 15, 2013 and ending on May 15, 2023. The 2053 Notes will bear interest at a fixed rate of 5.65% prior to May 15, 2023. From May 15, 2023, the 2053 Notes will bear interest at an annual rate equal to three-month LIBOR plus 3.58% payable quarterly, in arrears, on February 15, May 15, August 15 and November 15. So long as no event of default with respect to the 2053 Notes has occurred and is continuing, the Company has the right on one or more occasions, to defer the payment of interest on the 2053 Notes for one or more consecutive interest periods for up to five years. During the deferral period, interest will continue to accrue at the then-applicable rate and deferred interest will bear additional interest at the then-applicable rate.

At any time following notice of the Company's plan to defer interest and during the period interest is deferred, the Company and its subsidiaries generally, with certain exceptions, may not make payments on or redeem or purchase any shares of the Company's common stock or any of the debt securities or guarantees that rank in liquidation on a parity with or are junior to the 2053 Notes.

The Company may elect to redeem the 2053 Notes (i) in whole at any time or in part on or after May 15, 2023 at a redemption price equal to the principal amount plus accrued and unpaid interest. If the notes are not redeemed in whole, $25 million of aggregate principal (excluding the principal amount of 2053 Notes held by the Company, or its affiliates) must remain outstanding after giving effect to the redemption; or (ii) in whole, but not in part, at any time prior to May15, 2023 within 90 days after the occurrence of a "tax event" or "rating agency event", as defined in the 2053 Notes Offering Memorandum, at a redemption price equal to the principal amount, or, if greater, a "make-whole redemption price," as defined in the 2053 Notes Offering Memorandum, plus, in each case accrued and unpaid interest.

The Company and Lion Holdings agreed to use reasonable best efforts to cause a registration statement to be filed with the SEC within 45 days after the date of note issuance, or; if earlier, on the date the Company files a registration statement covering the exchange of the 2018 Notes and 2022 Notes as discussed above. The registration statement will cover the offer to the holders of the 2053 Notes to exchange the 2053 Notes for new notes containing identical terms except for transfer restrictions.

On May 21, 2013, the Company used the proceeds of the 2053 Notes for the repayment of the outstanding borrowings of $392.5 million under the Syndicated Bank Term Loan.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition
(Dollar amounts in millions, unless otherwise stated)

For the purposes of this discussion, the "Company," "we," "our," "us," and "ING U.S., Inc." refer to ING U.S., Inc. and its subsidiaries. We were a wholly owned subsidiary of ING Groep N.V. ("ING Group" or "ING"), the ultimate parent company, through May 6, 2013.

The following discussion and analysis presents a review of our consolidated results of operations for each of the three months ended March 31, 2013 and 2012 and financial condition as of March 31, 2013 and December 31, 2012. This item should be read in its entirety and in conjunction with the Condensed Consolidated Financial Statements and related notes contained in Part I, Item 1. of this Form 10-Q, as well as "Management's Discussion and Analysis of Results of Operations and Financial Condition" section contained in the Company's prospectus dated May 1, 2013, filed with the SEC pursuant to Rule 424(b)(1) under the Securities Act of 1933, as amended (the "Securities Act") on May 3, 2013 (the "Prospectus").

Investors are directed to consider the risks and uncertainties discussed in this Item 2. and in Item 1A. of Part II., contained herein, as well as in other documents we filed with the SEC. Except as may be required by the federal securities laws, we disclaim any obligation to update forward-looking information.

Overview

We provide our principal products and services in three ongoing businesses—Retirement Solutions, Investment Management and Insurance Solutions—and report our results for these ongoing businesses through five segments.

The Retirement Solutions business provides its products and services through two segments: Retirement and Annuities:

- Our Retirement segment provides tax-deferred, employer-sponsored retirement savings plans and administrative services in corporate, health, education and government markets. Our Retirement segment also provides rollover IRAs and other retail financial products as well as comprehensive financial advisory services to individual customers. Our retirement products and services are distributed through multiple intermediary channels, including TPAs, independent and national wirehouse affiliated brokers and registered investment advisors, in addition to independent sales agents and consulting firms. We also have a direct sales team for large defined contribution plans and stable value business, as well as a team of affiliated brokers who sell our products both in person and via telephone.
- Our Annuities segment provides fixed and indexed annuities, tax-qualified mutual fund custodial products and payout annuities for pre-retirement wealth accumulation and post-retirement income management. Annuity products are primarily distributed by independent marketing organizations, independent broker-dealers, banks, independent insurance agents, pension professionals and affiliated broker-dealers.

The Investment Management business provides its products and services through a single segment, also called Investment Management:

- Our Investment Management business provides investment products and retirement solutions to both individual and institutional customers by offering domestic and international fixed income, equity, multi-asset and alternative products and solutions across a range of asset classes, geographies, market sectors, investment styles and capitalization spectrums. Investment Management products and services are primarily marketed to institutional clients, including public, corporate and union retirement plans, endowments and foundations and insurance companies, as well as individual investors and the general accounts of our insurance company subsidiaries. Investment Management products and services are distributed through a combination of our direct sales force, consultant channel and intermediary partners (such as banks, broker-dealers and independent financial advisers).

The Insurance Solutions business provides its products and services through two segments: Individual Life and Employee Benefits:

- Our Individual Life segment provides wealth protection and transfer opportunities through universal, variable, whole life and term life products. Our customers range across a variety of age groups and income levels. We distribute our product offering through three main channels: our independent sales channel, our strategic distribution channel and our specialty markets channel. Our independent sales channel consists of a large network of independent general agents and marketing companies who interact with the majority of licensed independent life insurance agents in the United States. Our strategic distribution channel encompasses a network of independent managing directors who support a large team of producers who engage with our broker dealers to sell a range of products including our branded life, annuity and mutual funds.

Finally, our specialty markets channel focuses on alternative distribution and consists of a large team of producers, in addition to banks, life insurance quote agencies and internet direct marketers.

- Our Employee Benefits segment provides group life, stop loss, disability and voluntary employee-paid products to mid-sized and large businesses. We reinsure substantially all of our new disability sales to a third-party. To distribute our products, we utilize brokers, consultants and third-party administrators. In the voluntary market, policies are marketed to employees at the worksite through enrollment firms, technology partners and brokers.

In addition to our ongoing business, we also have Closed Blocks and Corporate reporting segments. Corporate includes our corporate operations and corporate level assets and financial obligations. The Corporate segment includes investment income on assets backing surplus in excess of amounts held at the segment level, financing and interest expenses, other items not allocated to segments, such as certain expenses and liabilities of employee benefit plans and intercompany eliminations.

Closed Blocks consists of three separate reporting segments that include run-off and legacy business lines that are no longer being actively marketed or sold and that we manage to minimize capital risk as they run-off. The Closed Block Variable Annuity segment consists of variable annuity contracts that were designed to offer long-term savings products in which individual contract owners made deposits that are maintained in separate accounts. These products included options for policyholders to purchase living benefit riders. In 2009, we separated our Closed Block Variable Annuity segment from our other operations, placing it in run-off, and made a strategic decision to stop actively writing new retail variable annuity products with substantial guarantee features (the last policies were issued in 2010 and the block shifted to run-off). The Closed Block Institutional Spread Products segment historically issued GICs and funding agreements and invested amounts raised to earn a spread. While the business in the Closed Block Institutional Spread Products segment is being managed in active run-off, we continue to issue liabilities from time to time to replace liabilities that are maturing. The Closed Block Other segment consists primarily of retained and run-off activity related to divestments, including our group reinsurance and individual reinsurance businesses, three broker dealers and Life Insurance Company of Georgia. Closed Block Other also includes certain unreimbursed expenses related to ING Group’s Latin America business, which was sold in December 2011. Accordingly, these segments have been classified as closed blocks and are managed separately from our ongoing business.

Trends and Uncertainties

The following factors represent some of the key trends and uncertainties that have influenced the development of our business and our historical financial performance and that we believe will continue to influence our business and financial performance in the future.

Market Conditions

The recent increase in market volatility, which we believe may continue for some time, has affected and may continue to affect our business and financial performance in varying ways. In the short to medium-term, this increased volatility, coupled with prevailing low interest rates, can pressure sales and reduce demand as consumers hesitate to make financial decisions. In addition, this environment makes it difficult to manufacture products that are consistently both attractive to customers and profitable. Financial performance can be affected adversely by market volatility as fees driven by assets under management fluctuate, hedging costs increase and revenue declines due to reduced sales and increased outflows. In the long-term, however, we believe the recent financial crisis and resultant lingering uncertainty will motivate individuals to seek solutions combining elements of capital preservation, income and growth. Thus, as a company with strong retirement, investment management and insurance capabilities, we believe current market conditions may ultimately enhance the attractiveness of our broad portfolio of products and services. We will need to continue to monitor the behavior of our customers, as evidenced by mortality rates, morbidity rates, annuitization rates and lapse rates, which adjusts in response to changes in market conditions in order to ensure that our products and services remain attractive as well as profitable.

Interest Rate Environment

The current low interest rate environment, which we believe may continue for some time, has affected and may continue to affect the demand for our products in various ways. In the short- to medium-term, we may experience lower sales and reduced demand as the low interest rate environment makes it difficult to manufacture products that are consistently both attractive to customers and profitable.

Our financial performance may also be affected adversely by the current low interest rate environment. The interest rate environment has historically influenced our business and financial performance, and we believe it will continue to do so in the future for several reasons, including the following:

- Our general account investment portfolio, which was approximately $90 billion as of March 31, 2013, consists predominantly of fixed income investments and currently has an average yield of approximately 5.0%. In the near term and absent a material change in yields available on fixed income investments, we expect the yield we earn on new investments will be lower than the yields we earn on maturing investments, which were generally purchased in environments where interest rates were higher than current levels. In modeling anticipated net cash flows that will need to be reinvested, we take into account expected behavior of the issuers of fixed income instruments, including prepayment of callable assets. If interest rates were to rise, we expect the yield on our new money investments would also rise and gradually converge toward the yield of those maturing assets. In addition, while less material to financial results than new money investment rates, movements in prevailing interest rates also influence the prices of fixed income investments that we sell on the secondary market rather than holding until maturity or repayment, with rising interest rates generally leading to lower prices in the secondary market, and falling interest rates generally leading to higher prices.
- Certain of our products pay guaranteed minimum rates. For example, fixed accounts and a portion of the stable value accounts included within defined contribution retirement plans, universal life policies and individual fixed annuities include guaranteed minimum credited rates. We are required to pay these guaranteed minimum rates even if earnings on our investment portfolio decline, with the resulting investment margin compression negatively impacting earnings. In addition, we expect more policyholders to hold policies (lower lapses) with comparatively high guaranteed rates longer in a low interest rate environment. Conversely, a rise in average yield on our investment portfolio would positively impact earnings if the average interest rate we pay on our products does not rise correspondingly. Similarly, we expect policyholders would be less likely to hold policies (higher lapses) with existing guarantees as interest rates rise.
- Our Closed Block Variable Annuity segment provides certain guaranteed minimum benefits. A prolonged low interest rate environment may subject us to increased hedging costs or an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for these variable annuity guarantees, lowering their statutory surplus, which would adversely affect their ability to pay dividends to us. A prolonged low interest rate environment may also affect the perceived value of guaranteed minimum income benefits, which in turn may lead to a higher rate of annuitization of those products over time. For additional information on the Closed Block Variable Annuity segment's sensitivity to interest rates, see Part I, Item 3. of this Form 10-Q for additional information.

In the long-term, however, we believe the recent financial crisis and resultant lingering uncertainty will motivate individuals to seek solutions combining elements of capital preservation, income and growth. Thus, as a company with strong retirement, investment management and insurance capabilities, we believe current market conditions may ultimately enhance the attractiveness of our broad portfolio of products and services. We will need to continue to monitor the behavior of our customers, as evidenced by annuitization rates and lapse rates, which adjusts in response to changes in market conditions, in order to ensure that our products and services remain attractive as well as profitable.

The Impact of our Closed Block Variable Annuity Segment on GAAP Earnings

Our ongoing management of our Closed Block Variable Annuity segment is focused on preserving our current capitalization status through careful risk management and hedging. Because GAAP accounting differs from the methods used to determine regulatory and rating agency capital measures, our hedge programs may create earnings volatility in our GAAP financial statements.

Governmental and Public Policy Impact on Demand for Our Products

The demand for our products is influenced by a dynamic combination of governmental and public policy factors. We anticipate that legislative and other governmental activity—and our ability to flexibly respond to changes resulting from such activity—will be crucial to our long-term financial performance. In particular, the demand for our products is influenced by the following factors:

- Availability and quality of public retirement solutions: The lack of comprehensive or sufficient government-sponsored retirement solutions has been a significant driver of the popularity of private sector retirement products. We believe that concerns regarding Social Security and the reduced enrollment in defined benefit retirement plans may further increase the demand for private sector retirement solutions. The impact of any legislative actions or new government programs relating to retirement solutions on our business and financial performance will depend substantially on the level of private sector involvement and our ability to participate in any such programs. We believe we are well positioned to take advantage of any future developments involving participation in any such programs by private sector providers.

- Tax-advantaged status: Many of the retirement savings, accumulation and protection products we sell qualify for tax-advantaged status. Changes in U.S. tax laws that alter the tax benefits of certain investment vehicles could have a material effect on demand for our products.

Aging of the U.S. Population

We believe that the aging of the U.S. population will affect both the demand for our products and the levels of our assets under management ("AUM") and assets under administration ("AUA"). As the “baby boomer” generation prepares for retirement, we believe that demand for retirement savings, growth and income products will grow. The impact of this growth may be offset to some extent by asset outflows as an increasing percentage of the population begins withdrawing assets to convert their savings into income.

Competition

Our ongoing business operates in highly competitive markets. We face a variety of large and small industry participants, including diversified financial institutions, investment managers and insurance companies. These companies compete in one form or another for the growing pool of retirement assets driven by a number of exogenous factors such as the continued aging of the U.S. population and the reduction in safety nets provided by governments and corporations. In many segments, product differentiation is difficult as product development and life cycles have shortened. In addition, we have experienced pressure on fees as product unbundling and lower cost alternatives have emerged. As a result, scale and the ability to provide value-added services and build long-term relationships are important factors to compete effectively. We believe that our leading presence in the retirement market and resulting relationships with millions of participants, diverse range of capabilities (as a provider of retirement, investment management and insurance products and services) and broad distribution network uniquely position us to effectively serve consumers’ increasing demand for retirement savings, income and protection solutions.

Operating Measures

This management’s discussion and analysis includes discussion of operating earnings before income taxes and operating revenues, each of which is a measure that is not determined in accordance with GAAP, because our management uses these measures to manage our businesses and allocate our resources. We also discuss these measures generally because we believe that they provide our investors with useful information regarding our financial performance. In particular, these measures facilitate a comparison of period-to-period results without the effect of the volatility created by certain changes in the financial markets that affect our financial results as reported under GAAP. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures, and accordingly, our non-GAAP financial measures may not be comparable to similar measures used by other companies.

We also discuss certain operating measures, described below, as well as operating earnings before income taxes and operating revenues which provide useful information about our businesses and the operational factors underlying our financial performance. See the Segments Note to our Condensed Consolidated Financial Statements in Part I, Item 1. of this Form 10-Q for a description of the adjustments made to reconcile Income (loss) before income taxes to operating earnings before income taxes and the adjustments made to reconcile Total revenues to operating revenues.

AUM and AUA

A substantial portion of our fees, other charges and margins are based on AUM. AUM represents on-balance sheet assets supporting customer account values/liabilities and surplus as well as off-balance sheet institutional/mutual funds. Customer account values reflect the amount of policyholder equity that has accumulated within retirement, annuity and universal life products. AUM includes general account assets managed by our Investment Management segment in which we bear the investment risk, separate account assets in which the contract owner bears the investment risk and institutional/mutual funds, which are excluded from our balance sheet. AUM-based revenues increase or decrease with a rise or fall in the amount of AUM, whether caused by changes in capital markets or by net flows.

AUM is principally affected by net deposits (i.e., new deposits, less surrenders and other outflows) and investment performance (i.e., interest credited to contract owner accounts for assets that earn a fixed return or market performance for assets that earn a variable return). Separate account AUM and institutional/mutual fund AUM include assets managed by our Investment Management segment, as well as assets managed by third-party investment managers. Our Investment Management segment reflects the revenues earned for managing affiliated assets for our other segments (based on arm’s length agreements) as well as assets managed for third parties. Our consolidated AUM includes eliminations of AUM managed by our Investment Management segment that is also reflected in other segments' AUM and adjustments for AUM not reflected in any segments.

AUA represents accumulated assets on contracts pursuant to which we either provide administrative services or product guarantees for assets managed by third parties. These contracts are not insurance contracts and the assets are excluded from the Condensed Consolidated Financial Statements. Fees earned on AUA can be based on the number of participants, asset levels and/or the level of services or product guarantees that are provided.

Sales Statistics

In our discussion of our segment results under "Results of Operations—Segment by Segment," we sometimes refer to sales activity for various products. The term "sales" is used differently for different products, as described more fully below. These sales statistics do not correspond to revenues under GAAP and are used by us as operating measures underlying our financial performance.

Net flows are deposits less redemptions (including benefits and other product charges).

Sales for Individual Life products are based on a calculation of weighted average annual premiums ("WAP"). Sales for Employee Benefits products are based on a calculation of annual premiums, which represents regular premiums on new policies, plus a portion of new single premiums.

Weighted average annual premiums (WAP) is defined as the amount of premium for a policy's first year that is eligible for the highest first year commission rate, plus a varying portion of any premium in excess of this base amount, depending on the product. WAP is a key measure of recent sales performance of our products and is an indicator of the general growth or decline in certain lines of business. WAP is not equal to premium revenue under GAAP. Renewal premiums on existing policies are included in GAAP premium revenue in addition to first year premiums and thus changes in persistency of existing in-force business can potentially offset growth from current year sales.

Total gross premiums and deposits are defined as premium revenue and deposits for policies written and assumed. This measure provides information as to growth and persistency trends related to premium and deposits.

Other Measures

Total annualized in-force premiums are defined as a full year of premium at the rate in effect at the end of the period. This measure provides information as to the growth and persistency trends in premium revenue.

Interest adjusted loss ratios are defined as the ratio of benefits expense to premium revenue exclusive of the discount component in the change in benefit reserve. This measure reports the loss ratio related to mortality on life products and morbidity on health products.

In-force face amount is defined as the total life insurance coverage in effect as of the end of the period presented for business written and assumed. This measure provides information as to changes in policy growth and persistency with respect to death benefit coverage.

In-force policy count is defined as the number of policies written and assumed with coverage in effect as of the end of the period. This measure provides information as to policy growth and persistency.

New business policy count (paid) is defined as the number of policies issued during the period for which initial premiums have been paid by the policyholder. This measure provides information as to policy growth from sales during the period.

Results of Operations - Company Condensed Consolidated

The following table presents summary condensed consolidated financial information for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Revenues:		
Net investment income	$ 1,198.7	$ 1,277.4
Fee income	891.9	889.0
Premiums	471.9	461.6
Net realized capital gains (losses)	(874.8)	(1,249.9)
Other revenue	95.6	89.0
Income (loss) related to consolidated investment entities:		
Net investment income	44.2	34.9
Changes in fair value related to collateralized loan obligations	(8.9)	(16.7)
Total revenues	1,818.6	1,485.3
Benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	1,061.4	1,018.2
Operating expenses	759.1	759.4
Net amortization of deferred policy acquisition costs and value of business acquired	130.5	173.7
Interest expense	44.4	24.3
Operating expenses related to consolidated investment entities:		
Interest expense	36.8	22.2
Other expense	0.7	0.4
Total benefits and expenses	2,032.9	1,998.2
Income (loss) before income taxes	(214.3)	(512.9)
Income tax expense (benefit)	11.2	7.9
Net income (loss)	(225.5)	(520.8)
Less: Net income (loss) attributable to noncontrolling interest	(13.5)	(15.6)
Net income (loss) available to our common shareholder	$ (212.0)	$ (505.2)

The following table presents AUM and AUA as of the dates indicated:

($ in millions)	March 31, 2013	2012
AUM and AUA		
Retirement Solutions:		
Retirement	$318,636.9	$300,928.3
Annuities	26,228.0	27,592.6
Investment Management	243,358.5	229,063.2
Insurance Solutions:		
Individual Life	15,598.8	15,060.9
Employee Benefits	1,753.8	1,739.8
Eliminations/Other	(173,416.4)	(171,611.9)
Total Ongoing Businesses	432,159.6	402,772.9
Closed Blocks:		
Closed Block Variable Annuity	44,546.6	45,133.8
Closed Block Institutional Spread Products	3,945.7	5,242.0
Closed Block Other	558.8	612.4
Total Closed Blocks	49,051.1	50,988.2
Total AUM and AUA	$481,210.7	$453,761.1
AUM	$258,176.1	$237,912.6
AUA	223,034.6	215,848.5
Total AUM and AUA	$481,210.7	$453,761.1

The following table presents the relative contributions of each segment to operating earnings before income taxes for the periods indicated, and a reconciliation of operating earnings before income taxes to income (loss) before income taxes:

($ in millions)	Three Months Ended March 31, 2013	2012
Retirement Solutions:		
Retirement	$137.8	$123.9
Annuities	54.3	36.4
Investment Management	30.1	33.0
Insurance Solutions:		
Individual Life	50.8	55.0
Employee Benefits	12.4	15.6
Total Ongoing Business	285.4	263.9
Corporate	(50.1)	(48.4)
Closed Blocks:		
Closed Block Institutional Spread Products	22.1	22.1
Closed Block Other	(0.7)	2.2
Total Closed Blocks [1]	21.4	24.3
Total operating earnings before income taxes	$256.7	$239.8
Adjustments:		
Closed Block Variable Annuity	(477.1)	(907.7)
Net investment gains (losses) and related charges and adjustments	41.8	60.3
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	3.1	137.4
Loss related to businesses exited through reinsurance or divestment	(16.9)	(12.6)
Income (loss) attributable to noncontrolling interests	(13.5)	(15.6)
Other adjustments to operating earnings	(8.4)	(14.5)
Income (loss) before income taxes	$(214.3)	$(512.9)

[1] Our Closed Block Variable Annuity segment is managed to focus on protecting regulatory and rating capital rather than achieving operating metrics and, therefore, its results of operations are not reflected within operating earnings before income taxes.

The following table presents the relative contributions of each segment to operating revenues for the periods indicated and a reconciliation of operating revenues to Total revenues:

($ in millions)	Three Months Ended March 31, 2013	2012
Retirement Solutions:		
Retirement	$ 583.2	$ 580.4
Annuities	307.6	351.2
Investment Management	131.9	130.6
Insurance Solutions:		
Individual Life	687.1	712.0
Employee Benefits	318.1	313.3
Total Ongoing Business	2,027.9	2,087.5
Corporate	17.1	14.2
Closed Blocks:		
Closed Block Institutional Spread Products	38.3	43.0
Closed Block Other	7.2	10.4
Total Closed Blocks[1]	45.5	53.4
Total operating revenues	$ 2,090.5	$ 2,155.1
Adjustments:		
Closed Block Variable Annuity	(444.0)	(978.8)
Net realized investment gains (losses) and related charges and adjustments	30.4	103.3
Gain (loss) on change in fair value of derivatives related to guaranteed benefits	20.6	125.3
Revenues related to businesses exited through reinsurance or divestment	(12.1)	7.5
Revenues (loss) attributable to noncontrolling interests	40.3	21.3
Other adjustments to operating revenues	92.9	51.6
Total revenues	$ 1,818.6	$ 1,485.3

[1] Our Closed Block Variable Annuity segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics and, therefore, its results of operations are not reflected within operating revenues.

Notable Items

We believe the following table will help investors identify more easily some of the larger causes of changes in our operating earnings before income taxes during the periods discussed. The table highlights notable items that are included in operating earnings before income taxes from the following categories: (1) large gains or losses that are not indicative of performance in the period; (2) significant gains (losses) resulting from transactions to change our capital structure; and (3) items that typically recur but can be volatile from period to period (e.g., DAC/VOBA and other intangibles unlocking). In addition, we included the historic interest expense because interest expense has changed meaningfully over the period given the changes in debt. There may be other items not included in the following table that caused increases (decreases) in operating earnings before taxes for the periods presented. See the descriptions within the “Results of Operations” section for a more comprehensive discussion of the causes of changes in operating earnings before income taxes.

($ in millions)	Three Months Ended March 31, 2013	2012
Interest expense (including interest rate swap settlements)	$ (41.9)	$ (16.7)
DAC/VOBA and other intangibles unlocking	7.3	(20.9)

The following table presents the adjustment to income (loss) before taxes related to total investment gains (losses) and the related net amortization of DAC/VOBA and other intangibles for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Other-than-temporary impairments	$(11.0)	$(6.9)
CMO-B fair value adjustments[1]	(33.2)	(15.7)
Gains (losses) on the sale of securities	20.5	137.8
Other, including changes in the fair value of derivatives	66.1	9.0
Total investment gains (losses)	42.4	124.2
Net amortization of DAC/VOBA and other intangibles on above	12.9	(42.0)
Net investment gains (losses), including Closed Block Variable Annuity	55.3	82.2
Less: Closed Block Variable Annuity net investment gains (losses) and related charges and adjustments	13.5	21.9
Net investment gains (losses)	$41.8	$60.3

[1] For a description of our CMO-B portfolio, see "Investments - CMO-B Portfolio."

The following table presents the adjustment to income (loss) before taxes related to guaranteed benefit hedging gains (losses) net of DAC/VOBA and other intangibles amortization for the periods indicated. This table excludes Closed Block Variable Annuity.

($ in millions)	Three Months Ended March 31, 2013	2012
Gain (loss), excluding nonperformance risk	$16.1	$225.9
Gain (loss) due to nonperformance risk	(4.1)	(100.5)
Net gain (loss) prior to related amortization of DAC/VOBA and sales inducements	12.0	125.4
Net amortization of DAC/VOBA and sales inducements	(8.9)	12.0
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	$3.1	$137.4

Terminology Definitions

Net realized capital gains (losses), net realized investment gains (losses) and related charges and adjustments and net guaranteed benefit hedging losses and related charges and adjustments include changes in the fair value of derivatives. Increases in the fair value of derivative assets or decreases in the fair value of derivative liabilities result in "gains." Decreases in the fair value of derivative assets or increases in the fair value of derivative liabilities result in "losses."

In addition, we have certain products that contain guarantees that are embedded derivatives related to guaranteed benefits, while other products contain such guarantees that are considered derivatives (collectively "guaranteed benefit derivatives").

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Net Income (Loss)

Net investment income decreased $78.7 million from $1,277.4 million to $1,198.7 million, primarily due to lower investment income resulting from investment portfolio changes during 2012 to improve capital, such as the sale of CMO-B and alternative investment portfolio assets, as well as a decline in average assets in our Closed Block Institutional Spread Products and Annuities segments. The decline in the assets of the Closed Block Institutional Spread Products is due to the continued run-off of this business. The decline in the assets of the Annuities segment is due to certain Multi Year Guarantee Annuities ("MYGAs"), mostly sold in 2002, which reached the end of their guarantee period in 2012. Most of these MYGAs had high crediting rates and the supporting assets generated returns below the targets set when the contracts were issued, which negatively impacted returns in our Annuities segment. During the year ended December 31, 2012, approximately $3.0 billion of the MYGAs reached the end of their current guarantee period, and approximately 66% of those policies up for renewal lapsed. The high lapse rate was expected as renewal crediting rates offered were lower than the credited rates during the initial term. While the continued run-off of these MYGA contracts has enhanced and will continue to enhance the margin of our Annuities segment, the impact was most significant during 2012, when a large number of the policies reached the end of their guarantee period.

Fee income increased $2.9 million from $889.0 million to $891.9 million, primarily due to increases in fees in our Retirement and Annuity segments due to higher separate account and institutional/mutual fund AUM, offset by lower net contractual charges in our Individual Life segment as a result of lower secondary guarantee product sales.

Premiums increased $10.3 million from $461.6 million to $471.9 million, primarily due to higher renewal premiums resulting from growth in in-force of our Insurance Solutions business.

Net realized capital losses decreased $375.1 million from $(1,249.9) million to $(874.8) million, primarily due to changes in fair value of guaranteed benefit derivatives due to nonperformance risk, changes in fair value of derivatives from the Closed Block Variable Annuity segment liability hedges, and lower losses on the CHO program, offset by lower gains on guaranteed benefit derivatives, excluding nonperformance risk and lower net realized investment gains.

Changes in the fair value of guaranteed benefit derivatives in our Retirement, Annuities and Closed Block Variable Annuity segments due to nonperformance risk resulted in a decrease in net realized capital losses of $561.2 million. The changes in derivative gains (losses) from the Closed Block Variable Annuity guarantee hedge program reduced the loss by $439.6 million, due to losses in the current period that were not as significant as losses in the prior year period as a result of lower equity market growth as well as interest rate movements. In addition, lower losses of $128.9 million on the CHO program resulted from lower equity market growth and lower notional amounts for hedging the associated underlying risk in the current period compared to the prior year period. The hedge program in the Closed Block Variable Annuity segment focuses on protecting regulatory and rating agency capital from equity market movements rather than mitigating earnings volatility.

The lower losses in the current period are partially offset by $693.7 million in lower gains from changes in fair value of guaranteed benefit derivatives, excluding nonperformance risk within our Retirement, Annuities and Closed Block Variable Annuity segments. Gains on guaranteed benefit derivatives, excluding nonperformance risk in our Retirement Solutions business were higher in the prior year period due to a reduction in expected future guaranteed interest rates on certain Stabilizer contracts. Lower gains in our Closed Block Variable Annuity segment were driven by lower equity market growth, interest rate movements and unfavorable changes in volatility in the current period compared to the prior year period. In addition, lower net realized investment gains were mostly due to a $117.3 million reduction in gains on the sale of securities compared to the prior year period, offset by higher derivative mark to market adjustments.

Other revenue increased $6.6 million from $89.0 million to $95.6 million due to changes in contractual amounts paid to/from retirement plan customers upon surrender and an increase in service fees earned by our Investment Management segment. Partially offsetting these increases were lower surrender fees on the Closed Block Variable Annuity segment as that business declined.

Interest credited and other benefits to contract owners/policyholders increased $43.2 million from $1,018.2 million to $1,061.4 million, primarily due to an increase in guaranteed benefit reserves in our Closed Block Variable Annuity segment driven by less favorable fund returns in the current period compared to the prior year period. An increase in reserves in our Insurance Solutions business also contributed to the increase, primarily due to higher business volumes and higher loss ratios in group life, partially offset by lower volumes in group stop loss. These increases were partially offset by a decrease in interest credited in our Retirement Solutions business due to declining reserves for MYGAs as well as lower crediting rates across several product lines, declining contract owner account balances for the Closed Block Institutional Spread Products segment, and favorable development in our Incurred But Not Reported ("IBNR") reserves in our Insurance Solutions business.

Net amortization of DAC/VOBA decreased $43.2 million from $173.7 million to $130.5 million. The decrease is primarily driven by a decrease in amortization in our Retirement segment due to lower realized gains in the current period compared to the prior period. The Annuities segment also contributed to the favorable decline, primarily driven by unfavorable unlocking in the prior period due to a decrease in projected investment margins on the MYGA block.

Loss before income taxes decreased $298.6 million from $512.9 million to $214.3 million, driven primarily by changes in the fair value of guaranteed benefit derivatives due to nonperformance risk and lower losses on the CHO program. Improved results from the Annuities segment also contributed to the favorable change, driven by unfavorable DAC/VOBA and other intangibles unlocking in the prior year period, as well as lower interest credited costs from lapses of MYGAs and improved margins on MYGA renewals. These improvements were offset by lower gains on guaranteed benefit derivatives, excluding nonperformance risk in our Retirement Solutions business, an increase in net losses related to the incurred guaranteed benefits and guarantee hedge program, excluding nonperformance risk in our Closed Block Variable Annuity segment, and lower net realized investment gains.

Income tax expense (benefit) increased $3.3 million from $7.9 million to $11.2 million . We anticipate a low effective tax rate as the tax expense (benefit) on most of our net income (loss) before income taxes should be offset by increases/decreases in valuation allowances. We anticipate a tax expense (benefit) on tax-based capital gains (losses).

Operating Earnings (Loss) before Income Taxes

Operating earnings before income taxes increased $16.9 million from $239.8 million to $256.7 million, primarily due to improved performance in our Retirement Solutions businesses. Higher operating earnings for the Retirement segment was driven by higher fee income and net investment income due to an increase in AUM, along with decreases in operating expenses and interest credited. The Annuities segment also contributed to the improved operating result, driven primarily by unfavorable DAC/VOBA and other intangibles unlocking in the prior period, as well as lower interest credited costs from lapses of MYGAs and improved margins on MYGA renewals.

Adjustments from Income (Loss) before Income Taxes to Operating Earnings (Loss) before Income Taxes

Closed Block Variable Annuity is discussed in "-Results of Operations-Segment by Segment-Closed Block Variable Annuity."

Net investment gains decreased $18.5 million from $60.3 million to $41.8 million, primarily driven by lower gains on the sale of securities and higher losses on fair value adjustments on our CMO-B portfolio, partially offset by higher derivative mark to market adjustments.

Net guaranteed benefit hedging gains and related charges and adjustments decreased by $134.3 million from $137.4 million to $3.1 million. The decrease was driven primarily by lower gains on guaranteed benefit derivatives, excluding nonperformance risk due to a reduction in expected future guaranteed interest rates on certain Stabilizer contracts occurring in the prior year period that did not repeat. This was partially offset by changes in the fair value of guaranteed benefit derivatives related to nonperformance risk.

Losses related to businesses exited through reinsurance or divestment increased $4.3 million from $(12.6) million to $(16.9) million primarily due to higher liquidity associated with the business transferred from us to Hannover Re.

Results of Operations - Ongoing Business

We consider the Retirement, Annuities, Investment Management, Individual Life, and Employee Benefits segments as our ongoing businesses. The following table presents operating earnings before income taxes of our ongoing businesses for the periods indicated:

	Three Months Ended March 31,	
($ in millions)	2013	2012
Operating earnings before income taxes	$ 285.4	$ 263.9

The following table presents certain notable items that resulted in volatility in operating earnings before income taxes for the periods indicated:

	Three Months Ended March 31,	
($ in millions)	2013	2012
DAC/VOBA and other intangibles unlocking	$ 7.3	$ (20.9)

Ongoing Business - Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Operating earnings before income taxes increased $21.5 million from $263.9 million to $285.4 million primarily due to improved performance in our Retirement Solutions businesses. Higher operating earnings for the Retirement segment was driven by higher fee income and net investment income due to an increase in AUM, along with decreases in operating expenses and interest credited. The Annuities segment also contributed to the improved operating result, driven primarily by unfavorable DAC/VOBA and other intangibles unlocking in the prior year period, as well as lower interest credited costs from lapses of MYGAs and improved margins on MYGA renewals.

Results of Operations - Segment by Segment

Retirement Solutions - Retirement

The following table presents operating earnings before income taxes of our Retirement segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Operating revenues:		
Net investment income and net realized gains (losses)	$ 388.9	$ 388.1
Fee income	183.8	177.1
Premiums	0.5	0.5
Other revenue	10.0	14.7
Total operating revenues	583.2	580.4
Operating benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	204.6	208.4
Operating expenses	204.0	213.9
Net amortization of DAC/VOBA	36.8	33.8
Interest expense	—	0.4
Total operating benefits and expenses	445.4	456.5
Operating earnings before income taxes	$ 137.8	$ 123.9

The following table presents certain notable items that resulted in the volatility in operating earnings before income taxes for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
DAC/VOBA and other intangibles unlocking	$ 3.0	$ 3.8

The following tables present AUM and AUA for our Retirement segment as of the dates indicated:

($ in millions)	March 31, 2013	2012
Corporate market	$ 35,441.2	$ 31,680.7
Tax exempt market	49,269.4	45,304.0
Total full service plans	84,710.6	76,984.7
Stable value[1]	8,279.7	5,838.4
Individual market	2,612.0	2,256.7
Total AUM	95,602.3	85,079.8
AUA	223,034.6	215,848.5
Total AUM and AUA	$ 318,636.9	$ 300,928.3

[1] Consists of assets where we are the investment manager.

($ in millions)	March 31, 2013	2012
General Account	$ 27,387.8	$ 25,784.5
Separate Account	52,516.8	47,053.1
Mutual Fund/Institutional Funds	15,697.7	12,242.2
AUA	223,034.6	215,848.5
Total AUM and AUA	$ 318,636.9	$ 300,928.3

The following table presents a rollforward of AUM for our Retirement segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Balance as of beginning of period	$ 90,471.2	$ 79,477.7
Deposits	3,730.9	3,142.1
Surrenders, benefits and product charges	(2,311.5)	(2,522.5)
Net flows	1,419.4	619.6
Interest credited and investment performance	3,711.7	4,982.5
Balance as of end of period	$ 95,602.3	$ 85,079.8

Retirement - Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Operating revenues

Net investment income and net realized gains (losses) increased $0.8 million from $388.1 million to $388.9 million primarily due to growth of general account assets. General account assets increased from $25.8 billion to $27.4 billion as of March 31, 2013 compared to March 31, 2012. The uncertainty in the equity market resulted in participants transferring funds from variable investment options into the fixed investment option during 2012, which contributed to an increase in average general account assets. The increase was mostly offset by lower investment income as a result of portfolio restructuring in the second and third quarters of 2012 and lower reinvestment rates.

Fee income increased $6.7 million from $177.1 million to $183.8 million primarily due to increases in full service retirement plan fees and change order fees for the recordkeeping business. The increase in fees related to the full service retirement plans was driven by net increases in separate account and institutional/mutual fund AUM. These increases were partially offset by a decrease in other recordkeeping fees primarily due to terminated contracts.

Other revenue decreased $4.7 million from $14.7 million to $10.0 million primarily due to a change in contractual amounts paid to/from retirement plan sponsors upon surrender.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased $3.8 million from $208.4 million to $204.6 million primarily due to a decrease in average credited rates on general account liabilities, due to actions taken in 2012 and in January of 2013 to reflect the continuing low interest rate environment. This decrease was offset by an increase in general account liabilities, which correspond to the increase in general account assets as described above.

Operating expenses decreased $9.9 million from $213.9 million to $204.0 million primarily driven by lower variable compensation expense as well as lower operating expenses for the recordkeeping business.

Net amortization of DAC/VOBA increased $3.0 million from $33.8 million to $36.8 million primarily as a result of higher amortization due to higher gross profits in the current period.

Operating earnings before income taxes was higher for the current period compared to the same period in the prior year. Decreases in operating expenses and interest credited and other benefits to contract owners/policyholders, along with higher fee income and net investment income due to an increase in AUM, contributed to the improved results.

Retirement Solutions-Annuities

The following table presents operating earnings before income taxes of the Annuities segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Operating revenues:		
Net investment income and net realized gains (losses)	$ 287.1	$ 329.0
Fee income	9.9	7.4
Premiums	7.8	11.8
Other revenue	2.8	3.0
Total operating revenues	307.6	351.2
Operating benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	184.4	241.9
Operating expenses	31.0	31.2
Net amortization of DAC/VOBA	37.9	41.6
Interest expense	—	0.1
Total operating benefits and expenses	253.3	314.8
Operating earnings before income taxes	$ 54.3	$ 36.4

The following table presents certain notable items that resulted in volatility in operating earnings before income taxes for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
DAC/VOBA and other intangibles unlocking	$ 7.0	$ (20.3)

The following table presents AUM for our Annuities segment as of the dates indicated:

($ in millions)	March 31, 2013	2012
AUM:		
General account	$ 22,772.4	$ 24,770.2
Separate account	780.1	795.5
Mutual funds	2,675.5	2,026.9
Total AUM	$ 26,228.0	$ 27,592.6

The following table presents a rollforward of AUM for our Annuities segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Balance at beginning of period	$ 26,101.0	$ 27,690.2
Deposits	554.8	596.1
Surrenders, benefits and product charges	(775.1)	(1,107.7)
Net flows	(220.3)	(511.6)
Interest credited and investment performance	347.3	414.0
Balance as of end of period	$ 26,228.0	$ 27,592.6

Annuities - Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Operating revenues

Net investment income and net realized gains (losses) decreased $41.9 million from $329.0 million to $287.1 million primarily due to lower general account assets and lower investment income on CMO-B and alternative investment portfolios. General account assets decreased as a result of MYGAs lapsing at the end of their initial terms, largely due to crediting rates that were lower than the crediting rates during their initial term. In addition, investment income on CMO-B and alternative investment portfolios was lower due to market conditions and portfolio restructuring in 2012.

Fee income increased $2.5 million from $7.4 million to $9.9 million due to growth in assets of mutual fund custodial products which are sold by the annuity distribution force as an alternative retirement product. Assets of mutual fund custodial products increased from $2.0 billion as of March 31, 2012 to $2.7 billion as of March 31, 2013, or growth of 35%, due to positive net flows and improved market performance.

Premiums decreased $4.0 million from $11.8 million to $7.8 million due to lower sales of immediate annuities with life contingencies.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased $57.5 million from $241.9 million to $184.4 million. The decrease was primarily due to lapses of MYGAs in 2012, which resulted in a decrease to average account values as well as lower crediting rates on MYGA renewals. Lower option costs of FIAs also contributed to the decrease in addition to lower amortization of sales inducements and favorable mortality on annuities with life contingencies.

Net amortization of DAC/VOBA decreased $3.7 million from $41.6 million to $37.9 million primarily due to changes in unlocking of DAC/VOBA that were partially offset by higher amortization of DAC/VOBA. Unlocking was favorable in the current period compared to unfavorable unlocking in the prior year period, which was primarily due to a decrease in the projected margins on the MYGA policies in 2012. Excluding unlocking, the increase in DAC/VOBA amortization was due to higher gross profits in the current period and an increase in the amortization rate.

Operating earnings before income taxes

Operating earnings before taxes increased $17.9 million from $36.4 million to $54.3 million primarily driven by unfavorable DAC/VOBA and other intangibles unlocking in the prior year period, lower interest credited and other benefits to contract owners/policyholders, partially offset by a decline in net investment income.

Investment Management

The following table presents operating earnings before income taxes of our Investment Management segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Operating revenues:		
Net investment income and net realized gains (losses)	$ 2.8	$ 5.4
Fee income	121.7	117.9
Other revenue	7.4	7.3
Total operating revenues	131.9	130.6

Operating benefits and expenses:		
Operating expenses	101.8	97.6
Total operating benefits and expenses	101.8	97.6
Operating earnings before income taxes	$ 30.1	$ 33.0

Our Investment Management operating segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

($ in millions)	Three Months Ended March 31, 2013	2012
Investment Management intersegment revenues	$39.3	$40.1

The following tables present AUM and AUA for our Investment Management segment as of the dates indicated:

($ in millions)	March 31, 2013	2012
AUM:		
Institutional/retail		
Investment Management sourced	$58,002.1	$49,754.9
Affiliate sourced[(1)]	49,658.0	44,050.0
General account	79,965.9	77,121.7
Total AUM	187,626.0	170,926.6
AUA:		
Affiliate sourced[(2)]	55,732.5	58,136.6
Total AUM and AUA	$243,358.5	$229,063.2

[(1)] Affiliate sourced AUM includes assets sourced by other segments and also reported as AUM by such other segments.
[(2)] Affiliate sourced AUA includes assets sourced by other segments and also reported as AUA or AUM by such other segments.

The following table presents net flows for our Investment Management segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Net Flows		
Investment Management sourced	$2,630.7	$(186.0)
Affiliate sourced	546.8	3,844.9
Total	$3,177.5	$3,658.9

Investment Management - Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Operating revenues

Net investment income and net realized gains (losses) decreased $2.6 million from $5.4 million to $2.8 million primarily due to lower alternative investment income partially due to valuation adjustments.

Fee income increased $3.8 million from $117.9 million to $121.7 million primarily due to an increase in AUM resulting in higher management and administrative fees earned.

Operating benefits and expenses

Operating expenses increased $4.2 million from $97.6 million to $101.8 million primarily as a result of higher variable compensation costs.

Operating earnings before income taxes

The overall decrease in operating earnings of $2.9 million was primarily driven by higher variable compensation costs and lower net investment income, which were partially offset by an increase in fee income.

Insurance Solutions - Individual Life

The following table presents operating earnings before income taxes of our Individual Life segment for the periods indicated:

($ in millions)	Three Months Ended March 31, 2013	2012
Operating revenues:		
Net investment income and net realized gains (losses)	$ 216.9	$ 247.0
Fee income	276.8	283.3
Premiums	185.8	179.4
Other revenue	7.6	2.3
Total operating revenues	687.1	712.0
Operating benefits and expenses:		
Interest credited and other benefits to contract owners/policyholders	501.6	504.8
Operating expenses	90.9	97.0
Net amortization of DAC/VOBA	42.9	50.6
Interest expense	0.9	4.6
Total operating benefits and expenses	636.3	