

ING U.S., Inc.
Form 424B3
November 20, 2013
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**Filed Pursuant to Rule 424(b)(3)
Registration Nos. 333-191709
333-191709-01**

Prospectus

Offer to Exchange

up to \$400,000,000 principal amount of our 5.7% Senior Notes due 2043 registered under the Securities Act of 1933, for any and all outstanding unregistered 5.7% Senior Notes due 2043

We are offering to exchange up to \$400,000,000 aggregate principal amount of our new 5.7% Senior Notes due 2043 (the *new notes*) for an equivalent amount of our outstanding, unregistered 5.7% Senior Notes due 2043 (the *old notes*). We refer to the old notes and the new notes together as the *notes*. The new notes will be identical in all material respects to the old notes, except that the new notes will be registered under the Securities Act of 1933, as amended (the *Securities Act*), and except for certain differences relating to transfer restrictions, registration rights and payment of additional interest in case of non-registration. **The exchange offer will expire at 5:00 p.m., New York City time, on December 19, 2013, subject to our right to extend the expiration date.** You must tender your old notes by the deadline to obtain new notes.

The new notes will be unsecured senior obligations of ING U.S., Inc. and rank equally with all of its other existing and future unsubordinated indebtedness. The new notes will be guaranteed on a senior unsecured basis by Lion Connecticut Holdings Inc. (*Lion Holdings*), a subsidiary of ING U.S., Inc. ING Groep N.V. (*ING Group*) will not have any obligations with respect to the notes.

We agreed with the initial purchasers of the old notes to make this exchange offer and to register the issuance of the new notes after the initial sale of the old notes. This exchange offer applies to any and all old notes tendered by the expiration date of the exchange offer.

There is no established trading market for the new notes, and ING U.S., Inc. does not intend to apply for listing of the new notes on any securities exchange.

See Risk Factors beginning on page 24 for a discussion of matters that participants in the exchange offer should consider in connection with this exchange offer and an investment in the new notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2013.

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Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such new notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. ING U.S., Inc. and Lion Holdings have agreed that for a period of 180 days starting on the last date for acceptance for exchange of the old notes for new notes, they will maintain the effectiveness of the registration statement of which this prospectus is a part for use by broker-dealers in connection with any such resale. See Plan of Distribution.

None of ING U.S., Inc. or Lion Holdings have authorized any person to give you any information or to make any representations other than those contained in this prospectus. If you are given any information or representations that are not discussed in this prospectus, you must not rely on that information or those representations. This prospectus is not an offer to sell or a solicitation of an offer to buy any securities other than the securities to which it relates. In addition, this prospectus is not an offer to sell or the solicitation of an offer to buy those securities in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make an offer or solicitation. The delivery of this prospectus and any exchange made under this prospectus do not, under any circumstances, mean that there has not been any change in the affairs of ING U.S., Inc. since the date of this prospectus or that information contained in this prospectus is correct as of any time subsequent to its date.

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In connection with the exchange offer, we have filed with the U.S. Securities and Exchange Commission, or the SEC, a registration statement on Form S-4, under the Securities Act of 1933, relating to the new notes to be issued in the exchange offer. As permitted by SEC rules, this prospectus omits information included in the registration statement. For a more complete understanding of the exchange offer, you should refer to the registration statement, including its exhibits.

The public may read and copy any reports or other information that we file with the SEC. Such filings are available to the public over the Internet at the SEC's website at <http://www.sec.gov>. The SEC's website is included in this prospectus as an inactive textual reference only. You may also read and copy any document that we file with the SEC at its public reference room at Room 1580, 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. You may also obtain a copy of the registration statement relating to the exchange offer and other information that we file with the SEC at no cost by calling us or writing to us at the following address:

ING U.S., Inc.

Attn: Head of Investor Relations

230 Park Avenue

New York, New York 10169

(212) 309-8200

You will not be charged for any of the documents that you request.

In order to ensure timely delivery of the requested documents, requests should be made no later than December 12, 2013, which is five business days before the date this exchange offer expires. In the event that we extend the exchange offer, we urge you to submit your request at least five business days before the expiration date, as extended.

Certain Terms Used in This Prospectus

In this prospectus, the terms the Company, we, us and our refer to ING U.S., Inc., together with its direct and indirect subsidiaries, unless otherwise specified or the context otherwise requires.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as anticipate, believe, estimate, expect, intend, plan, and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels, (v) persistency and lapse levels, (vi) interest rates, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations and (x) changes in the policies of governments and/or regulatory authorities. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under Risk Factors, Management's Discussion and Analysis of Results of Operations and Financial Condition Trends and Uncertainties and Business Closed Blocks CBVA.

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MARKET DATA

In this prospectus, we present certain market and industry data and statistics. This information is based on third-party sources which we believe to be reliable. Market ranking information is generally based on industry surveys and therefore the reported rankings reflect the rankings only of those companies who voluntarily participate in these surveys. Accordingly, our market ranking among all competitors may be lower than the market ranking set forth in such surveys. In some cases, we have supplemented these third-party survey rankings with our own information, such as where we believe we know the market ranking of particular companies who do not participate in the surveys.

In this prospectus, the term *customers* refers to retirement plan sponsors, retirement plan participants, institutional investment clients, retail investors, corporations or professional groups offering employee benefits solutions, insurance policyholders, annuity contract holders, individuals with contractual relationships with financial advisors and holders of Individual Retirement Accounts (*IRAs*) or other individual retirement, investment or insurance products sold by us.

Market data sources used with respect to our various segments include:

Retirement

Our Retirement segment sources our market segment leadership positions within the retirement industry from market surveys conducted by LIMRA, an insurance and financial services industry organization, and industry-recognized publications such as *Pensions & Investments*, *PlanSponsor Magazine* and *InvestmentNews.com*. Retirement tracks market segment leadership positions by assets under management (*AUM*) or assets under administration (*AUA*), number of defined contribution plans, number of defined contribution plan participants and sales (takeover assets and contributions).

Annuities

Our Annuities segment sources our market segment leadership positions within the annuities industry primarily from LIMRA market surveys. Annuities tracks market segment leadership positions by assets under management.

Investment Management

Our Investment Management segment sources our market segment leadership positions within the investment management industry from *Morningstar* fund data and industry-recognized publications such as *Cogent Research* and *Pension & Investments*. Investment Management tracks market segment leadership positions by AUM; percentage of mutual funds that exceed their Morningstar category average (asset weighted, five-year basis); percentage of mutual funds that have lower volatility than their Morningstar competitor average (asset weighted, five-year basis); and survey ranking on loyalty, favorable impression and nine brand attributes by clients (plan sponsors) among defined contribution investment managers.

Individual Life

Our Individual Life segment sources our market segment leadership positions within the individual life insurance industry primarily from LIMRA market surveys. Individual Life tracks market segment leadership positions by premiums sold.

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Employee Benefits

Our Employee Benefits segment sources our market segment leadership positions within the employee benefits industry from LIMRA market surveys and *MyHealthguide* newsletter rankings. Stop loss market rankings are derived from *MyHealthguide*, which does not include most managed healthcare providers in their market positions survey. The *MyHealthguide* survey is a recurring publication that compiles a ranking of medical stop loss providers and their most recently sourced annual premium data. Employee Benefits tracks market segment leadership positions by new premiums and in-force premiums.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that is important to you. Before participating in the exchange offer, you should carefully read this entire prospectus, including our Consolidated Financial Statements and the related notes thereto and the information set forth under the sections Risk Factors and Management's Discussion and Analysis of Results of Operations and Financial Condition, in each case included in this prospectus. Unless the context otherwise requires, we use in this prospectus the term ING U.S., Inc. to refer to ING U.S., Inc., and we use the terms Company, we, us and our to refer to ING U.S., Inc. together with its consolidated subsidiaries.

Our Company

We are a premier retirement, investment and insurance company serving the financial needs of approximately 13 million individual and institutional customers in the United States as of June 30, 2013. Our vision is to be America's Retirement Company. Our approximately 7,000 employees (as of June 30, 2013) are focused on executing our mission to make a secure financial future possible one person, one family and one institution at a time. Through our retirement, investment management and insurance businesses, we help our customers save, grow, protect and enjoy their wealth to and through retirement. We offer our products and services through a broad group of financial intermediaries, independent producers, affiliated advisors and dedicated sales specialists throughout the United States.

Our extensive scale and breadth of product offerings are designed to help Americans achieve their retirement savings, investment income and protection goals. Our strategy is centered on preparing customers for Retirement Readiness being emotionally and economically secure and ready for their retirement. We believe that the rapid aging of the U.S. population, weakening of traditional social safety nets, shifting of responsibility for retirement planning from institutions to individuals and growth in total retirement account assets will drive significant demand for our products and services going forward. We believe that we are well positioned to deliver on this Retirement Readiness need.

We believe that we help our customers achieve four essential financial goals, as they prepare for, enter and enjoy their retirement years.

Save. Our products enable our customers to save for retirement by establishing investment accounts through their employers or individually.

Grow. We provide advisory programs, Individual Retirement Accounts (IRAs), fixed annuities, brokerage accounts, mutual funds and accumulation insurance products to help our customers achieve their financial objectives.

Protect. Our specialized retirement and insurance products, such as universal life (UL), indexed universal life (IUL), term life and stable value products, allow our customers to protect against unforeseen life events and mitigate market risk.

Enjoy. Our income products such as target date funds, guaranteed income funds, fixed annuities, IRAs, mutual funds and accumulation insurance products enable our customers to meet income needs through retirement and achieve wealth transfer objectives.

We tailor our products to meet the unique needs of our individual and institutional customers. Our individual businesses are primarily focused on the middle and mass affluent markets; however we serve customers across the full income spectrum, especially in our Institutional Retirement Plans business, Retail and Alternative Fund businesses, and Employee Benefits segment. Similarly, our institutional businesses serve a broad range of customers, with customized offerings to the small-mid, large and mega market segments.

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We believe that with our leading market positions, investment expertise, and distribution reach we are well positioned to generate attractive risk-adjusted returns and earnings growth for our shareholders over time.

We operate our principal businesses through three business lines: Retirement Solutions, Investment Management and Insurance Solutions. We refer to these business lines as our ongoing business. In addition, we also have Closed Blocks and Corporate reporting segments. Closed Blocks consists of three businesses where we have placed our portfolios in run-off: Closed Block Variable Annuity, or CBVA, Closed Block Institutional Spread Products and Closed Block Other. Our Corporate segment includes our corporate activities and corporate-level assets and financial obligations.

The following chart presents the key products we offer across each of our businesses.

Retirement Solutions. We are a leading provider of retirement services and products in the United States, with \$126.8 billion of assets under management (AUM) and \$227.8 billion of assets under administration (AUA) as of September 30, 2013. We provide an extensive product range addressing both the accumulation and income distribution needs of customers, through a broad distribution footprint of over 2,400 affiliated representatives and thousands of non-affiliated agents and third party administrators (TPAs) as of June 30, 2013. Our Retirement Solutions business comprises two financial reporting segments: Retirement and Annuities.

Retirement provides tax-deferred, employer-sponsored retirement savings plans and administrative services to nearly 48,000 plan sponsors covering more than 5 million plan participants in corporate, education, healthcare and government markets as of December 31, 2012. Retirement also provides rollover IRAs, and other retail financial products as well as comprehensive financial advisory services to individual customers. We serve a broad spectrum of employers ranging from small companies to the very largest of corporations and government entities. As of the latest Pensions and Investments survey published in March 2013, we rank second in the U.S. defined contribution plan market by number of record kept plan sponsors, third by number of plan participants served, and fifth by assets under management and administration as of September 30, 2012. Retirement had \$328.3 billion of AUM and AUA as of September 30, 2013, of which \$88.9 billion was full service business, \$236.5 billion was recordkeeping and stable value business and \$2.9 billion was Individual Markets business.

Annuities 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, and had \$26.4 billion of AUM as of September 30, 2013.

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Investment Management. We are a prominent full-service asset manager with \$195.7 billion of AUM and \$55.8 billion of AUA as of September 30, 2013, delivering client-oriented investment solutions and advisory services. We serve both individual and institutional customers, offering them domestic and international fixed income, equity, multi-asset and alternative investment products and solutions across a range of geographies, investment styles and capitalization spectrums.

Insurance Solutions. We are one of the top providers of life insurance in the United States. In our focus individual products, term and universal life, we ranked tenth and twenty-fourth, respectively, based on premiums sold as of March 31, 2013, reflecting our re-positioning of the business with a focus on less capital-intensive products. We were also the sixth ranked provider of medical stop loss coverage in the United States based on annual premiums as reported by *MyHealthguide* on June 3, 2013. Our Insurance Solutions business comprises two financial reporting segments: Individual Life and Employee Benefits.

Individual Life provides wealth protection and transfer opportunities through universal, variable, whole life and term life products, distributed through independent channels to meet the needs of a broad range of customers from the middle-market through affluent market segments. As of June 30, 2013, the Individual Life distribution model is supported by independent life sales agents (over 2,200 independent general agents with access to over 95,000 producers), strategic distribution (over 30 independent managing directors supporting approximately 7,000 additional producers) and specialty markets (86 general agents with access to over 7,000 producers).

Employee Benefits provides stop loss, group life, voluntary employee-paid and disability products to mid-sized and large businesses. As of June 30, 2013, the Company has 56 employee benefits sales representatives, across 19 sales offices, with average industry experience of 17 years. Approximately 57.9%, 26.0% and 8.0% of Employee Benefit sales were attributed to stop loss, life and voluntary products, respectively, for the six months ended June 30, 2013.

Closed Blocks. We separated our CBVA and Closed Block Institutional Spread Products segments from our other operations and made a strategic decision to stop actively writing new retail variable annuity products with substantial guarantee features and to run-off the institutional spread products portfolio over time. Accordingly, these segments have been classified as closed blocks and are managed separately from our ongoing business.

CBVA. In 2009, we decided to cease sales of retail variable annuity products with substantial guarantee features (the last policies were issued in early 2010) and placed this portfolio in run-off. Subsequently, we refined our hedge program to seek to dynamically protect regulatory and rating agency capital of the variable annuities block for adverse equity market movements. In addition, since 2010, we have increased statutory reserves considerably, added significant interest rate risk protection and have more closely aligned our policyholder behavior assumptions with experience. Our focus in managing our CBVA segment is on protecting regulatory and rating agency capital from equity market movements via hedging and judiciously looking for opportunities to accelerate the run-off of the block, where possible. We believe that our hedge program combined with our statutory reserves of \$5.6 billion as of June 30, 2013, related to the variable annuity block, provides adequate resources to fund a wide range of, but not all, possible market scenarios as well as a margin for adverse policyholder behavior.

Closed Block Institutional Spread Products. In 2009, we also placed the institutional spread products portfolio in run-off. As of June 30, 2013, remaining assets in the institutional spread products portfolio had an amortized cost of \$3.7 billion, down from a peak of \$14.3 billion in 2008.

As of December 31, 2012, we had total shareholder's equity, excluding accumulated other comprehensive income/(loss) (AOCI) and noncontrolling interests, of \$10.2 billion. As of September 30, 2013, we had \$494.1 billion in total AUM and AUA and total shareholders equity, excluding AOCI and noncontrolling interests, of \$10.8 billion. In 2012, we generated \$606.0 million of income before income taxes, \$473.0 million of net income available to ING U.S., Inc.'s common shareholders and \$918.3 million of operating earnings

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before income taxes. In the nine months ended September 30, 2013, we generated \$130.5 million of income (loss) before income taxes, \$52.4 million of net income (loss) available to ING U.S., Inc.'s common shareholders and \$963.7 million of operating earnings before income taxes. Operating earnings before income taxes is not a financial measure recognized under U.S. generally accepted accounting principles (GAAP). For a reconciliation of operating earnings before income taxes to income (loss) before income taxes, see Management's Discussion and Analysis of Results of Operations and Financial Condition Results of Operations Company Consolidated.

The following table presents the relative contributions of each of our reporting segments to our AUM and AUA as of September 30, 2013, and to total operating earnings before income taxes for the year ended December 31, 2012 and the nine months ended September 30, 2013. See Management's Discussion and Analysis of Results of Operations and Financial Condition Results of Operations Company Consolidated for a reconciliation of operating earnings before income taxes to Income (loss) before income taxes.

Business Line and Segments	AUM and AUA (As of September 30, 2013) \$ in millions	Total Operating Earnings Before Income Taxes (Nine Months Ended September 30, 2013) \$ in millions %		Total Operating Earnings Before Income Taxes (Year Ended December 31, 2012) \$ in millions %	
		\$ in millions	%	\$ in millions	%
Retirement Solutions:					
Retirement	\$ 328,259	\$ 457.2	47.4%	\$ 448.6	48.9%
Annuities	26,379	210.6	21.9	102.2	11.1
Investment Management	251,549	125.2	13.0	134.5	14.6
Insurance Solutions:					
Individual Life	15,848	207.8	21.6	196.2	21.4
Employee Benefits	1,769	75.6	7.8	109.4	11.9
Eliminations	(178,016)				
Total Ongoing Business	\$ 445,788	\$ 1,076.4	111.7%	\$ 990.9	107.9%
Corporate		(166.6)	(17.3)	(182.3)	(19.9)
Closed Blocks ⁽¹⁾	48,317	53.9	5.6	109.7 ⁽¹⁾	11.9
Total ING U.S.	\$ 494,105	\$ 963.7	100.0%	\$ 918.3	100.0%

⁽¹⁾ Our CBVA 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 earnings before income taxes.

Recent Events

Our Initial Public Offering. On May 1, 2013, we priced an initial public offering, or IPO, of our common stock. The IPO consisted of a primary component, in which we raised \$600 million of gross proceeds through the sale of newly issued shares of common stock, and a secondary component, in which ING Insurance International B.V. sold existing shares of our common stock. On May 2, 2013, our common stock began trading on the New York Stock Exchange under the symbol VOYA, reflecting our plan to rebrand from ING U.S. to Voya Financial over time. Prior to the IPO, we were a wholly owned subsidiary of ING Group. After completion of the IPO, and the exercise by the underwriters in the IPO of an option to purchase additional shares of our common stock, ING Group's ownership interest was reduced to approximately 71%. On October 29, 2013, ING Group completed the further sale of additional existing shares of our common stock, reducing its ownership interest in us to approximately 57% as of that date. ING Group is required, under the terms of a restructuring plan approved by the European Commission (the EC), to divest at least 25% of its ownership interest in us by the end of 2013 (a requirement satisfied by the completion of our IPO), more than 50% of its ownership interest in us by the end of 2014, and 100% of its ownership interest in us by the end of 2016.

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We have historically operated with a capital structure that reflected our status as a wholly owned subsidiary of ING Group, and have not historically relied on direct access to the capital markets to meet our financing needs. In order to prepare for our IPO, and for operation as a standalone public company, we have undertaken a number of recapitalization initiatives to more closely align our capital structure both at the ING U.S., Inc. holding company level and on a consolidated basis with other U.S. public companies. The receipt of \$600 million of gross proceeds in the primary portion of the IPO, as well as the reset to zero and receipt of \$1,434 million in extraordinary distributions from certain of our insurance operating companies described below, represented significant milestones in our recapitalization plan.

Receipt of Extraordinary Distributions. On May 8, 2013, our principal insurance subsidiaries paid extraordinary distributions to ING U.S., Inc. or Lion Connecticut Holdings Inc. (Lion Holdings) in the aggregate amount of \$1,434 million in connection with our IPO recapitalization activities.

Creation of Ordinary Dividend Capacity for our Insurance Subsidiaries Through Reset to Zero of Negative Unassigned Surplus. Prior to our IPO, our principal insurance subsidiaries domiciled in Colorado, Iowa and Minnesota each had negative earned surplus accounts, and therefore had no ordinary dividend capacity. In order to obtain dividends or distributions from these insurance companies, we historically obtained approval from the insurance companies respective state regulators, which could be granted or withheld in the regulators discretion, for extraordinary dividends or distributions. On May 8, 2013, following the completion of our IPO and payment of \$1,434 million of extraordinary distributions, these insurance companies 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. A detailed description of the permitted practices is included in Regulation Insurance Regulation Insurance Holding Company Regulation .

This reset allows our principal insurance subsidiaries domiciled in Colorado, Iowa and Minnesota to more readily build up ordinary dividend capacity to the extent their operating results subsequent to December 31, 2012 generate positive earned surplus. Under applicable domiciliary insurance regulations, our principal insurance subsidiaries must deduct any extraordinary distributions or dividends paid in the preceding twelve months in calculating ordinary dividend capacity. We expect that these insurance subsidiaries will have ordinary dividend capacity only after twelve months have passed since the date such extraordinary dividends were paid, and that ING Life Insurance and Annuity Company (ILIAC) (our Connecticut-domiciled insurance company subsidiary) will have ordinary dividend capacity before such date.

Offering of Junior Subordinated Notes. On May 16, 2013, the Company issued \$750.0 million of 5.65% Fixed-to-Floating Rate Junior Subordinated Notes due 2053 (the junior subordinated notes). The junior subordinated notes are guaranteed on an unsecured, junior subordinated basis by Lion Holdings. On May 21, 2013, the Company used the proceeds from the junior subordinated notes for the repayment of the remaining outstanding borrowings of \$392.5 million under the term loan portion of our senior unsecured credit facility. The remaining proceeds were used to partially repay borrowings with ING Verzekeringen N.V. (ING V), a subsidiary of ING Group and, previously, our indirect parent.

Offering of Old Notes. On July 26, 2013, we issued \$400.0 million of the old notes. The Company used the proceeds of the old notes for general corporate purposes, including the repayment of certain borrowings.

Termination of Contingent Capital Letter of Credit Facility. Our Cayman Islands insurance subsidiary, Security Life of Denver International Limited (SLDI), was the sole obligor under a \$1.5 billion contingent capital letter of credit (LOC) facility with ING Bank N.V. (ING Bank), under which \$1.5 billion of LOCs

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were issued to support SLDI's reinsurance obligations to ING USA Annuity and Life Insurance Company (ING USA) (for certain minimum guarantees included in its CBVA products). The agreement had no recourse to ING U.S., Inc.

On May 8, 2013, we made a capital contribution to SLDI in the amount of \$1.8 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 this deposit by SLDI, 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.

Global Resolution Agreement and Regulatory Settlement Agreement. On June 6, 2013, we executed a Global Resolution Agreement establishing a process to resolve the audit of our compliance with unclaimed property laws being conducted by a majority of the states. The GRA became effective on July 26, 2013. The GRA establishes procedures for determining whether amounts may be payable under certain life insurance policies, annuity contracts, and retained asset accounts. It also establishes procedures for seeking to locate and pay beneficiaries and owners and for escheating benefits (with interest in certain circumstances) to relevant jurisdictions. On August 13, 2013, we entered into a Regulatory Settlement Agreement with the Florida Office of Insurance Regulation to resolve a previously disclosed multi-state market conduct examination regarding our settlement practices, procedures and policy administration relating to claims, and use of the Social Security Death Master File (SSDMF), including our efforts to identify owners and beneficiaries of unclaimed benefits. See Business Litigation and Regulatory Matters.

Market Environment and Opportunities

The current macroeconomic backdrop and financial market uncertainty, as well as the weakening of historical safety nets provided by governments and employers, such as Social Security and defined benefit plans, are increasing the need for Americans to plan for their own long-term financial security. Our products and services are designed to help individuals achieve their retirement savings, investment income and protection goals. We believe that we are uniquely positioned to benefit from a number of significant demographic and market trends, including the following:

Rapid growth in aging U.S. population. In a 2010 study, the U.S. Census Bureau estimated that the number of Americans aged 65 and older will more than double over the next 40 years, increasing from 40.2 million in 2010 to 88.5 million in 2050. By 2050, it is estimated that over 20% of the U.S. population will be aged 65 or older, as compared to 13.0% in 2010.

Fraying of traditional social safety nets. The U.S. Government Accountability Office has indicated that increasing life expectancy has created a risk that many retirees will outlive their retirement assets. Additionally, employer-sponsored private sector pension plans face severe funding deficits. According to a report by Mercer Consulting, a consulting and research firm, the aggregate funding deficit for pension plans sponsored by companies included on the Standard & Poor's 1500 Index (S&P 1500) was \$557 billion as of December 31, 2012. Americans realize that funding deficits in government and employer-sponsored pension plans leave them exposed to retirement income shortfalls. According to a 2012 LIMRA study, more than 64% of individuals aged 55 to 70 do not expect to receive enough income from Social Security and employer pensions to cover their basic living expenses through their retirement years.

Growth in the retirement savings market. The U.S. Bureau of Labor Statistics estimates that private sector participation in defined benefit plans declined from 80% of full time employees in 1985 to 22% in 2011, while employee participation in defined contribution plans increased from 41% to 50% over the same period. Between 2000 and 2011, total assets held in defined contribution plans grew from \$3.1 trillion to \$5.0 trillion and total assets held in IRAs grew from \$2.6 trillion in 2000 to \$4.8 trillion in 2011, while total

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private sector defined benefit plan assets only grew from \$2.0 trillion to \$2.3 trillion. According to Cerulli Associates, a financial services research firm, total U.S. retirement account assets are expected to grow 38% from \$16 trillion in 2011 to \$22 trillion by 2016. The paradigm shift in savings responsibilities from institutions to individuals will drive much of this growth into the defined contribution and IRA markets, with defined contribution plan assets expected to grow from \$4.8 trillion to \$5.8 trillion and IRA assets expected to grow from \$5.2 trillion to \$7.6 trillion between 2011 and 2016. In addition, the anticipated growth of the rollover market presents a considerable long-term opportunity: according to a 2013 LIMRA survey, assets rolled into IRAs exceeded \$350 billion per year in 2011 (up 90% from 10 years prior) and are expected to reach approximately \$575 billion per year by 2016.

Insufficient life insurance coverage. According to the most recent study published by LIMRA in September 2012, 58 million or approximately half of all U.S. households do not believe they have sufficient life insurance coverage. The average U.S. household with life insurance coverage only owns enough to replace 3.5 years of income, as compared to the 7- to 12-year average recommended range as sourced by LIMRA.

We believe these market trends will drive increasing demand for our Retirement Solutions, Investment Management and Insurance Solutions businesses, and highlight the value of our holistic investment advisory approach as a means to help customers realize their retirement savings and income goals.

Our Competitive Strengths

We believe that we have a number of competitive strengths which will allow us to capitalize on attractive market opportunities as we develop and grow our business in a consistent and prudent manner.

Leadership positions in our ongoing business with a broad range of product offerings capable of meeting the evolving financial needs of customers throughout their lives. We have leading positions in our Retirement Solutions and Insurance Solutions businesses and a prominent Investment Management business with top-tier investment performance across an array of asset classes. Few of our competitors have the breadth and scale across savings and financial protection products that customers will need throughout their lives.

Our Retirement Solutions business ranks as the number two provider of defined contribution retirement plans in the U.S. as measured by the number of plan sponsors, and number three as measured by the number of plan participants for which we provide recordkeeping services as of September 30, 2012. We are one of the few retirement services providers in the U.S. capable of using our industry presence and scale to efficiently support small, mid, large and mega-sized employers in the 401(k), 403(b) and 457 market segments.

Our Investment Management business is a leading U.S. based asset manager, with 69% of our mutual funds beating their Morningstar category average and 85% having lower volatility than their Morningstar competitor average on a five-year asset-weighted basis as of June 30, 2013.

Our Insurance Solutions business provides a full range of product capabilities and was the tenth largest writer of term life, and the twenty-fourth largest writer of universal life based on premiums sold in the United States as of March 31, 2013. We were also the sixth largest provider of medical stop loss coverage in the United States based on annual premiums as reported by *MyHealthguide* on June 3, 2013.

Relationships with approximately 13 million customers as of June 30, 2013. We believe the size, scope and long-standing market presence of our businesses provide us with access to millions of individual customers, relationships with and relevance to distributors across the financial services landscape, economies of scale, and an understanding of and ability to leverage best practices across our

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organization. We can offer customers with whom we have built a relationship, either through their employer or directly, a suite of products that can meet most of their lifetime protection and accumulation needs.

Our institutional businesses provide us with the ability to access millions of individual customers in a cost-effective manner, and our comprehensive product suite gives us the opportunity to convert these touch points into long-term customer relationships.

Our access to individuals at critical points in their lives and our ability to offer tailored protection, retirement, investment and savings products enables us to cultivate deep, long-lasting and profitable customer relationships. Our product suite includes roll-over IRAs, mutual funds and annuities which enables us to maintain a relationship with individuals entering retirement or exiting their current plan for any other reason. According to a 2011 report by LIMRA, approximately 75% of roll-over assets are captured by an institution with which the customer had a prior relationship.

Extensive, multi-channel distribution network with strong producer relationships. We offer customers access to our products and services through a national, multi-channel distribution network that includes approximately 200,000 individual points of contact associated with both affiliated and unaffiliated distributors as of June 30, 2013.

Our distribution network consists of product and business specific channels, meeting the unique requirements and preferences of our customers in each of our businesses, and includes direct, institutional, intermediary, strategic and internal wholesale channels.

We cultivate long-standing, loyal relationships with our distribution partners by providing innovative products, highly responsive service and efficient technology solutions.

As a strong and preferred distribution partner, we focus on supporting our independent distribution partners and have extensive experience in channel conflict resolutions.

The strong relationships in our well-established and extensive multi-channel distribution networks are a key aspect of achieving our long term goals.

Scalable operating platform. We have developed a highly scalable business model which positions us well for future growth opportunities. Our operating platform supports both current and significantly higher volumes of business, positioning us favorably for margin expansion in the future.

Our Retirement Solutions business has operational centers of excellence that are leveraged across the Institutional Retirement Plans (full service and recordkeeping) and Individual Markets businesses to efficiently and cost effectively provide high quality services to all clients.

Our Investment Management business has developed product manufacturing capabilities that would enable the business to manage a significant amount of additional assets with limited increase in costs.

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Our Insurance Solutions business has scalable operational models that provide us the capability to add new business at attractive marginal costs and to quickly increase capacity to take advantage of attractive market conditions.

Renewed financial strength. We have taken decisive actions to strengthen our balance sheet over the last four years by repositioning and reducing the risk of our investment portfolio, hedging our closed block against market-related volatility, deleveraging our capital structure and bolstering our holding company liquidity position.

Our U.S. insurance subsidiaries have maintained an estimated combined company action level risk-based capital ratio (RBC ratio) at or above 425% as of the end of each quarter during 2011, 2012 and the first nine months of 2013.

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Our investment portfolio of \$89.0 billion as of September 30, 2013, is comprised of approximately 82.5% fixed maturity securities, of which 95.3% have been assigned credit quality ratings of 1 or 2 by the National Association of Insurance Commissioners (NAIC).

Between December 31, 2008 and September 30, 2013, we reduced our Alt-A exposure 92.8% from \$4.5 billion to \$326.0 million, our subprime holdings 81.7% from \$3.6 billion to \$657.5 million and our commercial mortgage-backed securities (CMBS) exposure 62.8% from \$9.4 billion to \$3.5 billion based on amortized cost. As of September 30, 2013, we had no direct sovereign exposure to Greece, Ireland, Portugal, Spain or Italy (peripheral Europe) and no direct exposure to financial institutions based in those countries.

We decided to cease sales of retail variable annuity products with substantial guarantee features (the last policies were issued in early 2010) and placed this portfolio and the institutional spread products portfolio in run-off. Subsequently, we refined our hedge program to dynamically protect regulatory and rating agency capital of the variable annuities block for adverse equity market movements. In addition, since 2010, we have increased statutory reserves considerably, added significant interest rate risk protection and have more closely aligned our policyholder behavior assumptions with experience.

We enhanced our capital structure and significantly reduced financial leverage.

Stringent risk management approach. Over the past few years, we have become increasingly focused on risk management and risk control. We have established an independent risk management function with responsibility for all risk management across the organization enabling clear separation of duties between risk, finance and investment functions.

We have comprehensive risk management and control procedures at all levels of our organization that support business strategies, formulate risk appetite, implement risk related policies and monitor limits.

We adhere to a strong policy and reporting framework that guides a multi-tiered risk governance structure in the assessment and management of risk and includes a daily feedback mechanism.

We follow disciplined processes to assess, measure, report and manage risks, including product development and pricing, asset/liability management (ALM), capital management and risk mitigating activities such as hedging and reinsurance.

We maintain a dynamic hedge program that seeks to protect against select equity market and interest rate risks.

Highly experienced management team, supported by deep bench of talent. Our senior management team has extensive experience in the retirement, investment management and insurance sectors and is supported by a diverse group of talented executives throughout the Company.

Our 9 executive officers average over 25 years of financial services experience and are actively instilling a performance-driven, execution-oriented culture across our organization.

6 of our 9 executive officers have joined the Company since the financial crisis of 2008-2009, and have successfully put in place a set of strategies that are helping to define our Company today, including risk management initiatives, balance sheet discipline, and product portfolio improvements.

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Summary Risk Factors

Our business is subject to numerous risks described in the section entitled "Risk Factors" and elsewhere in this prospectus. You should carefully consider these risks before participating in the exchange offer. Some of these risks include:

Continued difficult conditions in the global capital markets and the economy generally have affected and may continue to affect our business and results of operations;

The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment;

A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and adversely affect our results of operations and financial condition;

The inability of counterparties to meet their financial obligations could have an adverse effect on our results of operations;

Our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and results of operations;

We may face significant losses if mortality rates, morbidity rates, persistency rates or other underwriting assumptions differ significantly from our pricing expectations;

We expect that our ability to use beneficial U.S. tax attributes will be subject to limitations;

The performance of our CBVA segment depends on assumptions that may not be accurate;

Our Closed Block Variable Annuity Hedge Program may not be effective and may be more costly than anticipated;

Our businesses and those of our parent company and its affiliates are heavily regulated and changes in regulation or the application of regulation may reduce our profitability;

ING Group's continuing significant interest in us may result in conflicts of interest;

Our continuing relationship with ING Group, our parent, and with affiliates of ING Group, may affect our ability to operate and finance our business as we deem appropriate and changes with respect to ING Group could negatively impact us;

Our separation from ING Group could adversely affect our business and profitability due to ING Group's strong brand and reputation;

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We expect to incur incremental costs as a standalone public company; and

The ability of our insurance subsidiaries to pay dividends and other distributions to ING U.S., Inc. will depend on their earnings, surplus, tax considerations, covenants contained in financing agreements and is limited by state insurance laws.

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Our Business Strategy

Building on our core strengths, we intend to pursue strategies to deliver consistent earnings growth with attractive risk-adjusted returns while maintaining a strong balance sheet. The cornerstones of our business strategy are the following:

Improve the profitability of our existing franchises. We have identified and are actively pursuing several initiatives to improve profitability across our businesses. These initiatives include maintaining strict pricing discipline for new sales, re-pricing existing blocks of business that do not meet our return hurdles, allowing the run-off of unprofitable books that cannot be re-priced and adjusting policyholder crediting rates. For instance, we recently instituted price increases across certain term and universal life products, positioning them to earn double-digit returns. We are working to reduce our operating and information technology overhead by leveraging our procurement capabilities to reduce expenses, increasing our use of business process outsourcing services and employing Six Sigma statistical management techniques. We believe these initiatives will enhance our margins and support improved earnings and increased cash flow distributions from our operating subsidiaries to ING U.S., Inc. going forward.

Focus on capital management across all businesses. We are highly focused on effectively managing the demands for capital across our businesses. We have prioritized growth in our higher return, less capital intensive Retirement Solutions and Investment Management businesses. Our Insurance Solutions business is focused on selling capital-efficient products such as indexed products in Individual Life and Employee Benefits products. The overall objective of these policies is to realign our businesses in a manner that will maximize free cash flow generation.

Leverage leading market positions, investment performance, and distribution strength to drive profitable growth in select markets. Within Retirement Solutions, we are targeting the small-mid corporate and education retirement plan markets. We will target growth in the healthcare and government markets selectively based on opportunities for economically sustainable value delivery with acceptable returns. We are also seeking to expand relationships with our large recordkeeping-only clients by offering the full breadth of ING U.S.'s capabilities, including Retirement Readiness solutions, for their plan participants. Within Investment Management, we are focused on leveraging our strong investment track record and historical performance to attract new institutional and individual customers in our third party business and to increase the share of proprietary assets under the management of Retirement Solutions. Given our scalable operating platform we believe our growth will produce margin expansion in these segments. Also, although we are deemphasizing parts of our Insurance Solutions business, it provides key capabilities, broad distribution and seasoned underwriting that complement Retirement Solutions and Investment Management in helping customers attain their financial goals.

Transcend boundaries between workplace benefits and personal financial products. We aim to deliver comprehensive solutions across our customer base by combining the capabilities of our three ongoing businesses. This combination of capabilities differentiates us from other financial services firms and allows us to capitalize on favorable demographic and social trends. For individuals, we intend to provide value-added services and increase the number of our products they consume. In Retirement Solutions, we have been seeking greater access to employees in employer-sponsored plans. We believe that such direct access will allow us to convert institutional relationships into individual ones and enable us to offer individuals entering retirement or exiting their current employer-sponsored plan for any other reason suitable products in which they can invest their retirement plan assets. In Insurance Solutions, we have been working with employer clients to offer a broader array of voluntary products to address the needs of their employees. Ultimately, we aspire to bridge the gap between workplace benefits and personal financial products in order to benefit our customers.

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Protect our balance sheet by prudently managing risks. Risk management is pervasive in everything we do as a Company. The coordination of our strategic, financial and risk functions has been critical to helping us focus on risk reduction initiatives as well as determining where to invest for the future. We have substantially reduced the risk of our investment portfolio since 2008 and intend to continue managing it conservatively. On the liability side, we have significantly deleveraged our capital structure, are keenly focused on managing tail risks and have implemented a hedge program that seeks to substantially mitigate the effect of market shocks on our regulatory and rating agency capital adequacy, especially as it relates to the CBVA segment. Our hedge program is regularly evaluated and revised in light of changing market conditions and to manage the trade-offs between capital preservation, cash flow, earnings and underlying economics.

Our Principal Stockholder

ING Group owns approximately 57% of our outstanding common stock. ING Group has informed us that it will divest its remaining holdings of our common stock in line with ING Group's restructuring plan as agreed with the EC. See [ING Group Restructuring Plan with European Commission](#).

ING Group Restructuring Plan with European Commission

Prior to our initial public offering in May 2013, we were a wholly owned subsidiary of ING Group. In October 2009, ING Group submitted a restructuring plan (the [2009 Restructuring Plan](#)) to the EC in order to receive approval for state aid (the [Dutch State Transactions](#)) granted to ING Group by the Kingdom of the Netherlands (the [Dutch State](#)) in November 2008 and March 2009. To receive approval for this state aid, ING Group was required to divest its insurance and investment management businesses, including the Company. In this prospectus, we refer to any sale or other divestment of all or a portion of ING U.S., Inc. common stock by ING Group, including this offering, as a [Divestment Transaction](#). On November 19, 2012, ING Group and the EC announced that the EC approved amendments to the 2009 Restructuring Plan (the [2012 Amended Restructuring Plan](#)).

The 2012 Amended Restructuring Plan requires ING Group to divest at least 25% of the Company by December 31, 2013, more than 50% of the Company by December 31, 2014, and 100% of the Company by December 31, 2016. ING Group divested 25% of the Company on May 7, 2013, in our initial public offering and an additional 4% on May 31, 2013 following the exercise by the underwriters in the initial public offering of an option to purchase additional shares. ING Group divested an additional 14% of the Company on October 29, 2013, in a registered offering. The divestment of 50% of the Company is measured in terms of a divestment of over 50% of the shares of ING U.S., Inc., the loss of ING Group's majority of directors on ING U.S., Inc.'s board of directors and the accounting deconsolidation of the Company (in line with International Financial Reporting Standards (IFRS) accounting rules). In case ING Group does not satisfy its commitment to divest the Company as agreed with the EC, the Dutch State will renotify the recapitalization measure to the EC. In such a case, the EC may require additional restructuring measures or take enforcement actions against ING Group, or, at the request of ING Group and the Dutch State, could allow ING Group more time to complete the divestment. The 2012 Amended Restructuring Plan also contains provisions that could limit our business activities, including restricting our ability to make certain acquisitions or to conduct certain financing and investment activities. For additional information on the separation from ING Group and the 2012 Amended Restructuring Plan, see [Risk Factors](#) [Risks Related to Our Separation from, and Continuing Relationship with, ING Group](#) and [Regulation](#) [Dutch State Transactions and Restructuring Plan](#).

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Our Corporate Information

Prior to our initial public offering in May 2013, we were a wholly owned subsidiary of ING Group, a global financial institution of Dutch origin offering banking, retirement, insurance and investment management services. ING Group entered the United States life insurance market in 1975 through the acquisition of Wisconsin National Life Insurance Company, followed in 1976 with its acquisition of Midwestern United Life Insurance Company and Security Life of Denver Insurance Company in 1977. ING Group significantly expanded its presence in the United States in the late 1990s and 2000s with the acquisitions of Equitable Life Insurance Company of Iowa (1997), Furman Selz, an investment advisory company (1997), ReliaStar Life Insurance Company (including Pilgrim Capital Corporation) (2000), Aetna Life Insurance and Annuity Company (including Aeltus Investment Management) (2000) and CitiStreet (2008).

ING U.S., Inc. is a holding company incorporated in Delaware on April 7, 1999. It changed its name from ING America Insurance Holdings, Inc. to ING U.S., Inc. on June 14, 2012. Our initial public offering was completed on May 7, 2013. Our principal executive office is located at 230 Park Avenue, New York, New York 10169 and our telephone number is (212) 309-8200. Our website address is *ing.us*. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus.

We operate our businesses through a number of direct and indirect subsidiaries. The following organizational chart presents the ownership and jurisdiction of incorporation of our principal subsidiaries:

The chart above presents:

ING U.S., Inc., the issuer of the notes.

Our principal intermediate holding company, Lion Connecticut Holdings Inc. (Lion Holdings), the guarantor of the notes, which is the direct parent of a number of our insurance and non-insurance operating entities.

Our principal operating entities that will be the primary sources of cash distributions to ING U.S., Inc. Specifically, these entities are our principal insurance operating companies (ING Life Insurance and Annuity Company (ILIAC), ING USA Annuity and Life Insurance Company (ING USA), Security Life of Denver Insurance Company (SLD) and ReliaStar Life Insurance Company (RLI)) and ING Investment Management LLC, the holding company for entities that operate our Investment Management business.

Security Life of Denver International Limited (SLDI), our reinsurance subsidiary domiciled in the Cayman Islands.

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SUMMARY OF THE EXCHANGE OFFER

*The summary below describes the principal terms of the exchange offer, which are set forth in more detail in *The Exchange Offer* section of this prospectus. As used in this section, the terms *Company*, *we*, *our* and *us* refer to ING U.S., Inc. and not to its consolidated subsidiaries.*

The Exchange Offer

We are offering to exchange up to \$400,000,000 aggregate principal amount of our outstanding 5.7% Senior Notes due 2043, for an equal aggregate principal amount of new notes,

In order to exchange an old note, you must follow the required procedures and we must accept the old note for exchange. We will exchange all outstanding old notes that are validly tendered and not validly withdrawn. However, you may only exchange old notes of any series in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The new notes will be identical in all material respects to the old notes, except that the new notes will not contain restrictions on transfer, will not entitle their holders to certain registration rights relating to the old notes and will not entitle their holders to payment of additional interest in case of non-registration.

Expiration Date

Our exchange offer expires at 5:00 p.m., New York City time, on December 19, 2013, unless we extend the expiration date. We may extend the expiration date for any reason. We will complete the exchange and issue the new notes promptly after that date.

Resale of New Notes

Based on interpretive letters of the SEC staff to third parties, we believe that you may offer for resale, resell and otherwise transfer the new notes issued pursuant to the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, if you:

are not a broker-dealer that acquired the old notes from us or in market-making transactions or other trading activities;

acquire the new notes issued in the exchange offer in the ordinary course of your business;

are not participating, and do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the new notes issued in the exchange offer; and

are not an affiliate of ours, as defined in Rule 405 of the Securities Act.

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By tendering your old notes as described in The Exchange Offer Procedures for Tendering, you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the interpretive letters referred to above and you must comply with the registration and prospectus

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delivery requirements of the Securities Act in connection with a resale of the new notes. If you are a broker-dealer that acquired old notes as a result of market-making or other trading activities, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes as described in this summary under "Restrictions on Sale by Broker-Dealers" below. We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our exchange offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Restrictions on Sale by Broker-Dealers

If you are a broker-dealer that has received new notes for your own account in exchange for old notes that were acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the new notes. We have agreed to maintain the effectiveness of the registration statement of which this prospectus is a part for a period of 180 days starting on the last date for acceptance for exchange of old notes for new notes, for use by broker-dealer in connection with such resale.

Consequences If You Do Not Exchange Your Old Notes

If you are eligible to participate in the exchange offer and you do not tender your old notes, you will not have any further registration or exchange rights and your old notes will continue to be subject to transfer restrictions. These transfer restrictions and the availability of new notes could adversely affect the trading market for your notes.

Procedures for Tendering Old Notes

If you wish to accept the exchange offer, the following must be delivered to the exchange agent:

your old notes by timely confirmation of book-entry transfer through The Depository Trust Company ("DTC");

an agent's message from DTC, stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer; and

all other documents required by the letter of transmittal.

These actions must be completed before the expiration of the exchange offer. You must comply with DTC's standard procedures for electronic tenders, by which you will agree to be bound by the letter of transmittal.

Guaranteed Delivery Procedures

If you are a registered holder of the outstanding notes and wish to tender your outstanding notes in the exchange offer but cannot comply with the applicable procedures under DTC's Automated

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Tender Offer Program prior to the expiration date you may tender your outstanding notes by following the procedures described under the caption "The Exchange Offer - Guaranteed Delivery Procedures."

Withdrawal Rights

You may withdraw your tender of old notes any time prior to the expiration date.

Tax Consequences

The exchange of notes pursuant to the exchange offer will not be a taxable event for U.S. federal income tax purposes. See "United States Taxation."

Use of Proceeds

We will not receive any cash proceeds from the exchange or the issuance of new notes in connection with the exchange offer. Old notes that are validly tendered and exchanged will be retired and canceled. We will pay all expenses incident to the exchange offer.

Exchange Agent

U.S. Bank National Association is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under "The Exchange Offer - Exchange Agent." U.S. Bank National Association is the trustee under the indentures governing the notes.

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SUMMARY OF THE TERMS OF THE NEW NOTES

The summary below describes the principal terms of the new notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The following is not intended to be complete. You should carefully review the Description of the New Notes section of this prospectus, which contains a more detailed description of the terms and conditions of the new notes. Capitalized terms not otherwise defined herein shall have the meanings given them in the Description of the New Notes section of this prospectus. As used in this section, the terms Company, we, our and us refer to ING U.S., Inc. and not to its consolidated subsidiaries.

The exchange offer applies to any and all outstanding old notes. The terms of the new notes will be essentially the same as the old notes they replace, except that (1) the new notes will not be subject to the restrictions on transfer that apply to the old notes, (2) the new notes will not be subject to the registration rights relating to the old notes and (3) the new notes will not contain provisions for payment of additional interest in case of non-registration. The new notes will evidence the same indebtedness as the old notes they replace, and will be issued under, and be entitled to the benefits of, the same indenture governing the issuance of the applicable old notes. As a result, the old notes and the new notes will be treated as a single series under the indenture (as defined below).

An investment in the new notes is subject to numerous risks, including risks related to our business, risks specific to the Closed Block Variable Annuity segment, risks related to regulation, risks related to our relationship with ING Group and other risks related to the new notes, as more fully described under Risk Factors. These risks could materially and adversely impact our business, results of operations, financial condition and liquidity, which could result in a partial or total loss of your investment in the new notes. You should carefully consider such risks before deciding to invest in the new notes.

Issuer	ING U.S., Inc.
Securities	Up to \$400,000,000 aggregate principal amount of 5.7% Senior Notes due 2043.
Maturity Date	The new notes will mature on July 15, 2043.
Interest	The new notes will accrue interest at 5.7% <i>per annum</i> , payable semi-annually in arrears on each January 15 and July 15 (or, if such day is not a business day on the next succeeding business day, without any interest or other payment in respect of any such delay).
Subsidiary Guarantee; Future Subsidiary Guarantees	The new notes will be guaranteed on a senior unsecured basis (the guarantee) by Lion Holdings and any other of the Company's domestic subsidiaries (any such subsidiary, together with Lion Holdings, a subsidiary guarantor) that becomes a borrower or guarantor under the Term Loan Agreement dated as of April 20, 2012 (the Term Loan Agreement) among the Company, Bank of America, N.A., as administrative agent, and the lenders from time to time party thereto, or the Revolving Credit Agreement dated as of April 20, 2012 (the Revolving Credit Agreement), and together with the Term Loan Agreement, the Senior Unsecured Credit Facility) among the Company, Bank of America, N.A., as administrative agent, swing line lender, fronting L/C issuer and several L/C agent and the

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lenders from time to time party thereto, as the Term Loan Agreement or the Revolving Credit Agreement may be amended, replaced, refinanced, amended and restated, supplemented or otherwise modified from time to time. Currently, no other domestic subsidiary of the Company is expected to guarantee the notes.

The guarantee of a subsidiary guarantor, except for Lion Holdings, will terminate if such subsidiary guarantor is permanently released from its guarantee under the Senior Unsecured Credit Facility.

Ranking

The new notes will be senior unsecured obligations of the Company and will rank equally in right of payment with all of the Company's existing and future unsecured and unsubordinated indebtedness. The new notes will rank senior to any subordinated indebtedness of the Company. The new guarantee will be the senior unsecured obligation of Lion Holdings and any other subsidiary guarantor and will rank equally in right of payment with all of the subsidiary guarantors' respective other senior unsecured indebtedness from time to time outstanding.

The new notes will be effectively subordinated to the indebtedness and other obligations of each of the Company's subsidiaries, other than Lion Holdings and any other subsidiary guarantor.

Optional Redemption

The Company may, at its option, redeem, in whole or in part, the new notes at any time and from time to time (any such date fixed for redemption, an optional redemption date) at a redemption price equal to the greater of:

100% of the principal amount of the notes being redeemed plus accrued and unpaid interest to, but excluding the optional redemption date; or

the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of those payments of interest accrued as of such optional redemption date), discounted from their respective scheduled payment dates to such optional redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate *plus* 30 basis points; *plus* accrued and unpaid interest on the notes to the optional redemption date.

Change of Control Repurchase Event

101% plus accrued and unpaid interest upon a change of control repurchase event that occurs prior to the termination time as described in Description of the New Notes Change of Control Repurchase Event.

Interest Rate Adjustment

The *per annum* interest rate payable on the notes will be subject to adjustment from time to time prior to November 3, 2013 as described in Description of the New Notes Interest Rate Adjustment.

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Limitation on Liens

Neither the Company nor any of its subsidiaries will create, assume, incur or guarantee any indebtedness for borrowed money which is secured by a mortgage, pledge, lien, security interest or other encumbrance on any capital stock of:

Lion Holdings, ILIAC, ING USA, RLI, SLD, SLDI or ING Investment Management LLC;

any successor to substantially all of the business of any such person which is also a subsidiary of the Company; or

any other subsidiary of the Company having direct or indirect control of any such person or successor (each person or successor referred to in this bullet or the preceding two bullets, a restricted subsidiary); except to the extent that any new notes then outstanding shall be equally and ratably secured.

Limitation on Dispositions of Stock of Certain Subsidiaries

Neither the Company nor any of its subsidiaries will sell or otherwise dispose of any shares of capital stock (other than non-voting preferred stock) of any restricted subsidiary except for:

a sale or other disposition of any of such stock to a wholly owned subsidiary of the Company;

a sale or other disposition of all of a subsidiary's stock for at least fair value (as determined by the Company's board of directors acting in good faith);

a sale or other disposition required to comply with an order of a court or regulatory authority of competent jurisdiction, other than an order issued at the Company's request or the request of any of the Company's subsidiaries; or

a sale or other disposition of the stock of ING USA or SLDI.

Consolidation, Merger, Sale of Assets and Other Transactions

The Company may not merge with or into or consolidate with another person or sell, assign, transfer, lease or convey all or substantially all of its properties and assets to, any other person other than a direct or indirect wholly owned subsidiary of the Company, and no person may merge with or into or consolidate with the Company or, except for any direct or indirect wholly owned subsidiary of the Company, sell, assign, transfer, lease or convey all or substantially all of its properties and assets to the Company, unless:

the Company is the surviving corporation or the person formed by or surviving such merger or consolidation or to which such sale, assignment, transfer, lease or conveyance has been made, if other than the Company, is a corporation organized and validly existing under the laws of the United States, any State thereof or the District of Columbia, and has expressly assumed by supplemental indenture all the obligations of the Company under the notes and the indenture;

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immediately after giving effect to such transaction, no event of default or event that, after notice or lapse of time or both would become an event of default with respect to the notes has occurred and is continuing; and

the Company delivers to the trustee an officers' certificate and an opinion of counsel, each stating that the supplemental indenture required in connection with the transaction complies with the indenture.

The indenture provides that, for the avoidance of doubt, a sale or other disposition of ING USA, SLDI, their respective assets or any assets constituting all or part of the Company's Closed Block Variable Annuity segment does not constitute a sale or other disposition of substantially all of the properties and assets of the Company.

Events of Default

The following are events of default with respect to the new notes:

the Company's failure to pay any interest (including additional interest) on the notes when due and payable, continued for 30 days;

the Company's failure to pay principal (or premium, if any) on the notes when due, regardless of whether such payment became due because of maturity, redemption, acceleration or otherwise;

the Company's failure to observe or perform any other of its covenants or agreements with respect to the notes for 90 days after the Company receives notice of such failure;

certain events of default under any indebtedness for money borrowed of the Company or of any subsidiary guarantor which results in a principal amount in excess of \$100,000,000 of indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, if such acceleration shall not have been rescinded or annulled, or such indebtedness shall not have been discharged, within a period of 15 days after written notice has been provided to the Company in accordance with the indenture by the trustee or to the Company and the trustee by the holders of at least 25% in aggregate principal amount of the outstanding notes of the applicable series, specifying such event of default and requiring the Company to cause such acceleration to be rescinded or annulled or to cause such indebtedness to be discharged; and

certain events of bankruptcy, insolvency or reorganization of the Company or any subsidiary guarantor.

Form and Denomination

The new notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The new notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for The Depository Trust Company

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(DTC). Beneficial interests in the notes will be represented through

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book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global securities through either DTC (in the United States), or Clearstream or Euroclear (in Europe) if they are participants in those systems, or indirectly through organizations which are participants in those systems. We will issue certificated notes only in the limited circumstances described under "Book-Entry, Delivery and Form" in this prospectus.

Absence of a Public Market for the Notes

The new notes will be a new issue of securities for which currently there is no established trading market. We do not intend to apply for listing of the new notes on any exchange or include the new notes on any quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the new notes. See "Risk Factors - Risks Related to the Notes." The secondary market for the notes may be illiquid.

Trustee and Indenture

The new notes will be issued pursuant to the Indenture, dated as of July 13, 2012, among ING U.S., Inc., Lion Holdings and U.S. Bank National Association, as trustee, as supplemented, which we refer to as the "indenture."

Governing Law

The indenture is and the new notes will be, and any claim, controversy or dispute arising under or related to the indenture or the new notes will be, governed by and construed in accordance with the laws of the State of New York.

Table of Contents**SUMMARY CONSOLIDATED FINANCIAL DATA**

Except for other supplemental data, the following summary consolidated financial data for the years ended December 31, 2012, 2011 and 2010 and as of December 31, 2012 and 2011 are derived from our audited Consolidated Financial Statements, which are included elsewhere in this prospectus. Except for other supplemental data, the summary consolidated financial data as of December 31, 2010 are derived from our audited Consolidated Financial Statements, which are not included in this prospectus. The following summary consolidated financial data for the nine months ended September 30, 2013 and 2012 and as of September 30, 2013 have been derived from the unaudited Consolidated Financial Statements of the Company and, in the opinion of the management of the Company, reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of such data for the respective interim periods. The results of operations for the nine months ended September 30, 2013 are not necessarily indicative of the results that might be expected for future interim periods or for the full year ended December 31, 2013.

Prospective investors should read these summary consolidated financial data together with Management's Discussion and Analysis of Results of Operations and Financial Condition and our Consolidated Financial Statements and the related notes included elsewhere in this prospectus.

(\$ in millions, except for ratios)	As of or for the Nine Months Ended September 30,		2012	As of or for the Year Ended December 31,	
	2013	2012		2011	2010
	(Unaudited)				
Consolidated Operating Results					
Net investment income	\$ 3,532.5	\$ 3,642.5	\$ 4,697.9	\$ 4,968.8	\$ 4,987.0
Fee income	2,722.4	2,624.8	3,515.4	3,603.6	3,516.5
Premiums	1,440.9	1,389.9	1,861.1	1,770.0	1,707.5
Net realized capital gains (losses)	(1,957.8)	(896.6)	(1,280.8)	(1,531.4)	(1,678.0)
Total revenues	6,394.5	7,411.5	9,615.3	9,718.8	9,274.2
Interest credited and other benefits to contract owners/policyholders	3,379.0	3,636.3	4,861.6	5,742.0	5,027.3
Operating expenses	2,292.1	2,330.9	3,155.0	3,030.8	3,033.5
Net amortization of deferred policy acquisition costs and value of business acquired	319.6	539.9	722.3	387.0	746.6
Interest expense	136.6	109.0	153.7	139.3	332.5
Total benefits and expenses	6,264.0	6,697.4	9,009.3	9,441.0	9,236.4
Income (loss) before income taxes	130.5	714.1	606.0	277.8	37.8
Net income (loss)	136.9	718.1	611.2	102.8	(133.2)
Net income (loss) attributable to noncontrolling interest	84.5	222.4	138.2	190.9	(10.3)
Net income (loss) available to ING U.S., Inc.'s common shareholders	52.4	495.7	473.0	(88.1)	(122.9)
Consolidated Financial Position					
Total investments	\$ 89,007.3		\$ 95,487.6	\$ 92,819.2	\$ 86,886.1
Assets held in separate accounts	103,853.6		97,667.4	88,714.5	95,588.1
Total assets	217,658.2		216,394.2	203,572.8	204,376.5
Future policy benefits and contract owner account balances	84,887.9		86,055.7	88,358.4	83,642.8
Short-term debt			1,064.6	1,054.6	5,464.6
Long-term debt	3,514.5		3,171.1	1,343.1	2,784.0
Liabilities related to separate accounts	103,853.6		97,667.4	88,714.5	95,588.1
Total ING U.S., Inc. shareholders' equity, excluding AOCI ⁽¹⁾	10,820.0		10,164.2	9,758.9	5,857.5
Total ING U.S., Inc. shareholders' equity	12,770.0		13,874.9	12,353.9	6,830.8

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(\$ in millions, except for ratios)	As of or for the Nine Months Ended September 30, 2013		2012	As of or for the Year Ended December 31, 2011		2010
	(Unaudited)					
Segment Data⁽²⁾						
Operating earnings before income taxes						
Retirement Solutions						
<i>Retirement</i>	\$ 457.2	\$ 340.4	\$ 448.6	\$ 441.9	\$ 469.6	
<i>Annuities</i>	210.6	95.9	102.2	387.6	115.0	
Investment Management	125.2	103.3	134.5	87.5	50.1	
Insurance Solutions						
<i>Individual Life</i>	207.8	141.6	196.2	279.3	313.5	
<i>Employee Benefits</i>	75.6	80.8	109.4	83.3	82.0	
Total Ongoing Business	1,076.4	762.0	990.9	1,279.6	1,030.2	
Corporate	(166.6)	(138.7)	(182.3)	(230.2)	(399.1)	
Closed Blocks						
<i>Closed Block Institutional Spread Products</i>	41.7	41.0	45.7	83.2	(3.8)	
<i>Closed Block Other</i>	12.2	44.9	64.0	(13.0)	(6.7)	
Total Closed Blocks⁽³⁾	53.9	85.9	109.7	70.2	(10.5)	
Total operating earnings before income taxes	\$ 963.7	\$ 709.2	\$ 918.3	\$ 1,119.6	\$ 620.6	
Other Supplemental Data (unaudited)						
AUM and AUA	\$ 494,105.0		\$ 461,000.6	\$ 438,046.4	\$ 445,757.5	
TAC ⁽⁴⁾			7,871.9	8,071.0	6,998.0	
RBC ratio ⁽⁵⁾	470%		526%	488%	426%	
Earnings-to-fixed charge ratio ⁽⁶⁾⁽⁷⁾	1.00		1.20	1.06	NM	

- (1) ING U.S., Inc. shareholders' equity, excluding AOCI, is derived by subtracting AOCI from ING U.S., Inc. shareholders' equity both components of which are presented in the respective Consolidated Balance Sheets. For a description of AOCI, see the Accumulated Other Comprehensive Income (Loss) note to the Consolidated Financial Statements. We provide shareholders' equity, excluding AOCI, because it is a common measure used by insurance analysts and investment professionals in their evaluations.
- (2) Operating earnings before income taxes is a non-GAAP financial measure. See Management's Discussion and Analysis of Results of Operations and Financial Condition Operating Measures for more details and Management's Discussion and Analysis of Results of Operations and Financial Condition Results of Operations Company Consolidated for a reconciliation to Income (loss) before income taxes.
- (3) Our CBVA 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 earnings before income taxes.
- (4) Estimated total adjusted capital (TAC) of our U.S. insurance subsidiaries on a combined basis.
- (5) Estimated combined RBC ratio for our U.S. insurance subsidiaries.
- (6) Earnings were insufficient to cover fixed charges at a 1:1 ratio by \$39.0 million for the year ended December 31, 2010. This ratio is presented as NM or not meaningful.
- (7) Interest and debt issue costs include interest costs related to variable entities of \$130.6 million for the nine months ended September 30, 2013 and \$106.4 million, \$68.4 million and \$49.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. Excluding these costs as well as the earnings of the variable interest entities would result in a ratio of earnings to fixed charges of 1.19, 1.04, and 1.01 for the years ended December 31, 2012, 2011, and 2010, respectively.

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RISK FACTORS

You should carefully consider the following risks and other information in this prospectus, including our Consolidated Financial Statements and related notes, before you participate in the exchange offer. Additional risks and uncertainties of which we are not presently aware or that we currently deem immaterial could also affect our business operations and financial condition. If any of these risks actually occur, our business, financial condition and results of operations could be materially affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment in the notes.

Risks Related to the Exchange Offer

If you fail to exchange the old notes, they will remain subject to transfer restrictions, and it may be harder for you to resell and transfer your old notes.

The old notes were not registered under the Securities Act or under the securities laws of any state. Any old notes that remain outstanding after this exchange offer may continue to be subject to restrictions on their transfer. Thus, you may not resell the old notes, offer them for resale or otherwise transfer them unless they are subsequently registered or an exemption from the registration requirements of the Securities Act and applicable state securities laws is available. If you do not exchange your old notes for new notes in this exchange offer, or if you do not properly tender your old notes in this exchange offer, you will not be able to resell, offer to resell or otherwise transfer your old notes unless they are registered under the Securities Act or unless you resell them, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. After this exchange offer, holders of old notes will not have any further rights to have their old notes exchanged for new notes registered under the Securities Act. The liquidity of the market for old notes that are not exchanged could be adversely affected by this exchange offer and you may be unable to sell your old notes.

Late deliveries of old notes and other required documents could prevent a holder from exchanging its old notes.

Holders are responsible for complying with all exchange offer procedures. The issuance of new notes in exchange for old notes will only occur upon completion of the procedures described in this prospectus under The Exchange Offer. Therefore, holders of old notes who wish to exchange them for new notes should allow sufficient time for timely completion of the exchange offer procedures. Neither we nor the exchange agent are obligated to extend the offer or notify you of any failure to follow the proper procedures or waive any defect if you fail to follow the proper procedures.

If you are a broker-dealer, your ability to transfer the new notes may be restricted.

A broker-dealer that purchased old notes for its own account as part of market-making or trading activities must comply with the prospectus delivery requirements of the Securities Act when it sells the new notes. Our obligation to make this prospectus available to broker-dealers is limited. Consequently, we cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their new notes.

Risks Related to Our Business General

Continued difficult conditions in the global capital markets and the economy generally have affected and may continue to affect our business and results of operations.

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the shutdown of the U.S. government, the level of U.S. national debt (including the ongoing debate in the U.S. Congress regarding the national debt ceiling), the European sovereign debt crisis, the ability of certain countries to remain in the euro zone, unemployment, the

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availability and cost of credit, the U.S. housing market, inflation levels, energy costs and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and the markets. In 2011, Standard & Poor's Ratings Services (S&P) lowered its long term sovereign credit rating on the United States from AAA to AA+. In addition, significant concerns regarding the sovereign debt of Greece, Ireland, Italy, Portugal and Spain, as well as certain other countries, are ongoing and in some cases have required countries to obtain emergency financing. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively impacted the U.S. economy. Furthermore, we anticipate that the Board of Governors of the Federal Reserve System (the Federal Reserve) may scale back programs that have in recent years fostered a historically low interest rate environment, which could generate volatility in debt and equity markets. Our results of operations, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result. In addition, in the event of extreme prolonged market events, such as the recent global credit crisis, we could incur significant losses.

Even in the absence of a market downturn, our insurance, annuity, retirement and investment products, as well as our investment returns and our access to and cost of financing, are sensitive to equity, fixed income, real estate and other market fluctuations and general economic and political conditions. These fluctuations and conditions could materially and adversely affect our results of operations, financial condition and liquidity, including in the following respects:

We provide a number of insurance, annuity, retirement and investment products that expose us to risks associated with fluctuations in interest rates, market indices, securities prices, default rates, the value of real estate assets, currency exchange rates and credit spreads. The profitability of many of our insurance, annuity, retirement and investment products depends in part on the value of the general accounts and separate accounts supporting them, which may fluctuate substantially depending on the foregoing conditions.

Volatility or downturns in the equity markets can cause a reduction in fee income we earn from managing investment portfolios for third parties and fee income on certain annuity, retirement and investment products. Because these products and services generate fees related primarily to the value of AUM, a decline in the equity markets could reduce our revenues because of the reduction in the value of the investments we manage.

A change in market conditions, including prolonged periods of high or low inflation or interest rates, could cause a change in consumer sentiment and adversely affect sales and could cause the actual persistency of these products to vary from their anticipated persistency (the probability that a product will remain in force from one period to the next) and adversely affect profitability. Changing economic conditions or adverse public perception of financial institutions can influence customer behavior, which can result in, among other things, an increase or decrease in claims, lapses, withdrawals, deposits or surrenders in certain products, any of which could adversely affect profitability.

An equity market decline, decreases in prevailing interest rates, or a prolonged period of low interest rates could result in the value of guaranteed minimum benefits contained in certain of our life insurance, annuity and retirement products being higher than current account values or higher than anticipated in our pricing assumptions, requiring us to materially increase reserves for such products, and may result in a decrease in customer lapses, thereby increasing the cost to us. In addition, such a scenario could lead to increased amortization and/or unfavorable unlocking of our deferred acquisition cost (DAC) and value of business acquired (VOBA).

Reductions in employment levels of our existing employer customers may result in a reduction in underlying employee participation levels, contributions, deposits and premium income for certain of our retirement products. Participants within the retirement plans for which we provide certain services

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may elect to effect withdrawals from these plans, or reduce or stop their payroll deferrals to these plans, which would reduce assets under management or administration and our revenues.

We have significant investment and derivative portfolios that include, among other investments, corporate securities, asset-backed securities (ABS), equities and commercial mortgages. Economic conditions as well as adverse capital market and credit conditions, interest rate changes, changes in mortgage prepayment behavior or declines in the value of underlying collateral will impact the credit quality, liquidity and value of our investment and derivative portfolios, potentially resulting in higher capital charges and unrealized or realized losses and decreased investment income. The value of our investments and derivative portfolios may also be impacted by reductions in price transparency, changes in the assumptions or methodology we use to estimate fair value and changes in investor confidence or preferences, which could potentially result in higher realized or unrealized losses and have a material adverse effect on our results of operations or financial condition. Market volatility may also make it difficult to value certain of our securities if trading becomes less frequent.

Market conditions determine the availability and cost of the reinsurance protection we purchase and may result in additional expenses for reinsurance or an inability to obtain sufficient reinsurance on acceptable terms, which could adversely affect the profitability of future business and the availability of capital to support new sales.

Hedging instruments we use to manage product and other risks might not perform as intended or expected, which could result in higher realized losses and unanticipated cash needs to collateralize or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized.

Regardless of market conditions, certain investments we hold, including privately placed fixed income investments, investments in private equity funds and commercial mortgages, are relatively illiquid. If we need to sell these investments, we may have difficulty selling them in a timely manner or at a price equal to what we could otherwise realize by holding the investment to maturity.

We are exposed to interest rate and equity risk based upon the discount rate and expected long-term rate of return assumptions associated with our pension and other retirement benefit obligations. Sustained declines in long-term interest rates or equity returns could have a negative effect on the funded status of these plans and/or increase our future funding costs.

Fluctuations in our operating results and our investment portfolio may impact our tax profile, our ability to optimally utilize tax attributes and our deferred income tax assets. See We expect that our ability to use beneficial U.S. tax attributes will be subject to limitations.

A default by any financial institution or by a sovereign could lead to additional defaults by other market participants. The failure of a sufficiently large and influential institution could disrupt securities markets or clearance and settlement systems and lead to a chain of defaults, because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a counterparty may lead to market-wide liquidity problems and losses or defaults by us or by other institutions. This risk is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which we interact on a daily basis. Systemic risk could have a material adverse effect on our ability to raise new funding and on our business, results of operations, financial condition, liquidity and/or business prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

Widening credit spreads, if not offset by equal or greater declines in the risk-free interest rate, would also cause the total interest rate payable on newly issued securities to increase, and thus would have the same effect as an increase in underlying interest rates with

respect to the valuation of our current portfolio.

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Continuing market turmoil has resulted in, and may continue to raise the possibility of, legislative, regulatory and governmental actions. We cannot predict whether or when such actions may occur, or what impact, if any, such actions could have on our business, results of operations and financial condition.

Adverse capital and credit market conditions may impact our ability to access liquidity and capital, as well as the cost of credit and capital.

Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting our ability to support or grow our businesses. We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock, maintain our securities lending activities and replace certain maturing liabilities. Without sufficient liquidity, we will be forced to curtail our operations and our business will suffer. As a holding company with no direct operations, our principal assets are the capital stock of our subsidiaries. Payments of dividends and advances or repayment of funds to us by our insurance subsidiaries are restricted by the applicable laws and regulations of their respective jurisdictions, including laws establishing minimum solvency and liquidity thresholds.

For our insurance and other subsidiaries, the principal sources of liquidity are insurance premiums and fees, annuity deposits and cash flow from investments and assets. At the holding company level, sources of liquidity in normal markets also include a variety of short-term liquid investments and short-and long-term instruments, including credit facilities, equity securities and medium-and long-term debt.

In the event current resources do not satisfy our needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry and our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects. Similarly, our access to funds may be limited if regulatory authorities or rating agencies take negative actions against us. If our internal sources of liquidity prove to be insufficient, there is a risk that we may not be able to successfully obtain additional financing on favorable terms, or at all. Any actions we might take to access financing may cause rating agencies to reevaluate our ratings.

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, may also limit our access to capital. Such market conditions may in the future limit our ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory reserves and rating agency capital requirements. This could force us to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on our debt, (3) issue capital of different types or under different terms than we would otherwise or (4) incur a higher cost of capital than in a more stable market environment. This would have the potential to decrease both our profitability and our financial flexibility. Our results of operations, financial condition, liquidity, statutory capital and rating agency capital position could be materially and adversely affected by disruptions in the financial markets.

The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment.

Changes in prevailing interest rates may negatively affect our business including the level of net interest margin we earn. In a period of changing interest rates, interest expense may increase and interest credited to policyholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest margin. Changes in interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In addition, our insurance and annuity products and certain of our retirement and investment products are sensitive to inflation rate fluctuations. A sustained increase in the inflation rate in our principal markets may also negatively affect our business, financial condition and results of operation. For example, a sustained increase

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in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may result in mispricing of our products, which could materially and adversely impact our results of operations.

During periods of declining interest rates or a prolonged period of low interest rates, life insurance and annuity products may be relatively more attractive to consumers due to minimum guarantees that are frequently mandated by regulators, resulting in increased premium payments on products with flexible premium features and a higher percentage of insurance and annuity contracts remaining in force from year-to-year than we anticipated in our pricing, potentially resulting in greater claims costs than we expected and asset liability cash flow mismatches. A decrease in interest rates or a prolonged period of low interest rates may also require additional provisions for guarantees included in life insurance and annuity contracts, as the guarantees become more valuable to policyholders. During a period of decreasing interest rates or a prolonged period of low interest rates, our investment earnings may decrease because the interest earnings on our recently purchased fixed income investments will likely have declined in parallel with market interest rates. In addition, a prolonged low interest rate period may result in higher costs for certain derivative instruments that may be used to hedge certain of our product risks. Residential mortgage-backed securities (RMBS) and callable fixed income securities in our investment portfolios will be more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates. Consequently, we may be required to reinvest the proceeds in securities bearing lower interest rates. Accordingly, during periods of declining interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to policyholders and contract owners and returns on our investment portfolios. An extended period of declining interest rates or a prolonged period of low interest rates may also cause us to change our long-term view of the interest rates that we can earn on our investments. Such a change in our view would cause us to change the long-term interest rate that we assume in our calculation of insurance assets and liabilities under GAAP. This revision would result in increased reserves, accelerated amortization of DAC and other unfavorable consequences. In addition, certain statutory capital and reserve requirements are based on formulas or models that consider interest rates, and an extended period of low interest rates may increase the statutory capital we are required to hold and the amount of assets we must maintain to support statutory reserves.

We believe a continuation of the current low interest rate environment would also negatively affect our financial performance. For example, if new money investment rates remained at approximately the same level as observed over the second half of 2012 and did not rise through the end of 2016, we estimated that would reduce our operating earnings projections by 3-5% in each of 2013, 2014, 2015 and 2016, in each case as compared to our projections for such year as of December 31, 2012. See Business Operating Return on Capital Goal. This estimated reduction in operating earnings primarily reflects (1) lower investment income, as we invest new premiums and reinvest proceeds from maturing investments at rates lower than the yield on our current investment portfolio, and (2) higher amortization of DAC/VOBA. We believe reduced crediting rates offset the lower investment income, but that such reductions would only be partially effective due to the presence of minimum credited rates on many of our products. Under this scenario, we do not currently expect that loss recognition testing will result in charges to net income. These estimates do not assume any changes to our long-term DAC assumptions and do not reflect significant management actions, other than reductions to crediting rates. In addition, we expect that a continuation of the current low interest rate environment would reduce our total company estimated combined RBC ratio (which includes the effect from the Closed Blocks) in an amount that could be material.

Conversely, in periods of rapidly increasing interest rates, policy loans, withdrawals from, and/or surrenders of, life insurance and annuity contracts and certain guaranteed investment contracts (GICs) may increase as policyholders choose to seek higher investment returns. Obtaining cash to satisfy these obligations may require us to liquidate fixed income investments at a time when market prices for those assets are depressed because of increases in interest rates. This may result in realized investment losses. Regardless of whether we realize an investment loss, such cash payments would result in a decrease in total invested assets and may decrease our net income and capitalization levels. Premature withdrawals may also cause us to accelerate amortization of DAC.

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which would also reduce our net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within our investment portfolio. An increase in market interest rates could also create a significant collateral posting requirement associated with our interest rate hedge programs, which could materially and adversely affect liquidity. In addition, an increase in market interest rates could require us to pay higher interest rates on debt securities we may issue in the financial markets from time to time to finance our operations, which would increase our interest expenses and reduce our results of operations. Lastly, an increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds, which also might affect the value of the underlying guarantees within these variable annuities.

A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and adversely affect our results of operations and financial condition.

Ratings are important to our business. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. Our credit ratings are important to our ability to raise capital through the issuance of debt and to the cost of such financing. Financial strength ratings, which are sometimes referred to as claims-paying ratings, represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Financial strength ratings are important factors affecting public confidence in insurers, including our insurance company subsidiaries. The financial strength ratings of our insurance subsidiaries are important to our ability to sell our products and services to our customers. Ratings are not recommendations to buy our securities. Each of the rating agencies reviews its ratings periodically, and our current ratings may not be maintained in the future.

Our ratings could be downgraded at any time and without notice by any rating agency. For example, in December 2011, both S&P and Moody's Investors Service, Inc. (Moody's) downgraded the financial strength ratings of our insurance companies as a result of the announcement by ING Group regarding the financial impact of the change in policyholder behavior assumptions in our CBVA segment, which resulted in a charge of 1.1 billion against the results of that segment, as reflected in ING Group's 2011 financial statements reported under IFRS. For a description of material rating actions that have occurred from the beginning of 2011 through the date of this prospectus, see Management's Discussion and Analysis of Results of Operations and Financial Condition Liquidity and Capital Resources Ratings .

We receive explicit guarantees of our liabilities under certain International Swaps and Derivatives Association, Inc. (ISDA) master agreements from ING V, a wholly owned subsidiary of ING Group and, previously, our indirect parent. Previously, ING V provided a guarantee of our commercial paper program which has been terminated. A downgrade of the credit rating of ING V could allow counterparties to certain ISDA master agreements guaranteed by ING V to terminate outstanding transactions under those agreements. Also, ING Bank, an affiliate, provides certain LOC facilities to the Company. See Certain Relationships and Related Party Transactions Historical Related Party Transactions Financing Arrangements Letter of Credit Facilities . A downgrade of ING Bank could negatively impact our ability to utilize these facilities as reinsurance collateral. On June 15, 2012, Moody's downgraded the long-term debt ratings of ING Group from A1 to A3 with negative outlook and ING Bank from Aa3 to A2 with negative outlook. At the same time, Moody's took negative ratings actions with respect to a number of European-based banking organizations. On November 16, 2012, S&P lowered its starting point for ratings for commercial banks operating in the Netherlands to BBB from A- and therefore revised the outlook on ING Bank and ING Group to negative and affirmed the respective A+ and A counterparty credit ratings. At the same time S&P took various ratings actions on Dutch banks. For information on additional collateral requirements in case of a downgrade of our or ING V's ratings, see Management's Discussion and Analysis of Results of Operations and Financial Condition Liquidity and Capital Resources Potential Impact of a Ratings Downgrade .

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A downgrade of the financial strength rating of one of our principal insurance subsidiaries could affect our competitive position by making it more difficult for us to market our products as potential customers may select companies with higher financial strength ratings and by leading to increased withdrawals by current customers seeking companies with higher financial strength ratings. This could lead to a decrease in AUM and result in lower fee income. Furthermore, sales of assets to meet customer withdrawal demands could also result in losses, depending on market conditions. In addition, a downgrade in either our financial strength or credit ratings could potentially, among other things, increase our borrowing costs and make it more difficult to access financing; adversely affect access to the commercial paper market or the availability of LOCs and other financial guarantees; result in additional collateral requirements, or other required payments or termination rights under derivative contracts or other agreements; and/or impair, or cause the termination of, our relationships with creditors, broker-dealers, distributors, reinsurers or trading counterparties, which could potentially negatively affect our profitability, liquidity and/or capital. In addition, we use assumptions of market participants in estimating the fair value of our liabilities, including insurance liabilities that are classified as embedded derivatives under GAAP. These assumptions include our nonperformance risk (i.e., the risk that the obligations will not be fulfilled). Therefore, changes in our credit or financial strength ratings may affect the fair value of our liabilities.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of us would have additional adverse ratings consequences, which could have a material adverse effect on our results of operations, financial condition and liquidity. We may need to take actions in response to changing standards or capital requirements set by any of the rating agencies which could cause our business and operations to suffer. We cannot predict what additional actions rating agencies may take, or what actions we may take in response to the actions of rating agencies.

Because we operate in highly competitive markets, we may not be able to increase or maintain our market share, which may have an adverse effect on our results of operations.

In each of our businesses we face intense competition, including from domestic and foreign insurance companies, broker-dealers, financial advisors, asset managers and diversified financial institutions, both for the ultimate customers for our products and for distribution through independent distribution channels. We compete based on a number of factors including brand recognition, reputation, quality of service, quality of investment advice, investment performance of our products, product features, scope of distribution, price, perceived financial strength and credit ratings. A decline in our competitive position as to one or more of these factors could adversely affect our profitability. In addition, we may in the future sacrifice our competitive or market position in order to improve our profitability. Many of our competitors are large and well-established and some have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, or have higher claims-paying or credit ratings than we do.

In recent years, there has been substantial consolidation among companies in the financial services industry resulting in increased competition from large, well-capitalized financial services firms. Future economic turmoil may accelerate additional consolidation activity. Many of our competitors also have been able to increase their distribution systems through mergers or contractual arrangements. Furthermore, larger competitors may have lower operating costs and have an ability to absorb greater risk, while maintaining financial strength ratings, allowing them to price products more competitively. These competitive pressures could result in increased pressure on the pricing of certain of our products and services, and could harm our ability to maintain or increase profitability. In addition, if our financial strength and credit ratings are lower than our competitors, we may experience increased surrenders and/or a significant decline in sales. The competitive landscape in which we

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operate may be further affected by the government sponsored programs in the United States and similar governmental actions outside of the United States in response to the dislocations in financial markets. Competitors that receive governmental financing, guarantees or other assistance, or that are not subject to the same regulatory constraints, may have or obtain pricing or other competitive advantages. Due to the competitive nature of the financial services industry, there can be no assurance that we will continue to effectively compete within the industry or that competition will not have a material adverse impact on our business, results of operations and financial condition.

Our risk management policies and procedures, including hedge programs, may prove inadequate for the risks we face, which could negatively affect our business or result in losses.

We have developed risk management policies and procedures, including hedge programs that utilize derivative financial instruments, and expect to continue to do so in the future. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. Many of our methods of managing risk and exposures are based upon observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, customers, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events. These policies and procedures may not be fully effective.

We employ various strategies, including hedging and reinsurance, with the objective of mitigating risks inherent in our business and operations. These risks include current or future changes in the fair value of our assets and liabilities, current or future changes in cash flows, the effect of interest rates, equity markets and credit spread changes, the occurrence of credit defaults, currency fluctuations and changes in mortality and longevity. We seek to control these risks by, among other things, entering into reinsurance contracts and derivative instruments, such as swaps, options, futures and forward contracts. See Reinsurance subjects us to the credit risk of reinsurers and may not be available, affordable or adequate to protect us against losses for a description of risks associated with our use of reinsurance. Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate us from such risks. Our hedging strategies also rely on assumptions and projections regarding our assets, liabilities, general market factors and the creditworthiness of our counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, our hedging activities may not have the desired beneficial impact on our results of operations or financial condition. Hedging strategies involve transaction costs and other costs, and if we terminate a hedging arrangement, we may also be required to pay additional costs, such as transaction fees or breakage costs. We may incur losses on transactions after taking into account our hedging strategies. In particular, certain of our hedging strategies focus on the protection of regulatory and rating agency capital, rather than GAAP earnings. Because our regulatory capital and rating agency capital react differently to market movements than our Variable Annuity Guarantee Hedge Program target, we have executed a capital hedge overlay (CHO) program to generally target these differences. As GAAP accounting differs from the methods used to determine regulatory reserves and rating agency capital requirements, our hedge programs may create earnings volatility in our GAAP financial statements. Further, the nature, timing, design or execution of our hedging transactions could actually increase our risks and losses. Our hedging strategies and the derivatives that we use, or may use in the future, may not adequately mitigate or offset the hedged risk and our hedging transactions may result in losses.

Past or future misconduct by our employees, agents, intermediaries, representatives of our broker-dealer subsidiaries or employees of our vendors could result in violations of law by us or our subsidiaries, regulatory sanctions and/or serious reputational or financial harm and the precautions we take to prevent and detect this activity may not be effective in all cases. Although we employ controls and procedures designed to monitor associates business decisions and to prevent us from taking excessive or inappropriate risks, associates may take such risks regardless of such controls and procedures. Our compensation policies and practices are reviewed by

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us as part of our overall risk management program, but it is possible that such compensation policies and practices could inadvertently incentivize excessive or inappropriate risk taking. If our associates take excessive or inappropriate risks, those risks could harm our reputation and have a material adverse effect on our results of operations and financial condition.

The inability of counterparties to meet their financial obligations could have an adverse effect on our results of operations.

Third parties that owe us money, securities or other assets may not pay or perform under their obligations. These parties include the issuers or guarantors of securities we hold, customers, reinsurers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other factors, or even rumors about potential defaults by one or more of these parties, could have a material adverse effect on our results of operations, financial condition and liquidity.

We routinely execute a high volume of transactions such as unsecured debt instruments, derivative transactions and equity investments with counterparties and customers in the financial services industry, including brokers and dealers, commercial and investment banks, mutual and hedge funds, institutional clients, futures clearing merchants, swap dealers, insurance companies and other institutions, resulting in large periodic settlement amounts which may result in our having significant credit exposure to one or more of such counterparties or customers. Many of these transactions are comprised of derivative instruments with a number of counterparties in order to hedge various risks, including equity and interest rate market risk features within many of our insurance and annuity products. Our obligations under our products are not changed by our hedging activities and we are liable for our obligations even if our derivative counterparties do not pay us. As a result, we face concentration risk with respect to liabilities or amounts we expect to collect from specific counterparties and customers. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers could have an adverse effect on our results of operations or liquidity. There is no assurance that losses on, or impairments to the carrying value of, these assets due to counterparty credit risk would not materially and adversely affect our business, results of operations or financial condition.

We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations we hold could result in losses and/or adversely affect our ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. While in many cases we are permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral we are entitled to receive and the value of pledged assets. Our credit risk may also be exacerbated when the collateral we hold cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to us, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject us to claims for the improper exercise of rights under the contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Requirements to post collateral or make payments related to changes in market value of specified assets may adversely affect liquidity.

The amount of collateral we may be required to post under short-term financing agreements and derivative transactions may increase under certain circumstances. Pursuant to the terms of some transactions, we could be required to make payment to our counterparties related to any change in the market value of the specified collateral assets. Such requirements could have an adverse effect on liquidity. Furthermore, with respect to any

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such payments, we may have unsecured risk to the counterparty as these amounts may not be required to be segregated from the counterparty's other funds, may not be held in a third-party custodial account and may not be required to be paid to us by the counterparty until the termination of the transaction. Additionally, the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) and the resultant changes in collateral requirements may increase the need for liquidity and eligible collateral assets in excess of what is already being held.

For a discussion on certain obligations we have with respect to the posting of collateral upon the occurrence of certain events, see Management's Discussion and Analysis of Results of Operations and Financial Condition - Liquidity and Capital Resources - Potential Impact of a Ratings Downgrade.

Our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and results of operations.

Fixed income securities represent a significant portion of our investment portfolio. We are subject to the risk that the issuers, or guarantors, of fixed income securities we own may default on principal and interest payments they owe us. We are also subject to the risk that the underlying collateral within ABS, including mortgage-backed securities, may default on principal and interest payments causing an adverse change in cash flows. The occurrence of a major economic downturn, acts of corporate malfeasance, widening mortgage or credit spreads, or other events that adversely affect the issuers, guarantors or underlying collateral of these securities could cause the estimated fair value of our fixed income securities portfolio and our earnings to decline and the default rate of the fixed income securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of securities in our investment portfolio, or similar trends that could worsen the credit quality of such issuers, or guarantors could also have a similar effect. Similarly, a ratings downgrade affecting a security we hold could indicate the credit quality of that security has deteriorated and could increase the capital we must hold to support that security to maintain our RBC ratio. See

A decrease in the RBC ratio (as a result of a reduction in statutory surplus and/or increase in risk-based capital (RBC) requirements) of our insurance subsidiaries could result in increased scrutiny by insurance regulators and rating agencies and have a material adverse effect on our business, results of operations and financial condition. We are also subject to the risk that cash flows resulting from the payments on pools of mortgages that serve as collateral underlying the mortgage-backed securities we own may differ from our expectations in timing or size. Cash flow variability arising from an unexpected acceleration in mortgage prepayment behavior can be significant, and could cause a decline in the estimated fair value of certain interest-only securities within our mortgage-backed securities portfolio. Any event reducing the estimated fair value of these securities, other than on a temporary basis, could have a material adverse effect on our business, results of operations and financial condition.

We derive operating revenues from providing investment management and related services. Our revenues depend largely on the value and mix of AUM. Our investment management related revenues are derived primarily from fees based on a percentage of the value of AUM. Any decrease in the value or amount of our AUM because of market volatility or other factors negatively impacts our revenues and income. Global economic conditions, changes in the equity markets, currency exchange rates, interest rates, inflation rates, the yield curve, defaults by derivative counterparties and other factors that are difficult to predict affect the mix, market values and levels of our AUM. The funds we manage may be subject to an unanticipated large number of redemptions as a result of such events, causing the funds to sell securities they hold, possibly at a loss, or draw on any available lines of credit to obtain cash, or use securities held in the applicable fund, to settle these redemptions. We may, in our discretion, also provide financial support to a fund to enable it to maintain sufficient liquidity in such an event. Additionally, changing market conditions may cause a shift in our asset mix towards fixed-income products and a related decline in our revenue and income, as we generally derive higher fee revenues and income from equity products than from fixed-income products we manage. Any decrease in the level of our AUM resulting from price declines, interest rate volatility or uncertainty, increased redemptions or other factors could negatively impact our revenues and income.

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From time to time we invest our capital to seed a particular investment strategy or investment portfolio. We may also co-invest in funds or take an equity ownership interest in certain structured finance/investment vehicles that we manage for our customers. Any decrease in the value of such investments could negatively affect our revenues and income.

Our investment performance is critical to the success of our investment management and related services business, as well as to the profitability of our insurance, annuity and retirement products. Poor investment performance as compared to third-party benchmarks or competitor products could lead to a decrease in sales of investment products we manage and lead to redemptions from existing products, generally lowering the overall level of AUM and reducing the management fees we earn. We cannot assure you that past or present investment performance in the investment products we manage will be indicative of future performance. Any poor investment performance may negatively impact our revenues and income.

Some of our investments are relatively illiquid and are in asset classes that have been experiencing significant market valuation fluctuations.

We hold certain assets that may lack liquidity, such as privately placed fixed income securities, commercial mortgage loans, policy loans and limited partnership interests. These asset classes represented 27.6% of the carrying value of our total cash and invested assets as of June 30, 2013. If we require significant amounts of cash on short notice in excess of normal cash requirements or are required to post or return collateral in connection with our investment portfolio, derivatives transactions or securities lending activities, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both.

The reported values of our relatively illiquid types of investments do not necessarily reflect the current market price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we would be able to sell them for the prices at which we have recorded them and we might be forced to sell them at significantly lower prices.

We invest a portion of our invested assets in investment funds, many of which make private equity investments. The amount and timing of income from such investment funds tends to be uneven as a result of the performance of the underlying investments, including private equity investments. The timing of distributions from the funds, which depends on particular events relating to the underlying investments, as well as the funds' schedules for making distributions and their needs for cash, can be difficult to predict. As a result, the amount of income that we record from these investments can vary substantially from quarter to quarter. Recent equity and credit market volatility may reduce investment income for these types of investments.

Our CMO-B portfolio exposes us to market and behavior risks.

We manage a portfolio of various collateralized mortgage obligation (CMO) tranches in combination with financial derivatives as part of a proprietary strategy we refer to as CMO-B, as described under Investments CMO-B Portfolio . As of June 30, 2013, our CMO-B portfolio had \$3.2 billion in total assets, consisting of notional or principal securities backed by mortgages secured by single-family residential real estate, and including interest-only securities, principal-only securities, inverse-floating rate (principal) securities and inverse interest-only securities. The CMO-B portfolio is subject to a number of market and behavior risks, including interest rate risk and prepayment risk. Interest rate risk represents the potential for adverse changes in portfolio value resulting from changes in the general level of interest rates. Prepayment risk represents the potential for adverse changes in portfolio value resulting from changes in residential mortgage prepayment speed, which in turn depends on a number of factors, including conditions in both credit markets and housing markets. As of June 30, 2013, December 31, 2012 and December 31, 2011, approximately 31.5%, 33.1% and 32.8%, respectively, of the Company's total CMO holdings were invested in those types of CMOs, such as interest-only or principal-only strips, which are subject to more prepayment and extension risk than traditional CMOs. In addition, government policy changes affecting residential housing and residential housing finance, such as government agency

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reform and government sponsored refinancing programs, and Federal Reserve Bank purchases of agency mortgage securities, or QE3, could alter prepayment behavior and result in adverse changes to portfolio values. While we actively monitor our exposure to these and other risks inherent in this strategy, we cannot assure you that our hedging and risk management strategies will be effective; any failure to manage these risks effectively could materially and adversely affect our results of operations and financial condition. In addition, although we believe our CMO-B portfolio has performed well for a number of years, and particularly well since the recent financial crisis, primarily due to persistently low levels of short-term interest rates and mortgage prepayments in an atmosphere of tightened housing-related credit availability, this portfolio may not continue to perform as well in the future. A rebound in home prices and an anticipated increased availability of housing-related credit in 2013 have lowered interest only (IO) and inverse IO valuations modestly in the six months ended June 30, 2013. To the extent these conditions persist in the coming quarters, we expect prepayment speeds may increase and the results of our CMO-B portfolio would likely underperform those of recent periods.

Defaults or delinquencies in our commercial mortgage loan portfolio may adversely affect our profitability.

The commercial mortgage loans we hold face both default and delinquency risk. We establish loan specific estimated impairments at the balance sheet date. These impairments are based on the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate, the estimated fair value of the loan's collateral if the loan is in the process of foreclosure or otherwise collateral dependent, or the loan's observable market price. We also establish valuation allowances for loan losses when, based on past experience, it is probable that a credit event has occurred and the amount of the loss can be reasonably estimated. These valuation allowances are based on loan risk characteristics, historical default rates and loss severities, real estate market fundamentals and outlook as well as other relevant factors. As of September 30, 2013, our commercial loan portfolio included \$5.1 million (0.1%) of commercial loans that were in the process of foreclosure. No other commercial mortgage loans were 90 or more days past due. The performance of our commercial mortgage loan investments may fluctuate in the future. In addition, legislative proposals that would allow or require modifications to the terms of commercial mortgage loans could be enacted. We cannot predict whether these proposals will be adopted, or what impact, if any, such laws, if enacted, could have on our business or investments. An increase in the delinquency and default rate of our commercial mortgage loan portfolio could adversely impact our results of operations and financial condition.

Further, any geographic or sector concentration of our commercial mortgage loans may have adverse effects on our investment portfolios and consequently on our results of operations or financial condition. While we generally seek to mitigate the risk of sector concentration by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on the investment portfolios to the extent that the portfolios are concentrated, which could affect our results of operations and financial condition.

In addition, liability under environmental protection laws resulting from our commercial mortgage loan portfolio and real estate investments could affect our results of operations or financial condition. Under the laws of several states, contamination of a property may give rise to a lien on the property to secure recovery of the costs of cleanup. In some states, such a lien has priority over the lien of an existing mortgage against the property, which would impair our ability to foreclose on that property should the related loan be in default. In addition, under the laws of some states and under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, we may be liable for costs of addressing releases or threatened releases of hazardous substances that require remedy at a property securing a mortgage loan held by us, regardless of whether or not the environmental damage or threat was caused by the obligor, which could harm our results of operations and financial condition. We also may face this liability after foreclosing on a property securing a mortgage loan held by us.

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Our operations are complex and a failure to properly perform services could have an adverse effect on our revenues and income.

Our operations include, among other things, retirement plan administration, policy administration, portfolio management, investment advice, retail and wholesale brokerage, fund administration, shareholder services, benefits processing and servicing, contract and sales and servicing, transfer agency, underwriting, distribution, custodial, trustee and other fiduciary services. In order to be competitive, we must properly perform our administrative and related responsibilities, including recordkeeping and accounting, regulatory compliance, security pricing, corporate actions, compliance with investment restrictions, daily net asset value computations, account reconciliations and required distributions to fund shareholders. Further, certain of our investment management subsidiaries may act as general partner for various investment partnerships, which may subject them to liability for the partnerships' liabilities. If we fail to properly perform and monitor our operations, our business could suffer and our revenues and income could be adversely affected.

Our products and services are complex and are frequently sold through intermediaries, and a failure to properly perform services or the misrepresentation of our products or services could have an adverse effect on our revenues and income.

Many of our products and services are complex and are frequently sold through intermediaries. In particular, our insurance businesses are reliant on intermediaries to describe and explain their products to potential customers. The intentional or unintentional misrepresentation of our products and services in advertising materials or other external communications, or inappropriate activities by our personnel or an intermediary, could adversely affect our reputation and business prospects, as well as lead to potential regulatory actions or litigation.

Revenues, earnings and income from our investment management business operations could be adversely affected if the terms of our asset management agreements are significantly altered or the agreements are terminated.

Our revenues from our investment management business operations are dependent on fees earned under asset management and related services agreements that we have with the clients and funds we advise. Operating revenues for this segment were \$440.6 million for the nine months ended September 30, 2013, \$545.5 million for the year ended December 31, 2012 and \$491.9 million for the year ended December 31, 2011, and could be adversely affected if these agreements are altered significantly or terminated. The decline in revenue that might result from alteration or termination of our asset management services agreements could have a material adverse impact on our results of operations or financial condition. Operating earnings before income taxes was \$125.2 million for the nine months ended September 30, 2013, \$134.5 million for the year ended December 31, 2012 and \$87.5 million for the year ended December 31, 2011. In addition, under certain laws, most notably the Investment Company Act of 1940, as amended (the "Investment Company Act") and the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), advisory contracts may require approval or consent from clients or fund shareholders in the event of an assignment of the contract or a change in control of the investment adviser. Were a transaction to result in an assignment or change in control, the inability to obtain consent or approval from clients or shareholders of mutual funds or other investment funds could result in a significant reduction in advisory fees.

The valuation of many of our financial instruments includes methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially and adversely affect our results of operations and financial condition.

The following financial instruments are carried at fair value in our financial statements: fixed income securities, equity securities, derivatives, embedded derivatives, assets and liabilities related to consolidated investment entities, and separate account assets. We have categorized these instruments into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives

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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), while quoted prices in markets that are not active or valuation techniques requiring inputs that are observable for substantially the full term of the asset or liability are Level 2.

Factors considered in estimating fair values of securities, and derivatives and embedded derivatives related to our securities include coupon rate, maturity, principal paydown including prepayments, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer and quoted market prices of comparable securities. Factors considered in estimating the fair values of embedded derivatives and derivatives related to product guarantees (collectively, guaranteed benefit derivatives) include risk-free interest rates, long-term equity implied volatility, interest rate implied volatility, correlations among mutual funds associated with variable annuity contracts, correlations between interest rates and equity funds and actuarial assumptions such as mortality rates, lapse rates and benefit utilization, as well as the amount and timing of policyholder deposits and partial withdrawals. The impact of our risk of nonperformance is also reflected in the estimated fair value of guaranteed benefit derivatives. In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, we will determine the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value.

The determinations of fair values are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, it has been and will likely continue to be difficult to value certain of our securities, such as certain mortgage-backed securities, if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that could become illiquid in a difficult financial environment. In such cases, more securities may fall to Level 3 and thus require more subjectivity and management judgment in determining fair value. As such, valuations may include inputs and assumptions that are less observable or require greater estimation, thereby resulting in values that may differ materially from the value at which the investments may be ultimately sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within the financial statements, and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our results of operations and financial condition. As of June 30, 2013, 7.4%, 91.5% and 1.1% of our available-for-sale securities were considered to be Level 1, 2 and 3, respectively.

The determination of the amount of allowances and impairments taken on our investments is subjective and could materially and adversely impact our results of operations or financial condition. Gross unrealized losses may be realized or result in future impairments, resulting in a reduction in our net income (loss).

We evaluate investment securities held by us for impairment on a quarterly basis. This review is subjective and requires a high degree of judgment. For fixed income securities held, an impairment loss is recognized if the fair value of the debt security is less than the carrying value and we no longer have the intent to hold the debt security; if it is more likely than not that we will be required to sell the debt security before recovery of the amortized cost basis; or if a credit loss has occurred.

When we do not intend to sell a security in an unrealized loss position, potential credit related other-than-temporary impairments (OTTI) are considered using a variety of factors, including the length of time and extent to which the fair value has been less than cost, adverse conditions specifically related to the industry, geographic area in which the issuer conducts business, financial condition of the issuer or underlying collateral of a security, payment structure of the security, changes in credit rating of the security by the rating agencies, volatility of the fair value changes and other events that adversely affect the issuer. In addition, we take into account relevant broad market and economic data in making impairment decisions.

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As part of the impairment review process, we utilize a variety of assumptions and estimates to make a judgment on how fixed income securities will perform in the future. It is possible that securities in our fixed income portfolio will perform worse than our expectations. There is an ongoing risk that further declines in fair value may occur and additional OTTI may be recorded in future periods, which could materially and adversely affect our results of operations and financial condition. Furthermore, historical trends may not be indicative of future impairments or allowances.

Fixed income and equity securities classified as available-for-sale are reported at their estimated fair value. Unrealized gains or losses on available-for-sale securities are recognized as a component of other comprehensive income (loss) and are therefore excluded from net income (loss). The accumulated change in estimated fair value of these available-for-sale securities is recognized in net income (loss) when the gain or loss is realized upon the sale of the security or in the event that the decline in estimated fair value is determined to be other-than-temporary and an impairment charge to earnings is taken. Such realized losses or impairments may have a material adverse effect on our net income (loss) in a particular interim or annual period. For example, we recorded OTTI of \$22.6 million, \$55.1 million, \$502.7 million and \$890.8 million in net realized capital losses for the nine months ended September 30, 2013 and the years ended December 31, 2012, 2011 and 2010, respectively.

Our participation in a securities lending program and a reverse repurchase program subjects us to potential liquidity and other risks.

We participate in a securities lending program whereby blocks of securities, which are included in fixed income securities and short-term investments, are loaned to third-party borrowers, primarily major brokerage firms and commercial banks. We generally obtain cash collateral in an amount equal to 102% of the estimated fair value of the loaned securities, which is obtained at the inception of a loan and maintained at a level greater than or equal to 100% for the duration of the loan. The cash collateral received is typically invested in fixed income securities. A return of loaned securities by a borrower would require us to liquidate the investments held as collateral and return the cash collateral associated with such loaned securities.

We also participate in a reverse repurchase program whereby we sell fixed income securities to third-party repurchase counterparties, primarily major brokerage firms and commercial banks, with a concurrent agreement to repurchase those same securities at a determined future date. Our policy requires that, at all times during the term of the reverse repurchase agreements, cash or other types of collateral types provided is sufficient to allow the counterparty to fund substantially all of the cost of purchasing replacement assets. The cash proceeds received under the reverse repurchase program are typically invested in fixed income securities and cannot be returned prior to the scheduled repurchase date; however, market conditions on the repurchase date may limit our ability to enter into new agreements. The repurchase of securities or our inability to enter into new reverse repurchase agreements would require us to return the cash collateral proceeds associated with such transactions on the repurchase or maturity date.

For both securities lending and reverse repurchase transactions, in some cases, the maturity of the securities held as invested collateral (i.e., securities that we have purchased with cash collateral received) may exceed the term of the related securities on loan and the estimated fair value may fall below the amount of cash received as collateral and invested. If we are required to return significant amounts of cash collateral on short notice and we are forced to sell securities to meet the return obligation, we may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions, or both. In addition, under adverse capital market and economic conditions, liquidity may broadly deteriorate, which would further restrict our ability to sell securities. If we decrease the amount of our securities lending and reverse repurchase activities over time, the amount of net investment income generated by these activities will also likely decline. See Management's Discussion and Analysis of Results of Operations and Financial Condition - Liquidity and Capital Resources - Securities Lending .

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Differences between actual claims experience and reserving assumptions may adversely affect our results of operations or financial condition.

We establish and hold reserves to pay future policy benefits and claims. Our reserves do not represent an exact calculation of liability, but rather are actuarial or statistical estimates based on data and models that include many assumptions and projections, which are inherently uncertain and involve the exercise of significant judgment, including assumptions as to the levels and/or timing of receipt or payment of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), retirement, mortality, morbidity and persistency. We periodically review the adequacy of reserves and the underlying assumptions. We cannot, however, determine with precision the amounts that we will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting our policy liabilities, together with future premiums, will grow to the level assumed prior to payment of benefits or claims. If actual experience differs significantly from assumptions or estimates, reserves may not be adequate. If we conclude that our reserves, together with future premiums, are insufficient to cover future policy benefits and claims, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which could materially and adversely affect our results of operations and financial condition.

We may face significant losses if mortality rates, morbidity rates, persistency rates or other underwriting assumptions differ significantly from our pricing expectations.

We set prices for many of our insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality rates, or likelihood of death, and morbidity rates, or likelihood of sickness, of our policyholders. In addition to the potential effect of natural or man-made disasters, significant changes in mortality or morbidity could emerge gradually over time due to changes in the natural environment, the health habits of the insured population, technologies and treatments for disease or disability, the economic environment, or other factors. The long-term profitability of our insurance and annuity products depends upon how our actual mortality rates, and to a lesser extent actual morbidity rates, compare to our pricing assumptions. In addition, prolonged or severe adverse mortality or morbidity experience could result in increased reinsurance costs, and ultimately, reinsurers might not offer coverage at all. If we are unable to maintain our current level of reinsurance or purchase new reinsurance protection in amounts that we consider sufficient, we would have to accept an increase in our net risk exposures, revise our pricing to reflect higher reinsurance premiums, or otherwise modify our product offering.

Pricing of our insurance and annuity products is also based in part upon expected persistency of these products, which is the probability that a policy will remain in force from one period to the next. Persistency of our annuity products may be significantly and adversely impacted by the increasing value of guaranteed minimum benefits contained in many of our variable annuity products due to poor equity market performance or extended periods of low interest rates as well as other factors. The minimum interest rate guarantees in our fixed annuities may also be more valuable in extended periods of low interest rates. Persistency could be adversely affected generally by developments adversely affecting customer perception of us. Results may also vary based on differences between actual and expected premium deposits and withdrawals for these products. Many of our deferred annuity products also contain optional benefits that may be exercised at certain points within a contract. We set prices for such products using assumptions for the rate of election of deferred annuity living benefits and other optional benefits offered to our contract owners. The profitability of our deferred annuity products may be less than expected, depending upon how actual contract owner decisions to elect or delay the utilization of such benefits compare to our pricing assumptions. The development of a secondary market for life insurance, including stranger-owned life insurance, life settlements or viaticals and investor-owned life insurance, and the potential development of third-party investor strategies in the annuities business, could also adversely affect the profitability of existing business and our pricing assumptions for new business. Actual persistency that is lower than our persistency assumptions could have an adverse effect on profitability, especially in the early years of a policy, primarily because we would be required to accelerate the amortization of expenses we defer in connection with the acquisition of the policy. Actual persistency that is higher than our persistency assumptions could have

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an adverse effect on profitability in the later years of a block of business because the anticipated claims experience is higher in these later years. If actual persistency is significantly different from that assumed in our current reserving assumptions, our reserves for future policy benefits may prove to be inadequate. Although some of our products permit us to increase premiums or adjust other charges and credits during the life of the policy, the adjustments permitted under the terms of the policies may not be sufficient to maintain profitability. Many of our products, however, do not permit us to increase premiums or adjust charges and credits during the life of the policy or during the initial guarantee term of the policy. Even if permitted under the policy, we may not be able or willing to raise premiums or adjust other charges for regulatory or competitive reasons.

Pricing of our products is also based on long-term assumptions regarding interest rates, investment returns and operating costs. Management establishes target returns for each product based upon these factors, the other underwriting assumptions noted above and the average amount of regulatory and rating agency capital that we must hold to support in-force contracts. We monitor and manage pricing and sales to achieve target returns. Profitability from new business emerges over a period of years, depending on the nature and life of the product, and is subject to variability as actual results may differ from pricing assumptions. Our profitability depends on multiple factors, including the comparison of actual mortality, morbidity and persistency rates and policyholder behavior to our assumptions; the adequacy of investment margins; our management of market and credit risks associated with investments; our ability to maintain premiums and contract charges at a level adequate to cover mortality, benefits and contract administration expenses; the adequacy of contract charges and availability of revenue from providers of investment options offered in variable contracts to cover the cost of product features and other expenses; and management of operating costs and expenses.

Unfavorable developments in interest rates, credit spreads and policyholder behavior can result in adverse financial consequences related to our stable value products, and our hedge program and risk mitigation features may not successfully offset these consequences.

We offer stable value products primarily as a fixed rate, liquid asset allocation option for employees of our plan sponsor customers within the defined contribution funding plans offered by our Retirement business. These products are designed to provide a guaranteed annual credited rate (currently between zero and three percent) on the invested assets in addition to enabling participants the right to withdraw and transfer funds at book value.

The sensitivity of our statutory reserves and surplus established for the stable value products to changes in interest rates, credit spreads and policyholder behavior will vary depending on the magnitude of these changes, as well as on the book value of assets, the market value of assets, the guaranteed credited rates available to customers and other product features. Realization or re-measurement of these risks may result in an increase in the reserves for stable value products, and could materially and adversely affect our financial position or results of operations. In particular, in low interest rate environments, we bear exposure to the risk that the credited rate exceeds the earned rate on guaranteed annual credited rate products, and, in a rising interest rate environment, we are exposed to the risk of financial disintermediation through a potential increase in the level of book value withdrawals.

To the extent that our hedge program and other risk mitigating features do not operate as intended or are not fully effective, we remain exposed to the risks described above.

We may be required to accelerate the amortization of DAC, deferred sales inducements (DSI) and/or VOBA, any of which could adversely affect our results of operations or financial condition.

DAC represents the incremental costs related directly to the acquisition of new and renewal insurance and annuity contracts. DSI represents amounts that are credited to a policyholder's account balance as an inducement to purchase a contract. VOBA represents the present value of estimated cash flows embedded in acquired business, plus renewal commissions and certain other costs on such acquired business. Capitalized costs associated with DAC, DSI and VOBA are amortized in proportion to actual and estimated gross profits, gross

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premiums or gross revenues depending on the type of contract. Management, on an ongoing basis, tests the DAC, DSI and VOBA recorded on our balance sheets to determine if these amounts are recoverable under current assumptions. In addition, management regularly reviews the estimates and assumptions underlying DAC, DSI and VOBA. The projection of estimated gross profits, gross premiums or gross revenues requires the use of certain assumptions, principally related to separate account fund returns in excess of amounts credited to policyholders, policyholder behavior such as surrender and lapse rates, interest margin, expense margin, mortality, future impairments and hedging costs. Estimating future gross profits, gross premiums or gross revenues is a complex process requiring considerable judgment and the forecasting of events well into the future. If these assumptions prove to be inaccurate, if an estimation technique used to estimate future gross profits, gross premiums or gross revenues is changed, or if significant or sustained equity market declines occur and/or persist, we could be required to accelerate the amortization of DAC, DSI and VOBA, which would result in a charge to earnings. Such adjustments could have a material adverse effect on our results of operations and financial condition.

Reinsurance subjects us to the credit risk of reinsurers and may not be available, affordable or adequate to protect us against losses.

We cede life insurance policies and annuity contracts or certain risks related to life insurance policies and annuity contracts to other insurance companies using various forms of reinsurance, including coinsurance, modified coinsurance, funds withheld, monthly renewable term and yearly renewable term. However, we remain liable to the underlying policyholders, even if the reinsurer defaults on its obligations with respect to the ceded business. If a reinsurer fails to meet its obligations under the reinsurance contract, we will be forced to cover the claims on the reinsured policies. In addition, a reinsurer insolvency may cause us to lose our reserve credits on the ceded business, in which case we would be required to establish additional statutory reserves.

In addition, if a reinsurer loses its accredited reinsurer status in any state where we are licensed to do business, we will not be entitled to take credit for reinsurance in that state if the reinsurer does not post sufficient qualifying assets in a qualifying trust or post qualifying LOCs, and we would be required to establish additional statutory reserves. Similarly, the credit for reinsurance taken by our insurance subsidiaries under affiliated and unaffiliated offshore reinsurance agreements is, under certain conditions, dependent upon the offshore reinsurer's ability to obtain and provide sufficient qualifying assets in a qualifying trust or qualifying letters of credit issued by qualifying lending banks. The cost of letters of credit, when available, continues to be very expensive in the current economic environment. Because of this, our affiliated offshore reinsurer has established and will continue to pursue alternative sources for qualifying reinsurance collateral. If these steps are unsuccessful, or if unaffiliated non-accredited reinsurers that have reinsured business from our insurance subsidiaries are unsuccessful in obtaining sources of qualifying reinsurance collateral, our insurance subsidiaries might not be able to obtain full statutory reserve credit. Loss of reserve credit by an insurance subsidiary would require it to establish additional statutory reserves and would result in a decrease in the level of its capital, which could have a material adverse effect on our profitability, results of operations and financial condition.

We had \$696.7 million and \$679.1 million of unsecured unaffiliated reinsurance recoverable balances with offshore or other reinsurers not accredited by the domiciliary regulators of our insurance operating companies as of December 31, 2012 and 2011, respectively. These reinsurance recoverable balances are periodically assessed for uncollectability and there were no significant allowances for uncollectible reinsurance as of June 30, 2013, December 31, 2012 and December 31, 2011.

The collectability of reinsurance recoverables is subject to uncertainty arising from a number of factors, including whether the insured losses meet the qualifying conditions of the reinsurance contract, whether reinsurers or their affiliates have the financial capacity and willingness to make payments under the terms of the reinsurance contract, and the degree to which our reinsurance balances are secured by sufficient qualifying assets in qualifying trusts or qualifying LOCs issued by qualifying lender banks. Although a substantial portion of our reinsurance exposure is secured by assets held in trusts or LOCs, the inability to collect a material recovery from a reinsurer could have a material adverse effect on our profitability, results of operation and financial condition.

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The premium rates and other fees that we charge are based, in part, on the assumption that reinsurance will be available at a certain cost. Some of our reinsurance contracts contain provisions that limit the reinsurer's ability to increase rates on in-force business; however, some do not. If a reinsurer raises the rates that it charges on a block of in-force business, in some instances, we will not be able to pass the increased costs onto our customers and our profitability will be negatively impacted. Additionally, such a rate increase could result in our recapturing of the business, which may result in a need to maintain additional reserves, reduce reinsurance receivables and expose us to greater risks. If reinsurers raise the rates that they charge on new business, we may be forced to raise the premiums that we charge, which could have a negative impact on our competitive position.

A decrease in the RBC ratio (as a result of a reduction in statutory surplus and/or increase in risk-based capital (RBC) requirements) of our insurance subsidiaries could result in increased scrutiny by insurance regulators and rating agencies and have a material adverse effect on our business, results of operations and financial condition.

The NAIC has established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies. The RBC formula for life insurance companies establishes capital requirements relating to asset, insurance, interest rate and business risks, including equity, interest rate and expense recovery risks associated with variable annuities and group annuities that contain guaranteed minimum death and living benefits. Each of our insurance subsidiaries is subject to RBC standards and/or other minimum statutory capital and surplus requirements imposed under the laws of its respective jurisdiction of domicile.

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by the insurance subsidiary (which itself is sensitive to equity market and credit market conditions), the amount of additional capital such insurer must hold to support business growth, changes in equity market levels, the value and credit ratings of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments that do not receive hedge accounting and changes in interest rates, as well as changes to the RBC formulas and the interpretation of the NAIC's instructions with respect to RBC calculation methodologies. Many of these factors are outside of our control. Our financial strength and credit ratings are significantly influenced by statutory surplus amounts and RBC ratios. In addition, rating agencies may implement changes to their own internal models, which differ from the RBC capital model, that have the effect of increasing or decreasing the amount of statutory capital we or our insurance subsidiaries should hold relative to the rating agencies' expectations. In extreme scenarios of equity market declines, sustained periods of low interest rates, rapidly rising interest rates or credit spread widening, the amount of additional statutory reserves that an insurance subsidiary is required to hold for certain types of GICs and variable annuity guarantees and stable value contracts may increase at a greater than linear rate. This increase in reserves would decrease the statutory surplus available for use in calculating the subsidiary's RBC ratios. To the extent that an insurance subsidiary's RBC ratios are deemed to be insufficient, we may seek to take actions either to increase the capitalization of the insurer or to reduce the capitalization requirements. If we were unable to accomplish such actions, the rating agencies may view this as a reason for a ratings downgrade.

The failure of any of our insurance subsidiaries to meet its applicable RBC requirements or minimum capital and surplus requirements could subject it to further examination or corrective action imposed by insurance regulators, including limitations on its ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have a material adverse effect on our business, results of operations and financial condition. A decline in RBC ratios also limits the ability of an insurance subsidiary to make dividends or distributions to us and could be a factor in causing ratings agencies to downgrade the insurer's financial strength ratings, which could have a material adverse effect on our business, results of operations and financial condition.

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Our statutory reserve financings may be subject to cost increases and new financings may be subject to limited market capacity.

We have financing facilities in place for our previously written business and have remaining capacity in existing facilities to support writings through the end of 2013 or later. However certain of these facilities mature prior to the run off of the reserve liability so that we are subject to cost increases or unavailability of capacity upon the refinancing. If we are unable to refinance such facilities, or if the cost of such facilities were to significantly increase, we would be required to increase statutory reserves or incur higher operating or tax costs. For more details, see Management's Discussion and Analysis of Results of Operations and Financial Condition Liquidity and Capital Resources Credit Facilities and Subsidiary Credit Support Arrangements.

A significant portion of our institutional funding originates from two Federal Home Loan Banks, which subjects us to liquidity risks associated with sourcing a large concentration of our funding from two counterparties.

A significant portion of our institutional funding agreements originates from the Federal Home Loan Bank of Topeka and the Federal Home Loan Bank of Des Moines (each an FHLB), which primarily serve as sources of funding for our Closed Block Institutional Spread Products segment. As of September 30, 2013 and December 31, 2012, we had issued \$2.3 billion and \$2.6 billion, respectively, of non-putable funding agreements and obtained a \$265 million LOC in exchange for eligible collateral in the form of cash, mortgage backed securities and U.S. Treasury securities. Should the FHLBs choose to change their definition of eligible collateral, or if the market value of the pledged collateral decreases in value due to changes in interest rates or credit ratings, we may be required to post additional amounts of collateral in the form of cash or other eligible collateral. Additionally, we may be required to find other sources to replace this funding if we lose access to FHLB funding. This could occur if our creditworthiness falls below either of the FHLB's requirements or if legislative or other political actions cause changes to the FHLBs' mandate or to the eligibility of life insurance companies to be members of the FHLB system.

Any failure to protect the confidentiality of customer information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operation.

Our businesses and relationships with customers are dependent upon our ability to maintain the confidentiality of our and our customers' trade secrets and confidential information (including customer transactional data and personal data about our employees, our customers and the employees and customers of our customers). Pursuant to federal laws, various federal regulatory and law enforcement agencies have established rules protecting the privacy and security of personal information. In addition, most states have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. Certain of our employees and contractors and many representatives of our broker-dealer subsidiaries have access to and routinely process personal information of customers through a variety of media, including the internet and software applications. We rely on various internal processes and controls to protect the confidentiality of customer information that is accessible to, or in the possession of, us, our employees, contractors and sales representatives. It is possible that an employee, contractor or sales representative could, intentionally or unintentionally, disclose or misappropriate confidential customer information. If we fail to maintain adequate internal controls, including any failure to implement newly-required additional controls, or if our employees, contractors or sales representatives fail to comply with our policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of customer information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation, result in regulatory action or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, results of operations and financial condition.

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Changes in accounting standards could adversely impact our reported results of operations and our reported financial condition.

Our financial statements are subject to the application of GAAP, which is periodically revised or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board (FASB). For example, the adoption of the provision of Accounting Standards Update (ASU) 2010-26, Financial Services: Insurance (Accounting Standards Codification (ASC) Topic 944): Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts decreased our retained earnings by \$1.2 billion as of January 1, 2011. It is possible that future accounting standards we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our results of operations and financial condition.

In addition, FASB is working on several projects with the International Accounting Standards Board, which could result in significant changes as GAAP converges with IFRS, including how we account for our insurance policies, annuity contracts and financial instruments and how our financial statements are presented. Furthermore, the U.S. Securities and Exchange Commission (SEC) is considering whether and how to incorporate IFRS into the U.S. financial reporting system. The changes to GAAP and ultimate conversion to IFRS, if undertaken, could affect the way we account for and report significant areas of our business, could impose special demands on us in the areas of governance, employee training, internal controls and disclosure and will likely affect how we manage our business.

We may be required to establish an additional valuation allowance against the deferred income tax asset if our business does not generate sufficient taxable income or if our tax planning strategies are modified. Increases in the deferred tax valuation allowance could have a material adverse effect on results of operations and financial condition.

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. Deferred tax assets represent the tax benefit of future deductible temporary differences, operating loss carryforwards and tax credits carryforward. We periodically evaluate and test our ability to realize our deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. In assessing the more likely than not criteria, we consider future taxable income as well as prudent tax planning strategies. Future facts, circumstances, tax law changes and FASB developments may result in an increase in the valuation allowance. An increase in the valuation allowance could have a material adverse effect on the Company's results of operations and financial condition.

As of June 30, 2013, we have recognized deferred tax assets based on tax planning related to unrealized gains on investment assets. To the extent these unrealized gains decrease, the tax benefit will be reduced by increasing the tax valuation allowance. For example, if interest rates increase, the amount of the unrealized gains will, most likely, decrease, with all other things constant. The decrease in the deferred tax asset may be recorded as a tax expense in tax on continuing operations based on the intra period tax allocation rules described in ASC Topic 740, Income Taxes .

We expect that our ability to use beneficial U.S. tax attributes will be subject to limitations.

Section 382 (Section 382) and Section 383 of the U.S. Internal Revenue Code of 1986, as amended (the Internal Revenue Code) operate as anti-abuse rules, the general purpose of which is to prevent trafficking in tax losses and credits, but which can apply without regard to whether a loss trafficking transaction occurs or is intended. These rules are triggered when an ownership change generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three year period occurs (Section 382 event). If triggered, the amount of the taxable income for any post-change year

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which may be offset by a pre-change loss is subject to an annual limitation. Generally speaking, this limitation is derived by multiplying the fair market value of the stock of the taxpayer immediately before the date of the ownership change by the applicable federal long-term tax-exempt rate. In addition, to the extent that a company has a net unrealized built-in loss or deduction at the time of an ownership change, Sections 382 and 383 limit the utilization of any such loss or deduction which is realized and recognized during the five-year period following the ownership change.

Based on the expected size of this offering, we do not believe an ownership change will occur at the time of the offering. Under the current base case for ING Group's divestiture of its remaining ownership stake in the Company, it is likely that an ownership change will occur by December 31, 2014. As discussed in Summary ING Group Restructuring Plan with European Commission, ING Group is required, under the terms of the 2012 Amended Restructuring Plan, to fully divest its ownership of the Company by the end of 2016. Depending on the size and timing of this offering and of future offerings, the Company may be subject to a second Section 382 event as ING Group completes its divestment as discussed in Summary ING Group Restructuring Plan with European Commission. Although we are unaware of any specific adverse impact from such an event, a second 382 event could impose additional limitations on the use of then existing realized and built-in losses and other tax attributes and may have a material adverse effect on the Company's tax expense and equity position.

In addition, in November 2008, ING Group issued 10 billion of core Tier 1 securities to the Dutch State in connection with a capital infusion that would need to be taken into account for purposes of determining if an ownership change has occurred. ING Group redeemed approximately half (5 billion) of these securities in December 2009 and issued new shares to the public at that time, and an additional 20% (2 billion) in May 2011 and 7.5% (0.75 billion) in November 2012. As part of the 2012 Amended Restructuring Plan, ING Group has committed to repay the remaining 2.25 billion of Core Tier I securities, plus a 50% premium in three equal tranches in the next three years. The redemption by ING Group of an additional amount of these securities or other transfers of securities may, depending on the facts and circumstances, trigger an ownership change, as described above.

Under GAAP, as of September 30, 2013, our tax attributes included a valuation allowance of \$3.1 billion. We are uncertain as to the ultimate financial impact of an ownership change. Using amounts available at September 30, 2013, we estimate that the deferred tax asset potentially subject to an additional tax valuation allowance is \$260 million to \$320 million (mainly as a result of built-in losses). Such an additional tax valuation allowance may be recorded as a tax expense in tax on continuing operations, which could change following the final Section 382 calculations. The actual impact on the valuation allowance is dependent mainly on the level of unrealized capital gains and losses at the time of the ownership change, the calculated Section 382 limitation, the estimated reversal pattern of capital losses otherwise supported by tax planning strategies, the estimated reversal pattern of unrealized capital gains comprising such strategies, the estimated reversal pattern of unrealized built-in capital losses subject to the limitation and the level of the valuation allowance otherwise held prior to the Section 382 event.

Under statutory accounting, a Section 382 event could reduce the admitted deferred tax asset by \$88 million if measured as of September 30, 2013. This amount could change following the final Section 382 calculations. The reduction in the admitted deferred tax asset could adversely impact our insurance company subsidiaries' ability to pay dividends or other distributions (directly or indirectly) to ING U.S., Inc. This in turn could negatively impact our ability to pay dividends to our stockholders and to service our debt. The actual impact is dependent mainly on the level of unrealized gains and losses at the time of the ownership change and the calculated Section 382 limitation.

Using the estimated Section 382 value of the Company based on a share price of \$29.21 per share as of September 30, 2013 and other information available as of September 30, 2013, we estimate that it is unlikely that the deferred tax asset, the tax valuation allowance or the admitted deferred tax asset will change as a result of a Section 382 event.

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Numerous aspects of the application of Section 382 are subject to potential challenge by the U.S. Internal Revenue Service (IRS). Among these is our calculation of the value of the Company at the time of an ownership change. If the IRS were to successfully challenge this valuation, the annual limitation calculated for purposes of Section 382 could be reduced, thereby further limiting our ability to use losses.

Our amended and restated certificate of incorporation contains provisions designed to preserve our ability to use beneficial U.S. tax attributes and avoid triggering the Section 382 limitation prior to the time when ING Group s divestment of its remaining ownership stake in the Company would otherwise trigger the limitation. See Description of Capital Stock Ownership Limitations.

We are unable to offset our U.S. taxable income against the losses of one of our reinsurance subsidiaries.

As described in Risks Related to Our CBVA Segment and Business Closed Blocks CBVA, we may incur losses in the future in our CBVA segment. We expect that a significant portion of any such loss would be realized in SLDI, a subsidiary domiciled in the Cayman Islands. SLDI has made an election to be treated as a U.S. corporation for U.S. federal income tax purposes. However, U.S. federal income tax law does not allow the operating losses of a foreign company making such an election to offset the taxable income of its U.S. affiliates. To the extent SLDI remains a foreign entity and has operating losses that exceed its taxable income, the losses would not be available to offset taxable income for U.S. federal income tax purposes and would increase our effective tax rate.

Our business may be negatively affected by adverse publicity or increased governmental and regulatory actions with respect to us, other well-known companies or the financial services industry in general.

Governmental scrutiny with respect to matters relating to compensation and other business practices in the financial services industry has increased dramatically in the past several years and has resulted in more aggressive and intense regulatory supervision and the application and enforcement of more stringent standards. The recent financial crisis and the current political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators and elected officials. Press coverage and other public statements that assert some form of wrongdoing, regardless of the factual basis for the assertions being made, could result in some type of inquiry or investigation by regulators, legislators and/or law enforcement officials or in lawsuits. Responding to these inquiries, investigations and lawsuits, regardless of the ultimate outcome of the proceeding, is time-consuming and expensive and can divert the time and effort of our senior management from its business. Future legislation or regulation or governmental views on compensation may result in us altering compensation practices in ways that could adversely affect our ability to attract and retain talented employees. Adverse publicity, governmental scrutiny, pending or future investigations by regulators or law enforcement agencies and/or legal proceedings involving us or our affiliates, including ING Group, can also have a negative impact on our reputation and on the morale and performance of employees, and on business retention and new sales, which could adversely affect our businesses and results of operations.

Litigation may adversely affect our profitability and financial condition.

We are, and may be in the future, subject to legal actions in the ordinary course of insurance, investment management and other business operations. Some of these legal proceedings may be brought on behalf of a class. Plaintiffs may seek large or indeterminate amounts of damage, including compensatory, liquidated, treble and/or punitive damages. Our reserves for litigation may prove to be inadequate and insurance coverage may not be available or may be declined for certain matters. It is possible that our results of operations or cash flow in a particular interim or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation depending, in part, upon the results of operations or cash flow for such period. Given the large or indeterminate amounts sometimes sought, and the inherent unpredictability of litigation, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation matters could have a material adverse effect on our financial condition.

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A loss of, or significant change in, key product distribution relationships could materially affect sales.

We distribute certain products under agreements with affiliated distributors and other members of the financial services industry that are not affiliated with us. We compete with other financial institutions to attract and retain commercial relationships in each of these channels, and our success in competing for sales through these distribution intermediaries depends upon factors such as the amount of sales commissions and fees we pay, the breadth of our product offerings, the strength of our brand, our perceived stability and financial strength ratings, and the marketing and services we provide to, and the strength of the relationships we maintain with, individual distributors. An interruption or significant change in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. Distributors may elect to alter, reduce or terminate their distribution relationships with us, including for such reasons as changes in our distribution strategy, adverse developments in our business, adverse rating agency actions or concerns about market-related risks. Alternatively, we may terminate one or more distribution agreements due to, for example, a loss of confidence in, or a change in control of, one of the distributors, which could reduce sales.

We are also at risk that key distribution partners may merge or change their business models in ways that affect how our products are sold, either in response to changing business priorities or as a result of shifts in regulatory supervision or potential changes in state and federal laws and regulations regarding standards of conduct applicable to distributors when providing investment advice to retail and other customers.

The occurrence of natural or man-made disasters may adversely affect our results of operations and financial condition.

We are exposed to various risks arising from natural disasters, including hurricanes, climate change, floods, earthquakes, tornadoes and pandemic disease, as well as man-made disasters and core infrastructure failures, including acts of terrorism, military actions, power grid and telephone/internet infrastructure failures, which may adversely affect AUM, results of operations and financial condition by causing, among other things:

losses in our investment portfolio due to significant volatility in global financial markets or the failure of counterparties to perform;

changes in the rate of mortality, claims, withdrawals, lapses and surrenders of existing policies and contracts, as well as sales of new policies and contracts; and

disruption of our normal business operations due to catastrophic property damage, loss of life, or disruption of public and private infrastructure, including communications and financial services.

There can be no assurance that our business continuation and crisis management plan or insurance coverages would be effective in mitigating any negative effects on operations or profitability in the event of a disaster, nor can we provide assurance that the business continuation and crisis management plans of the independent distributors and outside vendors on whom we rely for certain services and products would be effective in mitigating any negative effects on the provision of such services and products in the event of a disaster.

Claims resulting from a catastrophic event could also materially harm the financial condition of our reinsurers, which would increase the probability of default on reinsurance recoveries. Our ability to write new business could also be adversely affected.

In addition, the jurisdictions in which our insurance subsidiaries are admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which raise funds to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. It is possible that a catastrophic event could require extraordinary assessments on our insurance companies, which may have a material adverse effect on our business, results of operations and financial condition.

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The loss of key personnel could negatively affect our financial results and impair our ability to implement our business strategy.

Our success depends in large part on our ability to attract and retain key people. Intense competition exists for key employees with demonstrated ability, and we may be unable to hire or retain such employees. Our key employees include investment professionals, such as portfolio managers, sales and distribution professionals, actuarial and finance professionals and information technology professionals. While we do not believe that the departure of any particular individual would cause a material adverse effect on our operations, the unexpected loss of several of our senior management, portfolio managers or other key employees could have a material adverse effect on our operations due to the loss of their skills, knowledge of our business, and their years of industry experience as well as the potential difficulty of promptly finding qualified replacement employees. We also rely upon the knowledge and experience of employees involved in functions that require technical expertise in order to provide for sound operational controls for our overall enterprise, including the accurate and timely preparation of required regulatory filings and GAAP and statutory financial statements and operation of internal controls. A loss of such employees could adversely impact our ability to execute key operational functions and could adversely affect our operational controls, including internal controls over financial reporting.

Interruption or other operational failures in telecommunication, information technology and other operational systems, or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on such systems, including as a result of human error, could harm our business.

We are highly dependent on automated and information technology systems to record and process our internal transactions and transactions involving our customers, as well as to calculate reserves, value invested assets and complete certain other components of our GAAP and statutory financial statements. We could experience a failure of one of these systems, our employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner, or our employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or implementing modifications to an existing system. Despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions. We may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond our control (for example, natural disasters, acts of terrorism, epidemics, computer viruses and electrical/telecommunications outages). All of these risks are also applicable where we rely on outside vendors to provide services to us and our customers. The failure of any one of these systems for any reason, or errors made by our employees or agents, could in each case cause significant interruptions to our operations, which could harm our reputation, adversely affect our internal control over financial reporting, or have a material adverse effect on our business, results of operations and financial condition.

We retain confidential information in our information technology systems, and we rely on industry standard commercial technologies to maintain the security of those systems. Anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter, or delete information in the systems, including personally identifiable customer information and proprietary business information. Information security risks also exist with respect to the use of portable electronic devices, such as laptops, which are particularly vulnerable to loss and theft. In addition, an increasing number of jurisdictions require that customers be notified if a security breach results in the disclosure of personally identifiable customer information. Any compromise of the security of our information technology systems that results in inappropriate disclosure or use of personally identifiable customer information could damage our reputation in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny or significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights with third parties and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we endeavor to protect our rights, third

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parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability. This would represent a diversion of resources that may be significant and our efforts may not prove successful. The inability to secure or protect our intellectual property assets could have a material adverse effect on our business and our ability to compete.

We may also be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of copyright, trademark or license usage rights, or (iii) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If we were found to have infringed or misappropriated a third-party patent or other intellectual property right, we could in some circumstances be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly work around. Any of these scenarios could have a material adverse effect on our business and results of operations.

We may incur further liabilities in respect of our defined benefit retirement plans for our employees if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results underlying actuarial assumptions and models.

We operate various defined benefit retirement plans covering a significant number of our employees. The liability recognized in our consolidated balance sheet in respect of our defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets, together with adjustments for unrecognized actuarial gains and losses and unrecognized past service costs. We determine our defined benefit plan obligations based on external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, consumer price index and the expected return on plan assets. These assumptions are updated annually based on available market data and the expected performance of plan assets. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on our present and future liabilities to and costs associated with our defined benefit retirement plans and may result in increased expenses and reduce our profitability.

When contributing to the plan, we will take into consideration the minimum and maximum amounts required by the Employee Retirement Income Security Act of 1974 (ERISA), the attained funding target percentage of the plan, the variable-rate premiums that may be required by the U.S. Pension Benefit Guaranty Corporation (PBGC), and any funding relief that might be enacted by Congress, such as the interest rate stabilization corridor rules used for discounting pension liabilities contained in the Moving Ahead for Progress in the 21st Century Act (MAP-21). Based on our actuarial assumptions, incorporating the provisions of MAP-21 reduced the required contributions to the plan in 2013. However, reduced funding levels in the near term could lead to increased PBGC variable-rate premiums and/or increases in plan funding in following years.

Although our retail variable annuity products are now managed within our CBVA segment, we continue to offer variable annuity products and other products with similar features in our ongoing business.

In 2009, we decided to cease sales of retail variable annuities with substantial guarantee features and now manage that business within our CBVA segment. However, we continue to offer variable annuity products in our ongoing business as well as products that have some of the features of variable annuities such as guaranteed benefits. For example, certain of the deferred annuities sold by our Retirement segment are on group and individual variable annuity policy forms, since these product types allow customers to allocate their retirement savings to a variety of different investment options. These products may contain guaranteed death benefit features, but they do not offer guaranteed living benefit features of the type found within the CBVA segment.

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The Retirement segment has recently introduced an optional guaranteed retirement income portfolio (GRIP) feature that, if elected by an employee of one of our plan sponsor customers, provides guaranteed lifetime withdrawal benefits (GLWB) to such employees. The GLWB is offered through a multi-insurer model, whereby we and two unaffiliated insurers provide GLWB coverage to participating employees. In contrast to the retail guaranteed minimum withdrawal benefits for life (GMWBL) provisions formerly offered by the CBVA segment, the GLWB provisions within GRIP do not offer rollover benefits; furthermore, we reprice the GLWB amount purchased by contributions to the GRIP feature on a quarterly basis. In addition, the investment elections available to participating employees have substantially less flexibility than the elections offered to retail customers of the CBVA segment. We also have the right to cease accepting new contributions to the GRIP feature, subject to providing 180 days advance notice to the plan sponsor.

Our Annuities segment also offers optional living benefit provisions on its indexed annuity products.

To the extent that these risk-control provisions do not mitigate the risks of the GLWB and to the extent that we continue to offer variable annuity products and products with similar features in our ongoing business, the risks described below under Risks Related to Our CBVA Segment will impact our ongoing business.

Risks Related to Our CBVA Segment

Although we no longer actively market retail variable annuities, our business, results of operations, financial condition and liquidity will continue to be affected by our CBVA segment for the foreseeable future.

Our CBVA segment consists of retail variable annuity insurance policies sold primarily from 2001 to early 2010, when the block entered run-off. This segment represented 16.6% of our total AUM as of September 30, 2013, income (loss) before income taxes was (\$982.9) million for the nine months ended September 30, 2013, and (\$692.3) million, (\$564.5) million and (\$220.2) million for the years ended December 31, 2012, 2011 and 2010, respectively. Revenues for the segment were (\$570.4) million for the nine months ended September 30, 2013, and (\$70.0) million, \$794.9 million and \$677.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. See Business Closed Blocks CBVA. These products offered long-term savings vehicles in which customers (policyholders) made deposits that were invested, largely at the customer's direction, in a variety of U.S. and international equity, fixed income, real estate and other investment options. In addition, these products provided customers with the option to purchase living benefit riders, including GMWBL, guaranteed minimum income benefits (GMIB), guaranteed minimum accumulation benefits (GMAB) and guaranteed minimum withdrawal benefits (GMWB). All retail variable annuity products include guaranteed minimum death benefits (GMDB). In 2009, we decided to cease sales of retail variable annuity products with substantial guarantee features. In early 2010, we ceased all new sales of these products with substantial guarantees, although we continue to accept new deposits in accordance with, and subject to the limitations of, the provisions of existing contracts.

Market movements and actuarial assumption changes (including, with respect to policyholder behavior and mortality) can result in material adverse impacts to our results of operations, financial condition and liquidity. Because policyholders have various contractual rights to defer withdrawals, annuitization and/or maturity of their contracts, the nature and period of contract maturity is subject to policyholder behavior and is therefore indeterminate. Future market movements and changes in actuarial assumptions can result in significant earnings and liquidity impacts, as well as increases in regulatory reserve and capital requirements for the CBVA segment. The latter may necessitate additional capital contributions into the business and/or adversely impact dividend capacity.

Our CBVA segment is subject to market risks.

Our CBVA segment is subject to a number of market risks, primarily associated with U.S. and other global equity market values and interest rates. For example, declining equity market values, increasing equity market volatility, declining interest rates or a prolonged period of low interest rates can result in an increase in the

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valuation of future policy benefits, reducing our net income. Declining market values for bonds and equities also reduce the account balances of our variable annuity contracts, and since we collect fees and risk charges based on these account balances, our net income may be further reduced.

Declining interest rates, a prolonged period of low interest rates, increased equity market volatility or declining equity market values may also subject us to increased hedging costs. Market events can cause an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for variable annuity guarantees, lowering their statutory surplus, which would adversely impact their ability to pay dividends to us.

The performance of our CBVA segment depends on assumptions that may not be accurate.

Our CBVA segment is subject to risks associated with the future behavior of policyholders and future claims payment patterns, using assumptions for mortality experience, lapse rates, GMIB annuitization rates, and GMWB/GMWBL withdrawal rates. We are required to make assumptions about these behaviors and patterns, which may not reflect the actual behaviors and patterns we experience in the future.

In particular, we have only minimal experience on policyholder behavior for our GMIB and GMWBL products and, as a result, future experience could lead to significant changes in our assumptions. Our GMIB contracts have a ten-year waiting period before annuitization is available, with most of these GMIB contracts issued during the period 2004 to 2006. These contracts first become eligible to annuitize during the period from 2014 through 2016, but contain significant incentives to delay annuitization beyond the first eligibility date. As a result, to date we have only a statistically small sample of experience used to set annuitization rates. Therefore, we anticipate that observable experience data will become statistically credible later this decade, when a large volume of GMIB benefits begin to reach their maximum benefit over the four-year period from 2019 to 2022. It is possible, however, that policyholders may choose to annuitize soon after the first annuitization date, rather than delay annuitization to receive increased guarantee benefits, in which case we may have increasingly statistically credible experience as early as the period from late 2013 through 2016.

Similarly, most of our GMWBL contracts are still in the first three to five policy years, so our assumptions for withdrawal from contracts with GMWBL benefits may change as experience emerges over the next five to seven years. In addition, like our GMIB contracts, many of our GMWBL contracts contain significant incentives to delay withdrawal. We expect customer decisions on annuitization and withdrawal will be influenced by customers' financial plans and needs as well as by interest rate and market conditions over time and by the availability and features of competing products. If emerging experience deviates from our assumptions on either GMIB annuitization or GMWBL withdrawal, we could experience losses and a significant increase to reserve and capital requirements.

We also make estimates of expected lapse of these products, which is the probability that a policy will not remain in force from one period to the next. Lapse rates of our annuity products may be significantly impacted by the value of guaranteed minimum benefits relative to the value of the underlying separate accounts (account value or account balance). In general, policies with guarantees that are in the money (i.e., where the notional benefit amount is in excess of the account value) are assumed to be less likely to lapse. Conversely, out of the money guarantees are assumed to be more likely to lapse as the policyholder has less incentive to retain the policy. Lapse rates could also be adversely affected generally by developments that affect customer perception of us.

We make estimates of expected election rates of living benefits for these products and of the rate of election of certain optional benefits that may be exercised. The profitability of our deferred annuity products depends upon actual contract owner decisions to elect or delay the utilization of such benefits. The development of a secondary market for third-party investor strategies in the annuities business could also adversely affect the profitability of existing business by reducing lapse rates of in-the-money contracts in excess of current expectations or by causing living benefits to be elected at points in time that are more unfavorable than our

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current expectations. Actual lapse rates that are lower than our lapse rate assumptions could have an adverse effect on profitability in the later years of a block of business because the anticipated claims experience may be higher than expected in these later years. If actual lapse rates are significantly different from that assumed in our current reserving assumptions, our reserves for future policy benefits may prove to be inadequate.

Our variable annuity lapse rate experience has varied significantly over the period from 2006 to the present, reflecting among other factors, both pre-and post-financial crisis experience. During the early years of this period, our variable annuity policyholder lapse rate experience was higher than our current best estimate of policyholder lapse behavior would have indicated; in the later part of this period, after mid-2009, it was lower. Management's current best estimate of variable annuity policyholder lapse behavior incorporates actual experience over the entire period, as we believe that over the duration of the CBVA policies we will experience the full range of policyholder behavior and market conditions. If our future experience were to approximate our lapse experience from later in the period, we would likely need to increase reserves by an amount that could be material.

We make estimates regarding mortality, which refers to the ceasing of life contingent benefit payments due to the death of the annuitant. Mortality is also the incidence of death amongst policyholders triggering the payment of Guaranteed Minimum Death Benefits. We use a combination of actual and industry experience when setting our mortality assumptions. If actual mortality rates differ adversely from those assumed in our current reserving assumptions, our reserves for future policy benefits may prove to be inadequate.

We review overall policyholder experience annually (including lapse, annuitization, withdrawal and mortality), or more frequently if necessary. As customer experience continues to materialize, we may adjust our assumptions. The magnitude of any required changes could be material and adverse to the results of operations or financial condition of the Company. We increased reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity markets and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. This resulted in an increase of GAAP reserves of \$741 million and gross U.S. statutory reserves of \$2,776 million in the fourth quarter of 2011. It is possible that future assumption changes could produce reserve changes of this magnitude or even greater.

During the third quarter of 2012 we conducted a periodic review of actuarial assumptions, including policyholder behavior assumptions. As a result of this review, we increased GAAP reserves by \$114.6 million as of September 30, 2012, driven primarily by an update to lapse rates on variable annuity contracts with lifetime living benefit guarantees. The same update to lapse rates, implemented in isolation, would have increased U.S. statutory reserves by approximately \$150 million. However, the net change for U.S. statutory reserves was not material, due to offsetting revisions to projection model inputs. This change in lapse assumptions, taken together with the update to lapse assumptions we made in late 2011, moved our assumptions to be in line with lapse experience over the study period of 2006 to present. Although we believe it is appropriate to consider actual experience over that entire period in setting our assumptions, this recent change also causes our assumption to move considerably closer to our actual lapse experience for the period from mid-2009 to present. We will continue to monitor the emergence of experience. We review our assumptions at least annually, and, if necessary, update our assumptions more frequently as additional information becomes available. If adjustments to policyholder behavior assumptions (e.g., lapse, annuitization and withdrawal) are necessary, which is ordinary course for interest-sensitive long-dated liabilities, we anticipate that the financial impact of such a change will likely be in a range, either up or down, that is generally consistent with the impact experienced in the third quarter of 2012. However, as described in the previous paragraph, future reserve increases in connection with experience updates could be material and adverse to the results of operations or financial condition of the Company. Any such increase to reserves could require us to make material additional capital contributions to one or more of our insurance company subsidiaries or could otherwise be material and adverse to the results of operations or financial condition of the Company.

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Our Closed Block Variable Annuity Hedge Program currently focuses on the protection of regulatory and rating agency capital from market movements and less on the GAAP earnings impact of this block, which could result in materially lower or more volatile GAAP earnings.

Our Closed Block Variable Annuity Hedge Program currently focuses on the protection of regulatory and rating agency capital from equity market movements and less on the GAAP earnings impact of this block. GAAP accounting differs from the methods used to determine regulatory and rating agency capital measures. Therefore our Closed Block Variable Annuity Hedge Program may create earnings volatility in our GAAP financial statements, or produce lower GAAP income or even GAAP losses compared to what our unhedged results would have been. In general, in any given period rising equity market values can produce losses in our Closed Block Variable Annuity Hedge Program that substantially exceed the benefit we derive from the associated decrease in valuation of the future policy benefits associated with CBVA products on a GAAP basis, and the impact of declining equity markets can produce gains in our Closed Block Variable Annuity Hedge Program that substantially exceed the loss we derive from the associated increase in valuation of the future policy benefits on a GAAP basis. We recorded net gains (losses) related to incurred guaranteed benefits and guaranteed benefit hedging, including the CHO program, but excluding the effect of nonperformance risk, of (\$1,472.4) million for the nine months ended September 30, 2013, and (\$1,209.3) million, (\$2,192.2) million and (\$1,493.9) million for the years ended December 31, 2012, 2011 and 2010, respectively. See Management's Discussion and Analysis of Results of Operations and Financial Condition Results of Operations Company Consolidated.

As stated above, the primary focus of the hedge program is to protect regulatory and rating agency capital from equity market movements. Hedge ineffectiveness, along with other aspects not directly hedged (including unexpected policyholder behavior), may cause losses of regulatory or rating agency capital. Regulatory and rating agency capital requirements may move disproportionately (i.e., they may change by different amounts as market conditions and other factors change), and, therefore, this could also cause our hedge program to not realize its key objective of protecting both regulatory and rating agency capital from equity market movements.

Our Closed Block Variable Annuity Hedge Program may not be effective and may be more costly than anticipated.

We periodically re-evaluate our Closed Block Variable Annuity Hedge Program to respond to changing market conditions and balance the trade-offs among several important factors, including regulatory reserves, rating agency capital, underlying economics, earnings and other factors. While our Closed Block Variable Annuity Hedge Program is intended to balance numerous critical metrics, we are subject to the risk that our strategies and other management decisions may prove ineffective or that unexpected policyholder behavior, alone or in combination with unfavorable market events, may produce losses or unanticipated cash needs beyond the scope of the risk management strategies employed. In addition, our Closed Block Variable Annuity Hedge Program does not hedge certain non-market risks inherent in this segment, including business, credit, insurance and operational risks; any of these risks could cause us to experience unanticipated losses or cash needs. For example, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized. Finally, the cost of the Closed Block Variable Annuity Hedge Program itself may be greater than anticipated as adverse market conditions can limit the availability and increase the costs of the hedging instruments we employ, and such costs may not be recovered in the pricing of the underlying products being hedged. For example, the cost of hedging guaranteed minimum benefits increases as market volatilities increase and/or interest rates decrease, resulting in a reduction to net income.

Risks Related to Regulation

Our businesses and those of our parent company and its affiliates are heavily regulated and changes in regulation or the application of regulation may reduce our profitability.

We are subject to detailed insurance, asset management and other financial services laws and government regulation. In addition to the insurance, asset management and other regulations and laws specific to the industries in which we operate, regulatory agencies have broad administrative power over many aspects of our

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business, which may include ethical issues, money laundering, privacy, recordkeeping and marketing and sales practices. Also, bank regulators and other supervisory authorities in the United States and elsewhere continue to scrutinize payment processing and other transactions under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. The financial market dislocations we have experienced have produced, and are expected to continue to produce, extensive changes in existing laws and regulations applicable to our businesses.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in laws and regulations may materially increase the cost of compliance and other expenses of doing business. There are a number of risks that may arise where applicable regulations may be unclear, subject to multiple interpretations or under development or where regulations may conflict with one another, where regulators revise their previous guidance or courts overturn previous rulings, which could result in our failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against us, which could result, among other things, in suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm our results of operations and financial condition. If we fail to address, or appear to fail to address, appropriately any of these matters, our reputation could be harmed and we could be subject to additional legal risk, which could increase the size and number of claims and damages asserted against us or subject us to enforcement actions, fines and penalties. See Regulation for further discussion of the impact of regulations on our businesses.

As long as we remain affiliated with ING Group, we may be subject to laws, regulations, disclosures and restrictions to which we would not be subject as a standalone enterprise. These restrictions could be extensive and include limitations on the activities we may conduct and the way in which we organize and operate our businesses. Various jurisdictions in which ING Group and its subsidiaries operate, including the United States, apply prudential and other regulations to the holding companies and affiliates of financial institutions. If the applicable laws and regulations in any of these jurisdictions, or the application or interpretation of such laws and regulations by applicable regulators and other authorities, were to change, or if ING Group or one of its subsidiaries (other than the Company) were to change the nature of the regulated activities they conduct, we could in the future become subject to restrictions to which we are not currently subject, and to which we would not be subject as a standalone enterprise. This could require us to incur material compliance, reporting or other costs or to forego certain types of material revenues or we could otherwise be confronted with consequences that are material and adverse to us. We do not have any control over the activities conducted by ING Group or its subsidiaries (other than the Company). As one source of potential change in the regulations applied to ING Group and its subsidiaries, we expect that in 2014 the European Central Bank will assume responsibility for part of the prudential supervision of ING Bank and its holding company ING Group that is currently exercised by the Dutch Central Bank (*De Nederlandsche Bank*, or DNB). It is uncertain if and how this new supervisory structure will impact the Company.

In addition, the 2012 Amended Restructuring Plan contains provisions that could limit our business activities, including restricting our ability to make certain acquisitions or to conduct certain financing and investment activities. See Regulation Dutch State Transactions and Restructuring Plan.

If ING Group or one of its subsidiaries (other than the Company) were to change the nature of the regulated activities it conducts, we could in the future become subject to restrictions to which we are not currently subject, and to which we would not otherwise be subject as a standalone enterprise.

As long as we remain affiliated with ING Group, we may be subject to laws, regulations, disclosures and restrictions to which we would not be subject as a standalone enterprise. These restrictions could be extensive and include limitations on the activities we may conduct and the way in which we organize and operate our businesses. For instance, ING Group's wholly owned subsidiary, ING Bank, may from time to time consider whether to establish a branch office in the United States. If ING Bank were to establish a U.S. branch, ING Group, ING Bank and we would be subject to supervision and regulation by the Federal Reserve under various

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laws, including the Bank Holding Company Act of 1956, as amended (BHCA), and the International Banking Act of 1978. If ING Bank were to establish a U.S. branch, the BHCA could impose restrictions on our non-financial activities until we are no longer deemed controlled by ING Group for BHCA purposes. As a result, we could be required to incur material compliance, reporting or other costs or to forego certain types of material revenues or could otherwise be confronted with consequences that are material and adverse to us.

Moreover, if ING Bank were to establish a U.S. branch while we remained affiliated with ING Group, several regulatory developments could materially impact our operations, including proposed rules under the Dodd-Frank Act issued by U.S. regulators with respect to the Volcker Rule and heightened supervisory requirements and prudential standards. Under the proposed rules issued by U.S. regulators in October 2011, we would be subject to the Volcker Rule as an affiliate of a company that is treated as a bank holding company. The Volcker Rule will, once effective, significantly restrict the ability of U.S. bank holding companies and their affiliates to conduct proprietary trading in securities and derivatives as well as certain activities related to hedge funds and private equity funds. However, the proposed rules provide an exemption for a regulated insurance company trading on behalf of customers and trading solely for its general account if, among other requirements, it is acting in compliance with insurance company investment laws and regulations. Although the full impact of the Volcker Rule on our operations will not be known with certainty until the final rules are issued, the timing of which is uncertain, we will likely experience significant additional compliance and operational costs if we are a covered entity under the final rules.

The BHCA, however, would provide ING Group, ING Bank and us a two-year period in which to comply with the BHCA activity restrictions, with the possibility of our obtaining up to three one-year extensions. Further, the Federal Reserve would have discretion to extend the Volcker Rule conformance period and application of any heightened supervisory requirements and prudential standards with respect to the Company until past December 31, 2016 (the date by which ING Group is required to fully divest the Company). There is no guarantee, however, that the Federal Reserve would grant these requests.

Our insurance businesses are heavily regulated, and changes in regulation in the United States, enforcement actions and regulatory investigations may reduce profitability.

Our insurance operations are subject to comprehensive regulation and supervision throughout the United States. State insurance laws regulate most aspects of our insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and the states in which they are licensed. The primary purpose of state regulation is to protect policyholders, and not necessarily to protect creditors and investors. See Regulation Insurance Regulation .

State insurance guaranty associations have the right to assess insurance companies doing business in their state in order to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, liabilities we have currently established for these potential assessments may not be adequate.

State insurance regulators and the NAIC regularly reexamine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, are often made for the benefit of the consumer at the expense of the insurer and could materially and adversely affect our business, results of operations or financial condition. For example, in October 2011, the NAIC established a subgroup to study insurers use of captives and special purpose vehicles to transfer insurance risk in relation to existing state laws and regulations, and to establish appropriate regulatory requirements to address concerns identified in the study. Additionally, in June 2013, the New York State Department of Financial Services (the NYDFS) released a report critical of certain captive reinsurance structures and calling, in part, for other state regulators to adopt a moratorium on approving such structures pending further review by state and federal regulators. We cannot predict what actions and regulatory changes will result from the NAIC study or the NYDFS report and what impact such changes will have on our financial condition and results of operations.

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Insurance regulators have implemented, or begun to implement significant changes in the way in which insurers must determine statutory reserves and capital, particularly for products with contractual guarantees such as variable annuities and universal life policies, and are considering further potentially significant changes in these requirements. The NAIC is currently working on comprehensive reforms related to life insurance reserves and the accounting for such reserves. The timing and extent of further changes to statutory reserves and reporting requirements are uncertain.

In addition, state insurance regulators are becoming more active in adopting and enforcing suitability standards with respect to sales of fixed, indexed and variable annuities. In particular, the NAIC has adopted a revised Suitability in Annuity Transactions Model Regulation (SAT), which will, if enacted by the states, place new responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Several states have already enacted laws based on the SAT.

In addition to the foregoing risks, the financial services industry is the focus of increased regulatory scrutiny as various state and federal governmental agencies and self-regulatory organizations conduct inquiries and investigations into the products and practices of the financial services industries. See the Note for *Commitments and Contingencies* in our Condensed Consolidated Financial Statements for the nine months ended September 30, 2013 for a description of certain regulatory inquiries affecting the Company. It is possible that future regulatory inquiries or investigations involving the insurance industry generally, or the Company specifically, could materially and adversely affect our business, results of operations or financial condition.

In some cases, this regulatory scrutiny has led to legislation and regulation, or proposed legislation and regulation that could significantly affect the financial services industry, or has resulted in regulatory penalties, settlements and litigation. New laws, regulations and other regulatory actions aimed at the business practices under scrutiny could materially and adversely affect our business, results of operations or financial condition. The adoption of new laws and regulations, enforcement actions, or litigation, whether or not involving us, could influence the manner in which we distribute our products, result in negative coverage of the industry by the media, cause significant harm to our reputation and materially and adversely affect our business, results of operations or financial condition.

Our products are subject to extensive regulation and failure to meet any of the complex product requirements may reduce profitability.

Our insurance, annuity, retirement and investment products are subject to a complex and extensive array of state and federal tax, securities, insurance and employee benefit plan laws and regulations, which are administered and enforced by a number of different governmental and self-regulatory authorities, including state insurance regulators, state securities administrators, state banking authorities, the SEC, FINRA, the Department of Labor (DOL), the IRS and the Office of the Comptroller of the Currency (OCC).

For example, U.S. federal income tax law imposes requirements relating to insurance and annuity product design, administration and investments that are conditions for beneficial tax treatment of such products under the Internal Revenue Code. Additionally, state and federal securities and insurance laws impose requirements relating to insurance and annuity product design, offering and distribution and administration. Failure to administer product features in accordance with contract provisions or applicable law, or to meet any of these complex tax, securities, or insurance requirements could subject us to administrative penalties imposed by a particular governmental or self-regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, interruption of our operations or adversely impact profitability.

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The Dodd-Frank Act, its implementing regulations and other financial regulatory reform initiatives could have adverse consequences for the financial services industry, including us, and/or materially affect our results of operations, financial condition or liquidity.

On July 21, 2010, the Dodd-Frank Act was signed into law. It effects comprehensive changes to the regulation of financial services in the United States. The Dodd-Frank Act directs existing and newly-created government agencies and bodies to perform studies and promulgate a multitude of regulations implementing the law, a process that is underway and is expected to continue over the next few years. While some studies have already been completed and the rule-making process is well underway, there continues to be significant uncertainty regarding the results of ongoing studies and the ultimate requirements of regulations that have not yet been adopted. We cannot predict with certainty how the Dodd-Frank Act and such regulations will affect the financial markets generally, or impact our business, ratings, results of operations, financial condition or liquidity. Key aspects we have identified to date of the Dodd-Frank Act's potential impact on us include:

If designated by the Financial Stability Oversight Council (FSOC) as a nonbank financial company subject to supervision by the Federal Reserve, we would become subject to a comprehensive system of prudential regulation, including, among other matters, minimum capital requirements, liquidity standards, credit exposure requirements, overall risk management requirements, management interlock prohibitions, a requirement to maintain a plan for rapid and orderly dissolution in the event of severe financial distress, stress testing, additional fees and assessments and restrictions on proprietary trading and certain investments. The exact scope and consequences of these standards are subject to ongoing rulemaking activity by various federal banking regulators and therefore are currently unclear. However, this comprehensive system of prudential regulation, if applied to us, would significantly impact the manner in which we operate and could materially and adversely impact the profitability of one or more of our business lines or the level of capital required to support our activities. In designating non-bank financial companies for heightened prudential regulation by the Federal Reserve, the FSOC considers, among other matters, their size and potential impact on the financial stability of the United States. As long as the Company continues to be controlled by ING Group, the FSOC may consider the Company together with ING Group's other operations in the United States for purposes of making this determination. Therefore, while we believe it is unlikely that the Company, either on a standalone basis or together with ING Group's other operations in the United States, will ultimately receive this designation, there is a greater likelihood of such a designation being made for as long as we are controlled by ING Group.

Title II of the Dodd-Frank Act provides that a financial company, such as us, may be subject to a special orderly liquidation process outside the federal bankruptcy code, administered by the Federal Deposit Insurance Corporation as receiver, upon a determination that it is in default or in danger of default and presents a systemic risk to U.S. financial stability. We cannot predict how rating agencies, or creditors of us or our subsidiaries, will evaluate this potential or whether it will impact our financing or hedging costs.

Title VII of the Dodd-Frank Act creates a new framework for regulation of the over-the-counter (OTC) derivatives markets. New margin and capital requirements on market participants that will be contained in final regulations to be adopted by the SEC and the U.S. Commodity Futures Trading Commission (CFTC) could substantially increase the cost of hedging and related operations, affect the profitability of our products or their attractiveness to our customers, or cause us to alter our hedging strategy or change the composition of the risks we do not hedge.

Pursuant to requirements of the Dodd-Frank Act, the SEC and CFTC are currently considering whether stable value contracts should be regulated as swap derivative contracts. In the event that stable value contracts become subject to such regulation, certain aspects of our business could be adversely impacted, including issuance of stable value contracts and management of assets pursuant to stable value mandates.

The Dodd-Frank Act establishes a Federal Insurance Office within the United States Department of the Treasury (Treasury Department) to be headed by a director appointed by the Secretary of the Treasury.

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While not having a general supervisory or regulatory authority over the business of insurance, the director of this office would perform various functions with respect to insurance, including participating in the FSOC's decisions regarding insurers to be designated for stricter regulation by the Federal Reserve. The Federal Insurance Office may recommend enhanced regulations to the states.

Under the Dodd-Frank Act, various federal regulators have adopted the Volcker Rule, which places limitations and restrictions on the ability of certain deposit institutions and regulated banking entities, as well as their affiliates, to engage in certain proprietary trading or sponsor and invest in private funds. In the event that one of our affiliates becomes a depository institution or otherwise becomes subject to the Volcker Rule, our investment activities could be restricted.

The Dodd-Frank Act also includes various securities law reforms that may affect our business practices. See [Changes in U.S. federal and state securities laws and regulations may affect our operations and our profitability](#) below.

The Dodd-Frank Act could result in various ex-post assessments being imposed on us, the costs of which we are unable to estimate at this time.

Although the full impact of the Dodd-Frank Act cannot be determined until the various studies mandated by the law are conducted and implementing regulations are adopted, many of the legislation's requirements could have profound and/or adverse consequences for the financial services industry, including for us. The Dodd-Frank Act could make it more expensive for us to conduct business, require us to make changes to our business model or satisfy increased capital requirements, subject us to greater regulatory scrutiny or to potential increases in whistleblower claims in light of the increased awards available to whistleblowers under the Act and have a material adverse effect on our results of operations or financial condition.

See [Regulation](#) for further discussion of the impact of the Dodd-Frank Act on our businesses.

In addition to the Dodd-Frank Act, regulators and lawmakers in non-U.S. jurisdictions are engaged in addressing the causes of the recent financial crisis and means of avoiding such crises in the future. Although currently we are not directly subject to non-U.S. regulation, we may be significantly affected by foreign regulatory actions, due to our being under the control of ING Group. We are unable to predict how any such regulations could affect the way ING Group conducts its business and manages capital, or to what extent any resulting changes in the way ING Group conducts its business or manages capital could affect our business, our relationship with ING Group or our results of operations, financial condition and liquidity. For a further discussion of foreign regulation and its potential effect on us while we are controlled by ING Group, including the impact of the Solvency II Directive, see [Regulation International and National Regulatory Initiatives that May Affect Us as a Consequence of our Affiliation with ING Group](#) .

Changes in U.S. federal and state securities laws and regulations may affect our operations and our profitability.

U.S. federal and state securities laws apply to sales of our mutual funds and to our variable annuity and variable life insurance products (which are considered to be both insurance products and securities) as well as to sales of third-party investment products. As a result, some of our subsidiaries and the products they offer are subject to regulation under these federal and state securities laws. Our insurance subsidiaries' separate accounts are registered as investment companies under the Investment Company Act. Some variable annuity contracts and variable life insurance policies issued by our insurance subsidiaries also are registered under the Securities Act of 1933, as amended (the [Securities Act](#)). Other subsidiaries are registered as broker-dealers under the Securities Exchange Act of 1934, as amended (the [Exchange Act](#)), are members of, and subject to, regulation by FINRA, and are also registered as broker-dealers in various states, as applicable. In addition, some of our subsidiaries are registered as investment advisers under the Investment Advisers Act.

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Securities laws and regulations are primarily intended to ensure the integrity of the financial markets and to protect investors in the securities markets or investment advisory or brokerage clients. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with those laws and regulations. A number of changes have recently been proposed to the laws and regulations that govern the conduct of our variable insurance products business and our distributors that could have a material adverse effect on our results of operations and financial condition. For example, the Dodd-Frank Act authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. Further, proposals have been made that the SEC establish a self-regulatory organization with respect to registered investment advisers, which could increase the level of regulatory oversight over them. Changes to these laws or regulations that restrict the conduct of our business could have an adverse effect on our results of operations and financial condition.

Changes to federal regulations could adversely affect our distribution model by restricting our ability to provide customers with advice.

The prohibited transaction rules of ERISA and the Internal Revenue Code generally restrict providing investment advice to ERISA plans and participants and IRAs if the investment recommendation results in fees paid to the individual advisor, his or her firm or their affiliates that vary according to the investment recommendation chosen. In March 2010, the DOL issued proposed regulations that provide limited relief from these investment advice restrictions. The DOL issued final rules in October of 2011 and did not provide additional relief regarding these restrictions. As a result, the ability of certain of our investment advisory subsidiaries and their advisory representatives to provide investment advice to ERISA plans and participants, and with respect to IRAs, will likely be significantly restricted. Also, the fee and revenue arrangements of certain advisory programs may be required to be revenue neutral, resulting in potential lost revenues for these investment advisers and their affiliates.

Other proposed regulatory initiatives under ERISA may negatively impact our broker-dealer subsidiaries. In particular, the DOL issued a proposed regulation in October 2010 that would, if adopted as proposed, significantly broaden the circumstances under which a person or entity providing investment advice with respect to ERISA plans or IRAs would be deemed a fiduciary under ERISA or the Internal Revenue Code. Although the DOL has withdrawn this proposal, it has indicated its intent to re-propose the regulation in a modified form in the fourth quarter of 2013. If adopted as proposed, the investment related information and support that our advisors and employees could provide to plan sponsors, participants and IRA holders on a non-fiduciary basis could be substantially limited beyond what is allowed under current law. This could have a material impact on the level and type of services we can provide as well as the nature and amount of compensation and fees we and our advisors and employees may receive for investment-related services. In addition, the proposed regulations may make it easier for the DOL in enforcement actions, and for plaintiffs' attorneys in ERISA litigation, to attempt to extend fiduciary status to advisors who would not be deemed fiduciaries under current regulations. See Regulation Employee Retirement Income Security Act Considerations .

Finally, the DOL has issued a number of regulations recently, and may issue additional similar regulations, that increase the level of disclosure that must be provided to plan sponsors and participants. These ERISA disclosure requirements will likely increase the regulatory and compliance burden upon us, resulting in increased costs.

Changes in U.S. pension laws and regulations may affect our results of operations and our profitability.

Congress from time to time considers pension reform legislation that could decrease the attractiveness of certain of our retirement products and services to retirement plan sponsors and administrators or have an unfavorable effect on our ability to earn revenues from these products and services. In this regard, the Pension Protection Act of 2006 made significant changes in employer pension funding obligations associated with

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defined benefit pension plans that are likely to increase sponsors' costs of maintaining these plans and imposed certain requirements on defined contribution plans. Over time, these changes could negatively impact our sales of defined benefit or defined contribution plan products and services and cause sponsors to discontinue existing plans for which we provide insurance, asset management, administrative, or other services. Certain tax-favored savings initiatives that have been proposed could hinder sales and persistency of our products and services that support employment based retirement plans.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 also includes certain provisions for defined benefit pension plan funding relief. These provisions may impact the likelihood of corporate plan sponsors terminating their plans and/or engaging in transactions to partially or fully transfer pension obligations to an insurance company. As part of our retirement services segment, we offer general account and separate account group annuity products that enable a plan sponsor to transfer these risks, often in connection with the termination of defined benefit pension plans. Consequently, this legislation could indirectly affect the mix of our business, with fewer closeouts and more non-guaranteed funding products, and adversely impact our results of operations.

We may not be able to mitigate the reserve strain associated with Regulation XXX and NAIC Actuarial Guideline 38, potentially resulting in a negative impact on our capital position or in a need to increase prices and/or reduce sales of term or universal life products.

The NAIC Model Regulation entitled Valuation of Life Insurance Policies, commonly known as Regulation XXX or XXX, requires insurers to establish additional statutory reserves for certain term life insurance policies with long-term premium guarantees and for certain universal life policies with secondary guarantees. In addition, NAIC Actuarial Guideline 38 (AG38) clarifies the application of XXX with respect to certain universal life insurance policies with secondary guarantees. Many of our newly issued term insurance products and an increasing number of our universal life insurance products are affected by XXX and AG38, respectively. The application of both XXX and AG38 involves numerous interpretations. At times, there may be differences of opinion between management and state insurance departments regarding the application of these and other actuarial standards. Such differences of opinion may lead to a state insurance regulator requiring greater reserves to support insurance liabilities than management estimated.

We have implemented reinsurance and capital management actions to mitigate the capital impact of XXX and AG38, including the use of LOCs and the implementation of other transactions that provide acceptable collateral to support the reinsurance of the liabilities to wholly owned reinsurance captives or to third party reinsurers. These arrangements are subject to review and approval by state insurance regulators and review by rating agencies. In October 2011, the NAIC established a subgroup to study the use of captives and special purpose vehicles to transfer insurance risk in relation to existing state laws and regulations, and to establish appropriate regulatory requirements to address concerns identified in the study. Additionally, in June 2013, the NYDFS released a report critical of certain captive reinsurance structures and calling, in part, for other state regulators to adopt a moratorium on approving such structures pending further review by state and federal regulators. See

Our insurance businesses are heavily regulated, and changes in regulation in the United States, enforcement actions and regulatory investigations may reduce profitability above. Rating agencies may include a portion of these LOCs or other collateral in their calculation of leverage calculations, which could increase their assessment of our leverage ratios and potentially impact our ratings. We cannot provide assurance that there will not be regulatory or rating agency challenges to the reinsurance and capital management actions we have taken to date or that acceptable collateral obtained through such transactions will continue to be available or available on a cost-effective basis. The result of those potential challenges, as well as the inability to obtain acceptable collateral, could require us to increase statutory reserves, incur higher operating and/or tax costs or reduce sales.

Certain of the reserve financing facilities we have put in place will mature prior to the run off of the liabilities they support. As a result, we cannot provide assurance that we will be able to continue to implement actions either to mitigate the impact of XXX and AG38 on future sales of term and universal life insurance

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products or maintain collateral support related to our captives or existing third party reinsurance arrangements to which one of our captive reinsurance subsidiaries is a party. If we are unable to continue to implement those actions or maintain existing collateral support, we may be required to increase statutory reserves or incur higher operating costs than we currently anticipate. Because term and universal life insurance are particularly price-sensitive products, any increase in premiums charged on these products to compensate us for the increased statutory reserve requirements or higher costs of reinsurance may result in a significant loss of volume and materially and adversely affect our life insurance business.

The full NAIC membership adopted a new Valuation Manual (the new VM) in December 2012. The new VM will change the reserving methodology for life insurance by giving greater credence to an insurer's realized past experience, anticipated future experience and current economic conditions. The NAIC is expected to increase the use of Principles-Based Reserving (PBR) approaches such as the new VM in the future. We, along with other life insurers, have studied the impact of PBR, but since the new VM is still subject to change as it is adopted by the various states, we are unable to predict its impact on the future profitability and sales of our life insurance policies, however, it is possible that this approach will result in more volatility in our financial results given the greater weight it places on current economic conditions. See Regulation Insurance Regulation Financial Regulation .

Changes in tax laws and interpretations of existing tax law could increase our tax costs, impact the ability of our insurance company subsidiaries to make distributions to ING U.S., Inc. or make our insurance, annuity and investment products less attractive to customers.

Changes in tax laws could increase our taxes and our effective tax rates. For example, the Obama Administration has proposed modifying the dividends received deduction for life insurance company separate accounts, and such a modification could significantly reduce the dividends received deduction that we are able to claim for dividends received in separate accounts. Also, interpretation and enforcement of existing tax law could change and could be applied to us as part of an IRS examination and increase our tax costs. In the course of such examinations, we have also entered into agreements with the IRS to resolve issues related to tax accounting matters, such as whether certain derivative transactions qualify for hedge treatment, the proper treatment of valid tax hedge gains and losses and other than temporary impairment losses, which agreements may be superseded by future enacted laws, regulations or public guidance that increases our taxes and our effective tax rates. Further, changes in tax rates could affect the amount of our deferred tax assets and deferred tax liabilities. One such change relates to the current debate over corporate tax reform and corporate tax rates. A reduction in the top federal tax rate would result in lower statutory deferred tax assets. Such a reduction in the statutory deferred tax asset may impact the ability of the affected insurance subsidiaries to make distributions to us and consequently could negatively impact our ability to pay dividends to our stockholders and to service our debt.

Changes in tax laws could make some of our insurance, annuity and investment products less attractive to customers. Current U.S. federal income tax law permits tax-deferred accumulation of income earned under life insurance and annuity products, and permits exclusion from taxation of death benefits paid under life insurance contracts. Changes in tax laws that restrict these tax benefits could make some of our products less attractive to customers. Reductions in individual income tax rates or estate tax rates could also make some of our products less advantageous to customers. Changes in federal tax laws that reduce the amount an individual can contribute on a pre-tax basis to an employer-provided, tax-deferred product (either directly by reducing current limits or indirectly by changing the tax treatment of such contributions from exclusions to deductions) or changes that would limit an individual's aggregate amount of tax-deferred savings could make our retirement products less attractive to consumers.

The American Taxpayer Relief Act of 2012 was passed to avert the fiscal cliff and made permanent the marginal income tax rates for individuals, as well as the estate tax threshold and applicable rate. Although we do not consider it likely that Congress will revisit these rates in the short term, it is likely to pursue spending cuts (which may take the form of reducing or eliminating tax preferences associated with our industry and products) to offset mandatory spending cuts, as part of any negotiations to raise the federal borrowing limit, and as part of

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funding the federal government when the current continuing resolution expires. Congress may also consider the same types of spending cuts and revenue raising options on an even larger scale later in 2013 or 2014 if it pursues comprehensive tax reform premised on the notion of reducing corporate and personal rates by reducing tax preferences. We also believe that states that stand to lose tax revenue of their own will exert pressure on the federal government not to enact additional measures as part of comprehensive tax reform that would negatively impact them further. Such a situation may result in even more pressure on raising revenue from tax preferences associated with our Company and products.

Risks Related to Our Separation from, and Continuing Relationship with, ING Group

ING Group's continuing significant interest in us may result in conflicts of interest.

ING Group owns approximately 57% of our outstanding common stock. For as long as ING Group continues to beneficially own more than 50% of our outstanding voting stock, ING Group generally will be able to determine the outcome of many corporate actions requiring stockholder approval, including the election of directors and the amendment of the certificate of incorporation and bylaws of ING U.S., Inc. ING Group is currently required pursuant to the 2012 Amended Restructuring Plan to divest all of its global insurance and investment management business. See Summary ING Group Restructuring Plan with European Commission . It is thus expected that ING Group will sell its controlling ownership interest in ING U.S., Inc. through one or more additional public offerings of our stock or, possibly, through one or more privately negotiated sales of our stock.

We have elected to be treated as a controlled company for purposes of the NYSE corporate governance rules, and accordingly, for as long as ING Group owns more than 50% of our outstanding common stock, we will not be subject to the requirement that a majority of our directors be independent as defined under such rules and that we have a compensation and benefits committee and a nominating and governance committee that meet the required director independence requirements. In addition, under the provisions of a shareholder agreement that we entered into with ING Group concurrently with the completion of our initial public offering, ING Group has consent rights with respect to certain corporate and business activities that we may undertake, including during periods where ING Group holds less than a majority of our common stock. See Certain Relationships and Related Party Transactions Continuing Relationship with ING Group Shareholder Agreement .

Because ING Group's interests may differ from those of other stockholders, actions ING Group takes or omits to take with respect to us, for as long as it is our controlling stockholder, including those corporate or business actions requiring its prior affirmative written consent or vote described above, may not be as favorable to other stockholders as they are to ING Group.

Conflicts of interest may arise between us and ING Group in a number of areas relating to our past and ongoing relationships. All of our directors have been elected to our Board of Directors by ING Group. Four of these directors are also officers or employees of ING Group. Because of their current or former positions with ING Group, these directors and a number of our officers own substantial amounts of ING Group stock and options to purchase ING Group stock. Ownership interests of our directors or officers in ING Group shares, or service of certain of our directors as officers of ING Group, may create, or may create the appearance of, conflicts of interest when a director is faced with a decision that could have different implications for the two companies. These potential conflicts could arise, for example, over matters such as the desirability of an acquisition opportunity, employee retention or recruiting, capital management or our dividend policy.

Our continuing relationship with ING Group, our parent, and with affiliates of ING Group, may affect our ability to operate and finance our business as we deem appropriate and changes with respect to ING Group could negatively impact us.

ING Group owns a majority of our common stock and we are a consolidated subsidiary of ING Group for purposes of its financial reporting. Circumstances affecting ING Group may have an impact on us and we cannot be certain how further changes in circumstances affecting ING Group may impact us.

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In November 2008, the Dutch State purchased non-voting core Tier 1 securities from ING Group for a total consideration of 10 billion and in the first quarter of 2009 ING Group entered into an Alt-A Back-up Facility with the Dutch State (see Certain Relationships and Related Party Transactions Alt-A Back-up Facility). In connection with the Dutch State Transactions, ING Group accepted certain restrictions regarding the compensation of certain of its senior management positions. In addition, the Dutch State was granted the right to nominate two candidates for appointment to ING Group s Supervisory Board (the Supervisory Board) and the Dutch State s nominees have veto rights over certain material transactions, including the issuance or repurchase by ING Group of its shares.

In 2009, ING Group was required to submit a restructuring plan to the EC to obtain EC approval for the Dutch State Transactions under the EC state aid rules. On October 26, 2009, ING Group announced its 2009 Restructuring Plan, pursuant to which ING Group is required to divest its insurance and investment management businesses, including the Company. On November 19, 2012, ING Group and the EC announced that the EC approved the 2012 Amended Restructuring Plan. The 2012 Amended Restructuring Plan requires ING Group to divest at least 25% of the Company by December 31, 2013, more than 50% of the Company by December 31, 2014, and 100% of the Company by December 31, 2016. ING Group divested 25% of the Company on May 7, 2013, in our initial public offering and an additional 4% on May 31, 2013 following the exercise by the underwriters in the initial public offering of an option to purchase additional shares. ING Group divested an additional 14% of the Company on October 29, 2013, in a registered offering. The divestment of 50% of the Company is measured in terms of a divestment of over 50% of the shares of ING U.S., Inc., the loss of ING Group s majority of directors on ING U.S., Inc. s board of directors and the accounting deconsolidation of the Company (in line with IFRS accounting rules). In case ING Group does not satisfy its commitment to divest the Company as agreed with the EC, the Dutch State will renotify the recapitalization measure to the EC. In such a case, the EC may require additional restructuring measures or take enforcement action against ING Group, or, at the request of ING Group and the Dutch State, could allow ING Group more time to complete the divestment.

The 2012 Amended Restructuring Plan also contains provisions that could limit our business activities, including restricting our ability to make certain acquisitions or to conduct certain financing and investment activities. See Regulation Dutch State Transactions and Restructuring Plan .

We cannot accurately predict whether any restrictions and limitations imposed on ING Group on account of the Dutch State Transactions, or the implementation of the 2012 Amended Restructuring Plan (or any further amendment thereof), will have a negative effect on our businesses and financial flexibility or result in conflicts between the interests of ING Group and our interests. In addition, it is difficult for us to predict whether any changes to, or termination of, the Dutch State Transactions could occur as a result of the 2012 Amended Restructuring Plan (or any further amendment thereof) and whether any effect on our business would result from that. We also note that we cannot predict the possible effect of ING Group not satisfying its commitment to divest the Company as agreed with the EC, for instance, by having a remaining ownership interest in the Company and its subsidiaries beyond any deadline agreed with the EC.

Our separation from ING Group could adversely affect our business and profitability due to ING Group s strong brand and reputation.

Prior to our initial public offering, as a wholly owned subsidiary of ING Group, we marketed our products and services using the ING brand name and logo. We believe the association with ING Group provided us with preferred status among our customers, vendors and other persons due to ING Group s globally recognized brand, perceived high quality products and services and strong capital base and financial strength.

Our new status as a separate, publicly traded company could adversely affect our ability to attract and retain customers, which could result in reduced sales of our products. In connection with our initial public offering, we entered into a licensing agreement, pursuant to which we have a license to use certain trademarks (including the ING name and logo) for a limited period of time following the completion of our initial public offering. See Certain Relationships and Related Party Transactions Continuing Relationship with ING Group Transitional Intellectual Property License Agreement . The operational and legal work to rebrand to Voya Financial is not

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expected to commence substantially before early 2014 and we do not expect to formally shift the majority of our advertising and marketing to our new brand name until late 2014 at the earliest. We anticipate that the process of changing all marketing materials, operating materials and legal entity names containing the word **ING** or **Lion** to our new brand name will take approximately 24 months and will cost between \$40 million and \$50 million, excluding incremental advertising expenses. Some of our existing policyholders, contract owners and other customers may choose to stop doing business with us, which could increase the rate of surrenders and withdrawals in our policies and contracts. In addition, other potential policyholders and contract owners may decide not to purchase our products because we no longer will be a part of ING Group.

Our separation from ING Group could prompt some third parties to re-price, modify or terminate their distribution or vendor relationships with us. Our ability to attract and retain highly qualified independent sales intermediaries and dedicated sales specialists for our products may also be negatively affected. We may be required to lower the prices of our products, increase our sales commissions and fees, change long-term selling and marketing agreements and take other action to maintain our relationship with our sales intermediaries and distribution partners, all of which could have an adverse effect on our financial condition and results of operations. We cannot accurately predict the effect that our separation from ING Group will have on our business, sales intermediaries, customers or employees.

The risks relating to our separation from ING Group could materialize or evolve at any time, including:

immediately when ING Group reduces its ownership in our common stock to a level below 50%; and

when we cease using the **ING** name and logo in our sales and marketing materials, particularly when we deliver notices to our distributors and customers that the names of some of our insurance subsidiaries will change.

The terms of our arrangements with ING Group may be more favorable than we will be able to obtain from an unaffiliated third-party. We may be unable to replace the services ING Group provides us in a timely manner or on comparable terms.

As a subsidiary of ING Group, we have benefited, and after our initial public offering we continue to benefit, from certain contractual arrangements between ING Group and ING Bank and various third party vendors. These contractual arrangements permit ING Group affiliates such as the Company to make use of the software licenses and related services provided thereunder. There is no assurance that, once we are no longer entitled to benefit from these arrangements as a result of a Divestment Transaction, we will be able to obtain these services at the same levels or obtain the same benefits through new, independent relationships with third party vendors. Likewise, we may not be able to replace these services and arrangements in a timely manner or on terms and conditions, including cost, as favorable as those we have previously received as a subsidiary of ING Group.

In addition, as described in **Certain Relationships and Related Party Transactions** **Historical Related Party Transactions** **Financing Arrangements** **Guarantees**, certain of our indebtedness and other obligations continue to benefit from guarantees provided by ING Group or ING V. As this indebtedness and these obligations mature or are terminated, to the extent we replace them with new indebtedness or other obligations, we do not expect such new indebtedness or other obligations to be guaranteed by ING Group or ING V. Therefore, such new indebtedness or other obligations may be on terms that are less favorable to us than the indebtedness or other obligations being replaced.

Our certificate of incorporation limits certain liabilities and obligations of our directors to us or you.

Our amended and restated certificate of incorporation provides that none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty, except for liability for breach of a director's duty of loyalty, acts or omissions by a director not in good faith or which involve intentional

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misconduct or a knowing violation of law, dividend payments or stock repurchases that are unlawful under Delaware law or any transaction in which a director has derived an improper personal benefit. See Description of Capital Stock Limitation of Liability and Indemnification of Directors and Officers .

Our amended and restated certificate of incorporation also provides that certain of our directors, who have also served or may serve as directors, officers, employees or agents of ING Group, are relieved of the obligation to refer potential business opportunities to the Company or to notify the Company of potential business opportunities of which they become aware, and they may instead refer such opportunities to ING Group, subject to certain limited exceptions. See Description of Capital Stock Potential Business Opportunities .

If ING Group sells a controlling interest in our company to a third party in a private transaction, you may not realize any change-of-control premium on shares of our common stock and we may become subject to the control of a presently unknown third party.

Following the completion of this offering, ING Group will own a majority of our common stock. ING Group will have the ability, should it choose to do so, to sell some or all of its shares of our common stock in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of the Company. The ability of ING Group to privately sell such shares of our common stock, with no requirement for a concurrent offer to be made to acquire all of the shares of our common stock that will be publicly traded hereafter, could prevent you from realizing any change-of-control premium on your shares of our common stock that may otherwise accrue to ING Group upon its private sale of our common stock. Additionally, if ING Group privately sells a significant equity interest in us, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with the interests of other stockholders.

We expect to incur incremental costs as a standalone public company.

We have needed to replicate or replace certain functions, systems and infrastructure to which we no longer have the same access after our initial public offering. We have also needed to make infrastructure investments in order to operate without the same access to ING Group's existing operational and administrative infrastructure. These initiatives may be costly to implement. Due to the scope and complexity of the underlying projects relative to these efforts, the amount of total costs could be materially higher than our estimate, and the timing of the incurrence of these costs may be subject to change.

Until our initial public offering, ING Group performed or supported many important corporate functions for our operations, including investor relations, advertising and brand management, corporate audit, certain risk management functions, corporate insurance, corporate governance and other services. Our Consolidated Financial Statements reflect charges for these services. There is no assurance that these services will be sustained at the same levels as when we were receiving such services from ING Group prior to our initial public offering or that we will obtain the same benefits. Now that we operate these functions independently, if we do not have our own adequate systems and business functions in place, or are unable to obtain them from other providers, we may not be able to operate our business effectively or at comparable costs and our profitability may decline. In addition, our business has benefited from ING Group's purchasing power when procuring goods and services. As a standalone company, we may be unable to obtain such goods and services at comparable prices or on terms as favorable as those obtained prior to our initial public offering, which could decrease our overall profitability.

As a standalone public company, we expend additional time and resources to comply with rules and regulations that did not previously apply to us.

As a standalone public company, the various rules and regulations of the SEC, as well as the rules of the NYSE, require us to implement and maintain additional corporate governance practices and adhere to a variety of reporting requirements. Compliance with these public company obligations increases our legal and financial compliance costs and could place additional demands on our finance and accounting staff and on our financial, accounting and information systems.

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In particular, as a public company, our management will be required to conduct an annual evaluation of our internal controls over financial reporting and include a report of management on our internal controls in our annual reports on Form 10-K. In addition, we will be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting pursuant to Auditing Standard No. 5. Under current rules, we will be subject to these requirements beginning with our annual report on Form 10-K for the year ending December 31, 2014. If we are unable to conclude that we have effective internal controls over financial reporting, or if our registered public accounting firm is unable to provide us with an attestation and an unqualified report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our common stock.

Our historical consolidated financial data are not necessarily representative of the results we would have achieved as a standalone company and may not be a reliable indicator of our future results.

Our historical consolidated financial data included in this prospectus do not necessarily reflect the financial condition, results of operations or cash flows we would have achieved as a standalone company during the periods presented or those we will achieve in the future. For example, we have adjusted our capital structure to more closely align with peer U.S. public companies. As a result, financial metrics that are influenced by our capital structure, such as interest expense and return on equity, are not necessarily indicative for historical periods of the performance we may achieve as a standalone company following our initial public offering. In addition, significant increases may occur in our cost structure as a result of our initial public offering, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002. Also, as described in Our separation from ING Group could adversely affect our business and profitability due to ING Group's strong brand and reputation, we anticipate incurring substantial expenses in connection with rebranding our Company following this offering.

As a result of these matters, among others, it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

Risks Related to the Notes

The notes will be effectively subordinated to the obligations of our subsidiaries.

Our subsidiaries are separate and distinct legal entities. Because we are a holding company, our right to participate in any distribution of assets of any of our subsidiaries, upon the subsidiary's liquidation or reorganization or otherwise, is subject to the prior claims of its creditors, except to the extent that we may be recognized as a creditor of that subsidiary. The applicable insurance laws of the jurisdiction where each of our insurance subsidiaries is domiciled would govern any proceedings relating to that insurance subsidiary. The insurance authority of that jurisdiction would act as a liquidator or rehabilitator for the subsidiary. Both creditors and policyholders of the subsidiary would be entitled to payment in full from the subsidiary's assets before we, as a shareholder, would be entitled to receive any distribution from the subsidiary which we might apply to make payments of principal and interest on the notes or other indebtedness.

Accordingly, our obligations under the notes will be effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries, including liabilities under contracts of insurance and annuities written by our insurance subsidiaries, and you, as holders of notes, should look only to our assets for payment under the notes.

The secondary market for the notes may be illiquid.

The notes are a new issue of securities with no established trading market. We do not intend to apply to list the notes on any national securities exchange or to arrange for quotation of the notes on any automated dealer quotation system. We cannot give any assurance as to the liquidity of any trading market for the notes. The lack of a trading market could adversely affect your ability to sell the notes and the price at which you may be able to sell the notes.

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Changes in our credit ratings or the debt markets could adversely affect the market price of the notes.

The market price for the notes depends on many factors, including, among other things:

our credit ratings with major credit rating agencies, including with respect to the notes;

the prevailing interest rates being paid by other companies similar to us;

our operating results, financial condition, financial performance and future prospects; and

economic, financial, geopolitical, regulatory and judicial events that affect us, the industries and markets in which we are doing business and the financial markets generally, including continuing uncertainty about the strength and speed of recovery in the United States and other key economies, the impact of governmental stimulus and austerity initiatives, and sovereign credit concerns in Europe and other key economies.

The price of the notes may be adversely affected by unfavorable changes in these factors. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually review their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the insurance industry as a whole and may change our credit rating based on their overall view of our industry. A negative change in our rating could have an adverse effect on the price of the notes.

Because a subsidiary guarantor's liability under its guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from Lion Holdings or any future subsidiary guarantor.

The notes have the benefit of a guarantee by Lion Holdings. However, the guarantee by Lion Holdings is limited to the maximum amount that Lion Holdings is permitted to guarantee under applicable law. As a result, Lion Holdings, or any future subsidiary guarantor's, liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such subsidiary guarantor. A court could also find any such limitation on the maximum amount of a guarantee to be ineffective or unenforceable and, under federal and state fraudulent conveyance statutes, void the obligations under the guarantee or further subordinate it to all other obligations of the relevant subsidiary guarantor.

For example, in 2009, the U.S. Bankruptcy Court in the Southern District of Florida in *Official Committee of Unsecured Creditors of TOUSA, Inc. v. Citicorp N. Am., Inc.* found this kind of provision in that case to be ineffective, and held the guarantees to be fraudulent transfers and voided them in their entirety. This decision was ultimately affirmed by the U.S. Court of Appeals for the Eleventh Circuit on May 15, 2012.

Fraudulent conveyance laws could void our obligations under the notes or the guarantee of a subsidiary guarantor.

Our incurrence of debt under the notes may be subject to review under federal and state fraudulent conveyance laws if a bankruptcy, reorganization or rehabilitation case or a lawsuit, including circumstances in which bankruptcy is not involved, is commenced by, or on behalf of, our unpaid creditors or unpaid creditors of a subsidiary guarantor at some future date. Federal and state statutes allow courts, under specific circumstances, to void notes and guarantees and require holders thereof to return payments received from debtors or their guarantors. As a result, an unpaid creditor or representative of creditors could file a lawsuit claiming that the issuance of the notes constituted a fraudulent conveyance. To make such a determination, a court would have to find that we did not receive fair consideration or reasonably equivalent value for the notes and that, at the time the notes were issued, we:

were insolvent;

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were rendered insolvent by the issuance of the notes;

were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital; or

intended to incur, or believed that we would incur, debts beyond our ability to repay those debts as they matured.

If a court were to make such a finding, it could void all or a portion of our obligations under the notes, subordinate the claim in respect of the notes to our other existing and future indebtedness or take other actions detrimental to you as a holder of notes, including in certain circumstances, invalidating the notes or any then existing guarantees.

The measure of insolvency for these purposes will vary depending upon the law of the jurisdiction being applied. Generally, a company will be considered insolvent for these purposes if the sum of that company's debts is greater than the fair value of all of that company's property, or if the present fair salable value of that company's assets is less than the amount that will be required to pay its probable liability on its existing debts as they mature. Moreover, regardless of solvency, a court could void an incurrence of indebtedness, including the notes, if it determined that the transaction was made with intent to hinder, delay or defraud creditors, or a court could subordinate the indebtedness, including the notes, to the claims of all existing and future creditors on similar grounds. We cannot determine in advance what standard a court would apply to determine whether we were insolvent in connection with the sale of the notes.

The making of the guarantees by Lion Holdings, as well as any future making of any guarantees by any other of our subsidiaries, might also be subject to similar review under relevant fraudulent conveyance laws. In addition, a guarantee by a subsidiary could be subject to the claim that the guarantee was incurred for our benefit and only indirectly for the benefit of the subsidiary providing such guarantee, and therefore incurred for less than fair value. A court could impose legal and equitable remedies, including subordinating the obligations under any then-existing subsidiary guarantees to our other existing and future indebtedness or taking other actions detrimental to you as a holder of notes. If Lion Holdings' guarantees, or a future guarantee by another subsidiary, were to be voided as a fraudulent conveyance or otherwise unenforceable, holders of notes would have recourse solely to assets owned directly by us. The notes would then be effectively subordinated to all other obligations of the subsidiary providing such guarantee.

The notes will be effectively subordinated to any of ING U.S., Inc.'s and Lion Holdings' future secured debt.

The notes will be ING U.S., Inc.'s senior unsecured obligations and will rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The guarantee will be the senior unsecured obligation of Lion Holdings and will rank equally in right of payment with all of Lion Holdings' existing and future unsecured and unsubordinated indebtedness. Both ING U.S., Inc. and Lion Holdings may incur secured indebtedness in the future, subject to the covenant described under Description of the New Notes Restrictive Covenants Limitation on Liens. That covenant, however, only limits ING U.S., Inc. and Lion Holdings' ability to incur indebtedness that is secured by a lien on the capital stock of certain subsidiaries, and does not prevent our granting liens over other assets.

The notes do not restrict our ability to incur additional debt, repurchase our securities or take other actions that could negatively impact holders of notes.

We are not restricted under the terms of the notes from incurring additional debt or repurchasing our securities. In addition, the indenture governing the notes does not contain any covenants which require us to achieve or maintain any minimum financial results relating to our results of operations or financial condition. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due.

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Under the indenture governing the notes, the change of control events that would require us to offer to repurchase the notes is subject to a number of significant limitations, and change of control events that affect the market price of the notes may not give rise to any obligation to offer to repurchase the notes.

The term Change of Control Repurchase Event (as used in the indenture) is limited in terms of its scope and does not include all change of control events that might affect the market value of the notes. In particular, we are required to repurchase the notes upon certain change of control events only if, as a result of such change of control event, the rating of the notes are lowered below investment grade and the rating agency assigning such lowered rating expressly links the reduction in rating to the change of control event. As a result, our obligation to repurchase the notes upon the occurrence of a change of control is limited and may not preserve the value of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction.

Risks Related to Our Holding Company Structure

As holding companies, ING U.S., Inc. and Lion Holdings depend on the ability of their subsidiaries to transfer funds to them to meet their obligations.

ING U.S., Inc. is the holding company for all our operations, and dividends, returns of capital and interest income on intercompany indebtedness from ING U.S., Inc.'s subsidiaries are the principal sources of funds available to ING U.S., Inc. to pay principal and interest on its outstanding indebtedness, to pay corporate operating expenses, to pay any stockholder dividends and to meet its other obligations. These subsidiaries are legally distinct from ING U.S., Inc. and, except in the case of Lion Holdings, which is the guarantor of certain of our outstanding indebtedness, have no obligation to pay amounts due on the debt of ING U.S., Inc. or to make funds available to ING U.S., Inc. for such payments. The ability of our subsidiaries to pay dividends or other distributions to ING U.S., Inc. in the future will depend on their earnings, tax considerations, covenants contained in any financing or other agreements and applicable regulatory restrictions. In addition, such payments may be limited as a result of claims against our subsidiaries by their creditors, including suppliers, vendors, lessors and employees. The ability of our insurance subsidiaries to pay dividends and make other distributions to ING U.S., Inc. will further depend on their ability to meet applicable regulatory standards and receive regulatory approvals, as discussed below under . The ability of our insurance subsidiaries to pay dividends and other distributions to ING U.S., Inc. and Lion Holdings is further limited by state insurance laws, and our insurance subsidiaries may not generate sufficient statutory earnings or have sufficient statutory surplus to enable them to pay ordinary dividends.

Lion Holdings is wholly owned by ING U.S., Inc. and is also a holding company, and accordingly its ability to make payments under its guarantees of our indebtedness is subject to restrictions and limitations similar to ING U.S., Inc. Neither ING U.S., Inc., nor Lion Holdings, has significant sources of cash flow other than from our subsidiaries that do not guarantee such indebtedness.

If the ability of our insurance or non-insurance subsidiaries to pay dividends or make other distributions or payments to ING U.S., Inc. and Lion Holdings is materially restricted by regulatory requirements, other cash needs, bankruptcy or insolvency, or our need to maintain the financial strength ratings of our insurance subsidiaries, or is limited due to operating results or other factors, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets. However, there is no assurance that we would be able to raise cash by these means. This could materially and adversely affect the ability of ING U.S., Inc. and Lion Holdings to pay their obligations.

The ability of our insurance subsidiaries to pay dividends and other distributions to ING U.S., Inc. and Lion Holdings is further limited by state insurance laws, and our insurance subsidiaries may not generate sufficient statutory earnings or have sufficient statutory surplus to enable them to pay ordinary dividends.

The payment of dividends and other distributions to ING U.S., Inc. and Lion Holdings by our insurance subsidiaries is regulated by state insurance laws and regulations.

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The jurisdictions in which our insurance subsidiaries are domiciled impose certain restrictions on the ability to pay dividends to their respective parents. 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 regulatory approval. Dividends in larger amounts, or extraordinary dividends, are subject to approval by the insurance commissioner of the relevant state of domicile. Under the insurance laws applicable to our insurance subsidiaries domiciled in Colorado, Connecticut, 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 (1) 10% of the insurer's policyholder surplus as of the preceding December 31 or (2) the insurer's net gain from operations for the twelve-month period ended 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 (1) 10% of policyholder's surplus as of the preceding December 31 or (2) the insurer's net gain from operations for the twelve-month period ended the preceding December 31, not including realized capital gains. In addition, under the insurance laws of the states of domicile of our principal insurance subsidiaries, no dividend or other distribution exceeding an amount equal to an insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval. From time to time, the NAIC and various state insurance regulators have considered, and may in the future consider, proposals to further limit dividend payments that an insurance company may make without regulatory approval. No assurance is given that more stringent restrictions will not be adopted from time to time by jurisdictions in which our insurance subsidiaries are domiciled, and such restrictions could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to ING U.S., Inc. or Lion Holdings by our insurance subsidiaries without prior approval by regulatory authorities. In addition, in the future, we may become subject to debt instruments or other agreements that limit the ability of our insurance subsidiaries to pay dividends or make other distributions. The ability of our insurance subsidiaries to pay dividends or make other distributions is also limited by our need to maintain the financial strength ratings assigned to such subsidiaries by the rating agencies. These ratings depend to a large extent on the capitalization levels of our insurance subsidiaries.

Prior to our initial public offering, our principal insurance subsidiaries domiciled in Colorado, Iowa and Minnesota each had negative earned surplus accounts, and therefore had no ordinary dividend capacity. In order to obtain dividends or distributions from these insurance companies, we historically obtained approval from the insurance companies' respective state regulators, which could be granted or withheld in the regulators' discretion, for extraordinary dividends or distributions. On May 8, 2013, following the completion of our IPO and payment of \$1,434 million of extraordinary distributions, these insurance companies 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. A detailed description of the permitted practices is included in Regulation Insurance Holding Company Regulation .

This reset allows our principal insurance subsidiaries domiciled in Colorado, Iowa and Minnesota to build up ordinary dividend capacity to the extent their operating results subsequent to December 31, 2012 generate positive earned surplus. Under applicable domiciliary insurance regulations, our principal insurance subsidiaries must deduct any extraordinary distributions or dividends paid in the preceding twelve months in calculating dividend capacity. We expect that these insurance subsidiaries will have ordinary dividend capacity only after twelve months have passed since the date the extraordinary distributions described above were paid, and that ILIAC will have ordinary dividend capacity before such date.

Our principal insurance subsidiaries, however, may not succeed in building up sufficient positive earned surplus within those timeframes or at all. If our principal insurance subsidiaries do not succeed in building up sufficient positive earned surplus to have ordinary dividend capacity, then we may seek extraordinary dividends or distributions (for which prior approval of their respective domiciliary insurance regulators would be required, and can be granted or withheld in the discretion of the regulators). There can be no assurance that our principal insurance subsidiaries will receive approval for extraordinary distribution payments in the future.

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The payment of dividends by our special purpose financial captive insurance company subsidiaries domiciled in South Carolina and Missouri is regulated by their respective governing licensing orders and restrictions in their respective insurance securitization agreements. Generally, our special purpose financial captive insurance subsidiaries may not declare or pay dividends in any form to their parent companies other than in accordance with their respective insurance securitization transaction agreements and their respective governing licensing orders, and in no event may the dividends decrease the capital of the captive below the minimum capital requirement applicable to it, and, after giving effect to the dividends, the assets of the captive paying the dividend must be sufficient to satisfy its domiciliary insurance regulator that it can meet its obligations. Similarly, our insurance subsidiary in the Cayman Islands is subject to minimum net worth and solvency requirements that limit its ability to pay dividends.

Table of Contents**USE OF PROCEEDS**

Neither ING U.S., Inc. nor Lion Holdings will receive any proceeds from the issuance of the new notes in the exchange offer. In consideration for issuing the new notes as contemplated in this prospectus, we will receive in exchange a like principal amount of old notes, the terms of which are identical in all material respects to the new notes. The old notes surrendered in exchange for the new notes will be cancelled. Accordingly, the issuance of the new notes will not result in any change in our indebtedness.

CAPITALIZATION

The following table presents our capitalization as of September 30, 2013 on an actual basis. The exchange offer will have no effect on our capitalization.

You should read this table together with the sections entitled "Selected Consolidated Financial Data", "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our Consolidated Financial Statements and related notes included elsewhere in this prospectus.

(\$ in millions)	As of September 30, 2013	
	Actual	
Short-term debt:		
Short-term debt	\$	
Current portion of long-term debt		
 Total short-term debt	 \$	
Long-term debt:		
Long-term debt, capital leases and notes payable, net of current portion	\$	3,514.5
 Total long-term debt	 \$	 3,514.5
Shareholders' equity:		
Common stock, par value \$0.01 per share; 900,000,000 shares authorized, 260,882,850 shares issued and outstanding	\$	2.6
Additional paid-in capital		23,524.7
Retained earnings (deficit):		
Appropriated-consolidated investment entities		2.4
Unappropriated		(12,709.7)
 Total shareholders' equity (excluding AOCI and non-controlling interest)	 \$	 10,820.0
 Total capitalization (total debt plus shareholders' equity excluding items noted above)	 \$	 14,334.5

Table of Contents**SELECTED CONSOLIDATED UNAUDITED****QUARTERLY FINANCIAL DATA**

The following selected unaudited consolidated financial data for each of the quarters in the years ended December 31, 2012 and 2011 and the nine months ended September 30, 2013 have been derived from the unaudited Consolidated Financial Statements of the Company and, in the opinion of the management of the Company, reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of such date for the respective interim periods. The results of operations for these periods are not necessarily indicative of the results that might be expected for any future period.

(\$ in millions, except for share amounts)	March 31	Three Months Ended		December 31
		June 30	September 30 (unaudited)	
2013				
Total revenues	\$ 1,818.6	\$ 2,140.6	\$ 2,435.3	
Total benefits and expenses	2,032.9	2,215.8	2,015.3	
Income (loss) before income taxes	(214.3)	(75.2)	420.0	
Net income (loss)	(225.5)	(85.3)	447.7	
Less: Net income (loss) attributable to noncontrolling interests	(13.5)	(3.1)	101.1	
Net income (loss) available to ING U.S., Inc. s common shareholders	(212.0)	(82.2)	346.6	
Basic earnings per share Common Stock:				
Net income (loss) available to ING U.S., Inc. s common shareholders per common share	(0.92)	(0.33)	1.33	
2012				
Total revenues	\$ 1,485.3	\$ 3,361.9	\$ 2,564.3	\$ 2,203.8
Total benefits and expenses	1,998.2	2,508.8	2,190.4	2,311.9
Income (loss) before income taxes	(512.9)	853.1	373.9	(108.1)
Net income (loss)	(520.8)	852.1	386.8	(106.9)
Less: Net income (loss) attributable to noncontrolling interests	(15.6)	217.7	20.3	(84.2)
Net income (loss) available to ING U.S., Inc. s common shareholder	(505.2)	634.4	366.5	(22.7)
Basic earnings per share Common Stock:				
Net income (loss) available to ING U.S., Inc. s common shareholder per common share	\$ (2.20)	\$ 2.76	\$ 1.59	\$ (0.10)
2011				
Total revenues	\$ 2,246.2	\$ 2,989.4	\$ 3,622.6	\$ 860.6
Total benefits and expenses	2,083.7	2,296.7	2,767.4	2,293.2
Income (loss) before income taxes	162.5	692.7	855.2	(1,432.6)
Net income (loss)	243.4	549.5	1,032.6	(1,722.7)
Less: Income attributable to noncontrolling interests	(51.3)	183.0	(8.7)	67.9
Net income (loss) available to ING U.S., Inc. s common shareholder	294.7	366.5	1,041.3	(1,790.6)
Basic earnings per share Common Stock:				
Net income (loss) available to ING U.S., Inc. s common shareholder per common share	\$ 1.28	\$ 1.59	\$ 4.53	\$ (7.78)

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated financial data for the years ended December 31, 2012, 2011 and 2010 and as of December 31, 2012 and 2011 are derived from our audited Consolidated Financial Statements, which are included elsewhere in this prospectus. The selected consolidated financial data for the year ended December 31, 2009 and as of December 31, 2010 are derived from our audited Consolidated Financial Statements, which are not included in this prospectus. The selected unaudited consolidated financial data for the year ended December 31, 2008 and as of December 31, 2009 and 2008 are derived from our unaudited Consolidated Financial Statements for such periods and dates, which are not included in this prospectus. The following selected consolidated financial data for the nine months ended September 30, 2013 and 2012 and as of September 30, 2013 have been derived from the unaudited Consolidated Financial Statements of the Company and, in the opinion of the management of the Company, reflect all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of such data for the respective interim periods. The results of operations for the nine months ended September 30, 2013 are not necessarily indicative of the results that might be expected for future interim periods or for the full year ended December 31, 2013.

Prospective investors should read these selected consolidated financial data together with Management's Discussion and Analysis of Results of Operations and Financial Condition and our Consolidated Financial Statements and the related notes included elsewhere in this prospectus.

(\$ in millions, except for share data)	Nine Months Ended September 30,		Year Ended December 31,				
	2013 (Unaudited)	2012 (Unaudited)	2012	2011	2010	2009	2008 (Unaudited)
Consolidated Operating Results							
Net investment income	\$ 3,532.5	\$ 3,642.5	\$ 4,697.9	\$ 4,968.8	\$ 4,987.0	\$ 5,568.6	\$ 5,404.0
Fee income	2,722.4	2,624.8	3,515.4	3,603.6	3,516.5	3,325.1	3,506.9
Premiums	1,440.9	1,389.9	1,861.1	1,770.0	1,707.5	1,985.5	2,198.7
Net realized capital gains (losses)	(1,957.8)	(896.6)	(1,280.8)	(1,531.4)	(1,678.0)	(2,178.7)	(6,700.0)
Total revenues	6,394.5	7,411.5	9,615.3	9,718.8	9,274.2	9,364.2	5,472.8
Interest credited and other benefits to contract owners/policyholders	3,379.0	3,636.3	4,861.6	5,742.0	5,027.3	5,629.9	6,866.7
Operating expenses	2,292.1	2,330.9	3,155.0	3,030.8	3,033.5	3,352.2	4,129.6
Net amortization of deferred policy acquisition costs and value of business acquired	319.6	539.9	722.3	387.0	746.6	1,052.3	1,327.9
Interest expense	136.6	109.0	153.7	139.3	332.5	385.5	426.6
Goodwill impairment							696.6 ⁽¹⁾
Total benefits and expenses	6,264.0	6,697.4	9,009.3	9,441.0	9,236.4	10,472.8	13,514.7
Income (loss) before income taxes	130.5	714.1	606.0	277.8	37.8	(1,108.6)	(8,041.9)
Income (loss) from discontinued operations, net of income tax							(416.8) ⁽²⁾
Net income (loss)	136.9	718.1	611.2	102.8	(133.2)	(810.6)	(8,082.8)
Net income (loss) attributable to noncontrolling interest	84.5	222.4	138.2	190.9	(10.3)	(207.4)	(67.3)
Net income (loss) available to ING U.S., Inc.'s common shareholders	52.4	495.7	473.0	(88.1)	(122.9)	(603.2)	(8,015.5)
Earnings Per Share⁽³⁾							
Income (loss) from continuing operations (excluding noncontrolling interest), net of income tax, per common share	\$ 0.21	\$ 2.16	\$ 2.06	\$ (0.38)	\$ (0.53)	\$ (2.62)	\$ (33.04)
Income (loss) from discontinued operations, net of income tax, per common							\$ (1.81)

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share														
Net income (loss) available to ING U.S., Inc.'s common shareholders per common share	\$	0.21	\$	2.16	\$	2.06	\$	(0.38)	\$	(0.53)	\$	(2.62)	\$	(34.85)
Common shares outstanding		260,882,850		230,000,000		230,000,000		230,000,000		230,000,000		230,000,000		230,000,000

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(\$ in millions)	As of September 30, 2013 (Unaudited)	2012	2011	As of December 31, 2010	2009 (Unaudited)	2008 (Unaudited)
Consolidated Financial Position						
Total investments	\$ 89,007.3	\$ 95,487.6	\$ 92,819.2	\$ 86,886.1	\$ 83,128.8	\$ 79,767.6
Assets held in separate accounts	103,853.6	97,667.4	88,714.5	95,588.1	88,849.4	73,928.0
Total assets	217,658.2	216,394.2	203,572.8	204,376.5	194,621.2	204,775.5
Future policy benefits and contract owner account balances	84,887.9	86,055.7	88,358.4	83,642.8	84,402.0	91,634.4
Short-term debt		1,064.6	1,054.6	5,464.6	4,811.6	4,635.2
Long-term debt	3,514.5	3,171.1	1,343.1	2,784.0	7,001.3	7,078.5
Liabilities related to separate accounts	103,853.6	97,667.4	88,714.5	95,588.1	88,849.4	73,928.0
Total ING U.S., Inc. shareholders' equity, excluding AOCI ⁽⁴⁾	10,820.0	10,164.2	9,758.9	5,857.5	2,310.0	372.7
Total ING U.S., Inc. shareholders' equity	12,770.0	13,874.9	12,353.9	6,830.8	967.1	(3,517.3)
Other Supplemental Data (unaudited)						
Ratio of Earnings to Fixed Charges ⁽⁵⁾⁽⁶⁾	1.00	1.20	1.06	NM	NM	NM

⁽¹⁾ Represents the impairment of goodwill related to the acquisition of CitiStreet.

⁽²⁾ Represents amounts related to our ownership and disposition of the Taiwanese life insurance business, which was owned by ING U.S., Inc. but managed by an affiliate. The sale of the business was announced in October 2008, recorded at fair value as of December 31, 2008 and classified as Discontinued operations. The transaction closed on February 11, 2009.

⁽³⁾ Shares outstanding and per-share amounts give retroactive effect to the 2,295.248835-to-1 stock split effected on April 11, 2013.

⁽⁴⁾ Shareholders' equity, excluding AOCI, is derived by subtracting AOCI from ING U.S., Inc. shareholders' equity both components of which are presented in the respective Consolidated Balance Sheets. For a description of AOCI, see the Accumulated Other Comprehensive Income (Loss) note to the Consolidated Financial Statements. We provide shareholders' equity, excluding AOCI, because it is a common measure used by insurance analysts and investment professionals in their evaluations.

⁽⁵⁾ Earnings were insufficient to cover fixed charges at a 1:1 ratio by \$39.0 million, \$862.7 million, and \$7,763.7 million for the years ended December 31, 2010, 2009 and 2008, respectively. These ratios are presented as NM or not meaningful.

⁽⁶⁾ Interest and debt issue costs include interest costs related to variable interest entities of \$130.6 million for the nine months ended September 30, 2013 and \$106.4 million, \$68.4 million, and \$49.8 million for the years ended December 31, 2012, 2011, and 2010, respectively. Excluding these costs as well as the earnings of the variable interest entities would result in a ratio of earnings to fixed charges of 1.19, 1.04, and 1.01 for the years ended December 31, 2012, 2011, and 2010, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis of our results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements included elsewhere in this prospectus. In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors. See Note Regarding Forward-Looking Statements .

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 parent company, through May 6, 2013.

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).

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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 TPAs. 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 CBVA 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 CBVA 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 reimbursed 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,

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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

Yields remained relatively unchanged across fixed income asset classes in the third quarter following a sharp increase during the second quarter; however, interest rates remain low by historical standards. 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 \$87 billion as of September 30, 2013, consists predominantly of fixed income investments and currently has an average yield of approximately 5.0%. In the near term and absent further 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. We currently anticipate that proceeds that are reinvested in fixed income investments in the remainder of 2013 will earn an average yield in the range of 4.25% to 4.50%. 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.

For purposes of illustrating the negative impact of low interest rates on our projections included in *Business Operating Return on Capital Goal*, we estimated the expected lower investment income due to lower portfolio yields compared to 2012 levels in Retirement and Insurance Solutions, and expected lower net margin (investment income less credited interest) compared to 2012 levels in

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Annuities. These projections utilized the forward interest rate curve as of July 31, 2012, which reflected modestly increasing rates over time, and included the impact of DAC/VOBA and other intangibles and taxes. The assumptions utilized reduced our operating earnings projections by approximately 5% in 2013, increasing to approximately 10% in 2016, in each case as compared to what our projections for such year would have been had portfolio yields not decreased compared to 2012 levels. Accordingly, the targets included in Business Operating Return on Capital Goal included these negative effects on our financial performance. These assumptions may or may not be realized given the uncertainties surrounding such assumptions. We estimate that if interest rates follow the forward curve observed as of June 30, 2013, the expected negative effects of the low interest rate environment would be reduced by approximately one-half by 2016.

If we instead assumed that new money investment rates remained at approximately the same level as observed over the second half of 2012 and did not rise through the end of 2016, we estimated that would reduce the operating earnings projections for our ongoing business by an additional 3-5% in each of 2013, 2014, 2015 and 2016, in each case as compared to our projections for such year as of December 31, 2012. See

Risk Factors The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment .

Our CBVA 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 CBVA segment's sensitivity to interest rates, please see Business Closed Blocks CBVA .

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 CBVA Segment on GAAP Earnings

Our ongoing management of our CBVA 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

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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 AUM and 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, which provide useful information about our businesses and the operational factors underlying our financial performance.

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Operating Earnings before Income Taxes

Operating earnings before income taxes is an internal measure we use to evaluate segment performance. Operating earnings before income taxes does not replace net income (loss) as the GAAP measure of the consolidated results of operations and consists of operating revenues less operating benefits and expenses. Each segment's operating earnings before income taxes is calculated by adjusting income (loss) before income taxes 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 fair value option (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 our 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 our nonperformance spread;

Income (loss) related to business exited through reinsurance or divestment;

Income (loss) attributable to noncontrolling interests;

Income (loss) related to early extinguishment 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 our 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 our acquisition of CitiStreet and certain third-party expenses and deal incentives related to the anticipated Divestment Transaction.

Our CBVA 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 earnings before income taxes. When we present the adjustments to Income (loss) before income taxes on a consolidated basis, each adjustment excludes the relative portions attributable to our CBVA segment.

The most directly comparable GAAP measure to operating earnings before income taxes is income (loss) before income taxes. For a reconciliation of operating earnings before income taxes to income (loss) before income taxes, see Results of Operations Company Consolidated below.

Operating Revenues

Operating revenues is a measure of our segment revenues. We calculate operating revenues by adjusting each segment's revenue for the following items:

Net realized investment gains (losses) and related charges and adjustments, which 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 items are net of related amortization of unearned revenue;

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Gain (loss) on change in fair value of derivatives related to guaranteed benefits, which 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 our 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 our nonperformance spread;

Revenues related to businesses exited through reinsurance or divestment;

Revenues attributable to noncontrolling interests;

Other adjustments to operating revenues primarily reflect fee income earned by our broker dealers for sales of non-proprietary products, which are reflected net of commission expense in our segments' operating revenues.

Operating revenues also excludes the revenues of our CBVA segment, since this segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics. When we present the adjustments to Total revenues on a consolidated basis, each adjustment excludes the relative portions attributable to our CBVA segment.

The most directly comparable GAAP measure to operating revenues is total revenues. For a reconciliation of operating revenue to total revenues, see Results of Operations Company Consolidated below.

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 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.

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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.

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Revenues:					
Net investment income	\$ 3,532.5	\$ 3,642.5	\$ 4,697.9	\$ 4,968.8	\$ 4,987.0
Fee income	2,722.4	2,624.8	3,515.4	3,603.6	3,516.5
Premiums	1,440.9	1,389.9	1,861.1	1,770.0	1,707.5
Net realized capital gains (losses)	(1,957.8)	(896.6)	(1,280.8)	(1,531.4)	(1,678.0)
Other revenue	321.3	286.7	378.5	428.2	547.0
Income (loss) related to consolidated investment entities:					
Net investment income	346.3	435.5	556.6	528.4	316.0
Changes in fair value related to collateralized loan obligations	(11.1)	(71.3)	(113.4)	(48.8)	(121.8)
Total revenues	6,394.5	7,411.5	9,615.3	9,718.8	9,274.2
Benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	3,379.0	3,636.3	4,861.6	5,742.0	5,027.3
Operating expenses	2,292.1	2,330.9	3,155.0	3,030.8	3,033.5
Net amortization of deferred policy acquisition costs and value of business acquired	319.6	539.9	722.3	387.0	746.6
Interest expense	136.6	109.0	153.7	139.3	332.5
Operating expenses related to consolidated investment entities:					
Interest expense	130.6	74.0	106.4	68.4	49.8
Other expense	6.1	7.3	10.3	73.5	46.7
Total benefits and expenses	6,264.0	6,697.4	9,009.3	9,441.0	9,236.4
Income (loss) before income taxes	130.5	714.1	606.0	277.8	37.8
Income tax expense (benefit)	(6.4)	(4.0)	(5.2)	175.0	171.0
Net income (loss)	136.9	718.1	611.2	102.8	(133.2)
Less: Net income (loss) attributable to noncontrolling interest	84.5	222.4	138.2	190.9	(10.3)
Net income (loss) available to the Company's common shareholders	\$ 52.4	\$ 495.7	\$ 473.0	\$ (88.1)	\$ (122.9)

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

(\$ in millions)	As of September 30,			As of December 31,	
	2013	2012	2012	2011	2010
AUM and AUA					
<i>Retirement Solutions:</i>					
Retirement	\$ 328,259.0	\$ 303,182.1	\$ 304,146.7	\$ 287,843.7	\$ 290,914.0
Annuities	26,379.2	26,251.9	26,101.1	27,690.2	27,849.3
<i>Investment Management</i>	251,549.0	231,943.6	236,446.8	225,114.0	223,140.9
<i>Insurance Solutions:</i>					
Individual Life	15,847.7	15,274.9	15,322.5	14,769.8	14,846.3
Employee Benefits	1,768.8	1,767.2	1,759.5	1,741.2	1,736.4
<i>Eliminations/Other</i>	(178,015.8)	(170,263.3)	(170,346.5)	(167,939.3)	(168,316.3)
 Total Ongoing Business	 445,787.9	 408,156.4	 413,430.1	 389,219.6	 390,170.6
<i>Closed Blocks:</i>					
Closed Block Variable Annuity	44,426.9	43,842.2	43,198.4	42,645.5	47,978.0
Closed Block Institutional Spread Products	3,336.8	4,494.2	3,805.6	5,581.7	7,002.4
Closed Block Other	553.4	574.2	566.5	599.6	606.5
 Total Closed Blocks	 48,317.1	 48,910.6	 47,570.5	 48,826.8	 55,586.9
 Total AUM and AUA	 \$ 494,105.0	 \$ 457,067.0	 \$ 461,000.6	 \$ 438,046.4	 \$ 445,757.5
 AUM	 \$ 267,268.3	 \$ 241,553.4	 \$ 247,325.1	 \$ 229,680.4	 \$ 231,381.3
AUA	226,836.7	215,513.6	213,675.5	208,366.0	214,376.2
 Total AUM and AUA	 \$ 494,105.0	 \$ 457,067.0	 \$ 461,000.6	 \$ 438,046.4	 \$ 445,757.5

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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)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
<i>Retirement Solutions:</i>					
Retirement	\$ 457.2	\$ 340.4	\$ 448.6	\$ 441.9	\$ 469.6
Annuities	210.6	95.9	102.2	387.6	115.0
<i>Investment Management</i>	125.2	103.3	134.5	87.5	50.1
<i>Insurance Solutions:</i>					
Individual Life	207.8	141.6	196.2	279.3	313.5
Employee Benefits	75.6	80.8	109.4	83.3	82.0
Total Ongoing Business	1,076.4	762.0	990.9	1,279.6	1,030.2
Corporate	(166.6)	(138.7)	(182.3)	(230.2)	(399.1)
<i>Closed Blocks:</i>					
Closed Block Institutional Spread Products	41.7	41.0	45.7	83.2	(3.8)
Closed Block Other	12.2	44.9	64.0	(13.0)	(6.7)
Total Closed Blocks ⁽¹⁾	53.9	85.9	109.7	70.2	(10.5)
Total operating earnings before income taxes	963.7	709.2	918.3	1,119.6	620.6
<i>Adjustments:</i>					
Closed Block Variable Annuity	(982.9)	(525.0)	(692.3)	(564.5)	(220.2)
Net investment gains (losses) and related charges and adjustments	106.7	400.8	455.5	71.8	(96.4)
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	46.0	113.9	97.2	(269.4)	(30.0)
Loss related to businesses exited through reinsurance or divestment	(47.0)	(34.1)	(45.8)	(35.1)	(3.3)
Income (loss) attributable to noncontrolling interests	84.5	222.4	138.2	190.9	(10.3)
Loss on early extinguishment of debt					(108.3)
Immediate recognition of net actuarial gains (losses) related to pension and other post-employment benefit obligations and gains (losses) from plan amendments and curtailments		(108.4)	(165.0)	(157.8)	(47.5)
Other adjustments to operating earnings	(40.5)	(64.7)	(100.1)	(77.7)	(66.8)
Income (loss) before income taxes	\$ 130.5	\$ 714.1	\$ 606.0	\$ 277.8	\$ 37.8

⁽¹⁾ Our CBVA 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.

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
<i>Retirement Solutions:</i>					
Retirement	\$ 1,787.0	\$ 1,701.4	\$ 2,271.9	\$ 2,225.4	\$ 2,179.0
Annuities	930.7	989.6	1,307.0	1,401.4	1,482.5
<i>Investment Management</i>	440.6	403.0	545.5	491.9	454.5
<i>Insurance Solutions:</i>					
Individual Life	2,099.0	2,099.7	2,793.9	2,785.0	2,613.4
Employee Benefits	946.0	937.6	1,251.2	1,246.2	1,277.8
Total Ongoing Business	6,203.3	6,131.3	8,169.5	8,149.9	8,007.2
Corporate	53.8	46.7	65.9	(13.7)	(132.3)
<i>Closed Blocks:</i>					
Closed Block Institutional Spread Products	87.7	103.2	127.2	188.1	167.6
Closed Block Other	22.1	29.6	43.8	52.2	64.3
Total Closed Blocks ⁽¹⁾	109.8	132.8	171.0	240.3	231.9
Total operating revenues	6,366.9	6,310.8	8,406.4	8,376.5	8,106.8
<i>Adjustments:</i>					
Closed Block Variable Annuity	(570.4)	(138.1)	(70.0)	794.9	677.7
Net realized investment gains (losses) and related charges and adjustments	28.3	553.9	603.4	219.2	47.7
Gain (loss) on change in fair value of derivatives related to guaranteed benefits	125.8	112.6	83.1	(399.0)	(66.9)
Revenues related to businesses exited through reinsurance or divestment	(70.8)	63.5	64.6	116.1	137.6
Revenues (loss) attributable to noncontrolling interests	254.1	347.8	313.8	399.1	143.2
Other adjustments to operating revenues	260.6	161.0	214.0	212.0	228.1
Total revenues	\$ 6,394.5	\$ 7,411.5	\$ 9,615.3	\$ 9,718.8	\$ 9,274.2

⁽¹⁾ Our CBVA 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.

We believe the following tables will help investors better understand the components of the reconciliation between operating earnings before income taxes and income (loss) before income taxes related to net investment gains (losses) and net guaranteed benefits hedging gains (losses) and related charges and adjustments.

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)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Other than temporary impairments	\$ (22.6)	\$ (25.8)	\$ (55.1)	\$ (502.7)	\$ (890.8)

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CMO-B fair value adjustments ⁽¹⁾	(132.1)	209.3	221.1	326.5	431.7
Gains (losses) on the sale of securities	56.3	394.8	436.2	568.4	546.5
Other, including changes in the fair value of derivatives	136.8	(14.0)	10.7	(119.3)	37.8
Total investment gains (losses)	38.4	564.3	612.9	272.9	125.2
Net amortization of DAC/VOBA and other intangibles on above	81.6	(134.4)	(130.8)	(137.6)	(139.0)
Net investment gains (losses), including Closed Block Variable Annuity	120.0	429.9	482.1	135.3	(13.8)
Less: Closed Block Variable Annuity net investment gains (losses) and related charges and adjustments	13.3	29.1	26.6	63.5	82.6
Net investment gains (losses)	\$ 106.7	\$ 400.8	\$ 455.5	\$ 71.8	\$ (96.4)

⁽¹⁾ For a description of our CMO-B portfolio, see Investments CMO-B Portfolio .

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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 CBVA.

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
Gain (loss), excluding nonperformance risk	\$ 103.7	\$ 143.6	\$ 188.2	\$ (377.9)	\$ (264.8)
Gain (loss) due to nonperformance risk	(12.3)	(42.4)	(114.2)	(21.3)	197.9
Net gain (loss) prior to related amortization of DAC/VOBA and sales inducements	91.4	101.2	74.0	(399.2)	(66.9)
Net amortization of DAC/VOBA and sales inducements	(45.4)	12.7	23.2	129.8	36.9
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	\$ 46.0	\$ 113.9	\$ 97.2	\$ (269.4)	\$ (30.0)

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 (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.

During the third quarter of 2013, we completed our annual review of the assumptions, including projection model inputs, in each of our segments (except for Investment Management, for which assumption reviews are not relevant). As a result of this review, we have made a number of changes to our assumptions, resulting in a net favorable impact of \$84.8 million to operating earnings before income taxes in the current period, compared to an unfavorable impact of \$32.0 million in the third quarter of 2012. These are included in DAC/VOBA and other intangibles unlocking.

During the third quarter of 2013, the Company received a distribution of cash and securities in conjunction with a Lehman Brothers bankruptcy settlement (Lehman Recovery). In 2008, Lehman Brothers acted as a prime broker for assets held in a partnership owned by the Company. In 2008, these partnership assets were written down to the then-assumed realizable value. The amount of the current distribution in excess of the book value of these assets of \$120.0 million is being recognized as *net investment income* within operating earnings before income taxes, which excludes \$8.2 million in *net investment income* for the CBVA segment.

During the third quarter of 2013, the Company decided to dispose of certain Low Income Housing Tax Credit partnerships (LIHTC) as a means of exiting this asset class. Losses of \$26.7 million recognized as a result of marketing these assets to the sales price are being recognized as investment income.

Collectively, the Lehman Recovery and losses on LIHTC, net of DAC/VOBA and other intangibles impacts, are referred to as Net gain from Lehman Recovery/LIHTC.

During the second quarter of 2012, the Company entered into an agreement to sell certain general account private equity limited partnership holdings (sale of certain alternative investments), which resulted in a loss,

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which was recognized as investment income. See Investments Sale of Certain Alternative Investments for further description.

(\$ in millions)

	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Interest expense (including interest rate swap settlements)	\$ (132.7)	\$ (88.6)	\$ (127.8)	\$ (185.7)	\$ (383.5)
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	110.7	(28.3)	(77.0)	303.8	175.8
Net gain from Lehman Recovery/LIHTC	78.1				
Loss on sale of certain alternative investments ⁽³⁾		(92.0)	(92.0)		
Reserve increase related to use of SSDMF				(68.9)	

(1) Unlocking related to the net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the nine months ended September 30, 2013.

(2) Includes the impact of the annual review of the assumptions.

(3) See Investments Sale of Certain Alternative Investments for a description of certain alternative investments.

The following table presents the net impact to Operating earnings before income taxes of the Net gain from Lehman Recovery/LIHTC and the related amortization and unlocking of DAC/VOBA and other intangibles by segment:

(\$ in million)	Net investment income (loss)	Three and Nine Months Ended September 30, 2013		Net gain from Lehman Recovery/LIHTC
		DAC/VOBA and other intangibles amortization ⁽¹⁾	DAC/VOBA and other intangibles unlocking ⁽¹⁾	
Retirement	\$ 14.8	\$ (6.4)	\$ 4.3	\$ 12.7
Annuities	19.0	(10.5)	4.2	12.7
Investment Management	11.5			11.5
Individual Life	43.4	(23.0)	16.2	36.6
Employee Benefits	4.0			4.0
Closed Block Institutional Spread Products	(0.2)			(0.2)
Closed Block Other	0.8			0.8
Net gain included in segment Operating earnings before income taxes	\$ 93.3	\$ (39.9)	\$ 24.7	\$ 78.1

(1) DAC/VOBA and other intangibles amortization and DAC/VOBA and other intangibles unlocking are included in *Fee income, Interest credited and other benefits to contract owners policyholders* and *Net amortization of DAC/VOBA* (See Unlocking of DAC/VOBA and other Contract Owner/Policyholder Intangibles section)

(2) Amount does not include net gain for the CBVA segment of \$8.2 million for the three and nine months ended September 30, 2013

The following table presents the impact to Operating earnings before income taxes of the net loss on the sale of certain alternative investments in the second quarter of 2012 by segment (see Investment Sale of Certain Alternative Investments):

(\$ in million)

	Nine Months Ended September 30, 2012
Retirement	\$ (48.1)
Annuities	(18.0)

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Investment Management	2.2
Individual Life	(13.1)
Employee Benefits	(5.1)
Closed Block Institutional Spread Products	(8.0)
Closed Block Other	(1.9)
Net loss included in segment Operating earnings before income taxes ⁽¹⁾	\$ (92.0)

⁽¹⁾ Amount does not include net gain for the CBVA segment of \$0.1 million as of September 30, 2012

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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*).

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012**Net Income (Loss)**

Net investment income decreased \$110.0 million from \$3,642.5 million to \$3,532.5 million primarily due to lower investment income in our Retirement Solutions and Insurance Solutions businesses as a result of portfolio restructuring in the second and third quarters of 2012, lower average volumes in the Annuity segment, as well as a decline in average assets in our Closed Block Institutional Spread Products. Partially offsetting the overall decline is net investment income from Lehman Recovery/LIHTC in the current period and a loss on sale of certain alternative investments in the prior period. The decline in the volumes of the Annuities segment is a result of the continuing run-off of MYGAs. The decline in the assets of the Closed Block Institutional Spread Products segment is due to the continued run-off of this business.

Fee income increased \$97.6 million from \$2,624.8 million to \$2,722.4 million primarily due to an increase in fees in our Retirement and CBVA segments, associated with higher AUM as a result of equity market improvements, as well as an increase in Investment Management segment sourced fees driven by positive net cash flow and improved equity markets.

Premiums increased \$51.0 million from \$1,389.9 million to \$1,440.9 million primarily due to higher premiums associated with the annuitization of life contingent contracts in our CBVA segment, and higher premiums resulting from growth in in-force of our Insurance Solutions business, partially offset by lower sales of immediate annuities with life contingencies in our Annuities segment.

Net realized capital losses increased \$1,061.2 million from a loss of \$896.6 million to a loss of \$1,957.8 million primarily due to changes in fair value of derivatives from the CBVA segment liability hedges, lower net realized investment gains, and changes in fair value of guaranteed benefit derivatives due to nonperformance risk in our CBVA segment. In addition, losses resulting from market value changes in the derivative associated with business reinsured are entirely offset by the corresponding *Interest credited and other benefits to contract owners/policyholders*. The increased losses, discussed in further detail below, were partially offset by changes in fair value of guaranteed benefit derivatives and improved results on the CHO program.

Changes in fair value of derivatives from the CBVA segment liability hedges resulted in an increase in losses of \$1,198.3 million, from a loss of \$1,183.4 million to a loss of \$2,381.7 million, primarily as a result of rising interest rates. The hedge program in the CBVA segment focuses on protecting regulatory and rating agency capital from equity market movements rather than mitigating earnings volatility. Lower net realized investment gains of \$525.9 million, as a result of net realized gains of \$38.4 million in the current period compared to gains of \$564.3 million in the prior period, were primarily driven by changes in fair value adjustments on our CMO-B portfolio and lower gains on the sale of securities, partially offset by derivative mark to market adjustments. Changes in the fair value of guaranteed benefit derivatives due to nonperformance risk in our CBVA segment resulted in an increase in net realized capital losses of \$180.6 million, from a loss of \$42.2 million to a loss of \$222.8 million.

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Higher losses in the current period are partially offset by gains from changes in fair value of guaranteed benefit derivatives and lower losses on our CHO program in our CBVA segment. Gains on guaranteed benefit derivatives, excluding nonperformance risk in our CBVA Segment increased \$735.6 million, from \$452.4 million to \$1,188.0 million, driven by higher equity market growth, rising interest rates and favorable changes in volatility in the current period compared to the prior period. Results on our CHO program improved by \$124.7 million, from a loss of \$369.5 million to a loss of \$244.8 million, as a result of lower average notional amounts for hedging the associated underlying risk.

Other revenue increased \$34.6 million from \$286.7 million to \$321.3 million primarily due to higher income earned by our Retirement segment's broker-dealers for sales on non-proprietary products, which is partially offset by the corresponding higher broker-dealer expenses within *operating expenses*. Changes in contractual amounts paid to/from retirement plan customers upon surrender and an increase in production and performance related fees earned by our Investment Management segment also contributed to the increase.

Interest credited and other benefits to contract owners/policyholders decreased \$257.3 million from \$3,636.3 million to \$3,379.0 million primarily due to a decline in the funds withheld reserve associated with business reinsured resulting from market value changes in the related assets, which is entirely offset by the corresponding *net realized capital gains (losses)*. In addition, decreases in interest credited in our Annuities segment due to declining reserves for MYGAs and lower crediting rates, favorable reserve changes and intangible unlocking in our Individual Life segment, and declining contract owner account balances for the Closed Block Institutional Spread Products segment contributed to the decrease.

Operating expenses decreased \$38.8 million from \$2,330.9 million to \$2,292.1 million as a result of several factors. Higher pension expenses in the prior period related to the immediate recognition of actuarial losses primarily due to changes in interest rates, lower LOC costs in the current period, lower sales related expenses in our Individual Life segment in the current period, and lower costs in the current period related to the anticipated divestment of the Company by ING Group all contributed to a decrease in *operating expenses*. These decreases were offset by higher expenses in our Closed Block Other segment as a result of a reimbursement of expenses by ING Group during the second quarter of 2012, higher broker-dealer and other asset based expenses in our Retirement segment, an increase in variable expenses in our Investment Management segment, and higher variable compensation costs and contingency accruals in the current period compared to the prior period.

Net amortization of DAC/VOBA decreased \$220.3 million from \$539.9 million to \$319.6 million. The decrease is primarily driven by lower amortization associated with a decline in net realized investment gains in the current period compared to the prior period, as well as favorable unlocking in the current period compared to the prior period as a result of prospective assumption changes in our Retirement and Annuities segments.

Interest expense increased \$27.6 million from \$109.0 million to \$136.6 million partially due to additional interest and debt issuance costs associated with the debt entered into during the second quarter of 2012 and as a result of a change in debt structure, in which we repaid the borrowings under the debt entered into during the second quarter of 2012 and issued long-term debt. See a description of the change in debt structure under Debt Securities .

Income before income taxes decreased \$583.6 million from \$714.1 million to \$130.5 million driven primarily by losses related to the incurred guaranteed benefits and guarantee hedge program in our CBVA segment and changes in the fair value of guaranteed benefit derivatives due to nonperformance risk, a decline in net investment gains, lower income attributable to noncontrolling interests and lower investment income on the CMO-B and alternative investment portfolios as a result of portfolio restructuring in the second and third quarters of 2012. These decreases are partially offset by the *net gain from Lehman Recovery/LIHTC* in the current period and the loss on the sale of certain alternative investments in the second quarter of 2012, in addition to lower *amortization of DAC/VOBA*, higher *fee income* and lower *operating expenses*, due primarily to the remeasurement of actuarial losses on pensions in the prior period.

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Income tax benefit increased \$2.4 million from \$4.0 million to \$6.4 million. The low effective tax rate is because the tax expense (benefit) on Income (loss) before income taxes is mostly offset by increases/decreases in valuation allowances. Tax capital gains (losses) are generally not offset by changes in valuation allowances, which is the primary cause of the tax expense (benefit).

Operating Earnings (Loss) before Income Taxes

Operating earnings before income taxes increased \$254.5 million from \$709.2 million to \$963.7 million primarily due to the net gain from Lehman Recovery/LIHTC in the current period and the loss on the sale of certain alternative investments in the second quarter of 2012. Excluding the effects of the net gain from Lehman Recovery/LIHTC and the sale in the prior period, higher operating earnings were driven by favorable changes in DAC/VOBA and other intangibles unlocking, which improved to \$110.7 million in the current period compared to \$(28.3) million in the prior period, largely as a result of favorable prospective assumption changes of \$84.8 million in the current period. In addition, higher *fee income* in our Retirement and Investment Management segments and improved margins in our Annuities segment related to MYGA run-off contributed to the increase. Offsetting these increases was higher *interest expense* in our Corporate segment, as well as lower investment income in our Retirement Solutions and Insurance Solutions businesses as a result of portfolio restructuring in the second and third quarters of 2012.

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

CBVA is discussed in Results of Operations Segment by Segment CBVA.

Net investment gains and related charges and adjustments decreased \$294.1 million from \$400.8 million to \$106.7 million primarily driven changes in fair value adjustments on our CMO-B portfolio and lower gains on the sale of securities, as well as derivative mark to market adjustments, net of amortization of DAC/VOBA and other intangibles.

Net guaranteed benefit hedging gains and related charges and adjustments decreased by \$67.9 million from \$113.9 million to \$46.0 million. The decrease was driven primarily by lower gains on guaranteed benefit derivatives, excluding nonperformance risk, in addition to changes in the fair value of guaranteed benefit derivatives related to nonperformance risk, net of amortization of DAC/VOBA, and other intangibles. Lower gains on guaranteed benefit derivatives, excluding nonperformance risk were partially due to a reduction in expected future guaranteed interest rates on certain Stabilizer contracts, offset by gains on fixed indexed annuity hedges due to market changes.

Loss related to businesses exited through reinsurance or divestment increased \$12.9 million from a loss of \$34.1 million to a loss of \$47.0 million primarily due to higher costs associated with the business transferred from us to Hannover Re.

Immediate recognition of actuarial losses related to pension and other post-employment benefit obligations and any impact of plan amendments decreased \$108.4 million due to higher pension expenses in the prior period related to the immediate recognition of actuarial losses primarily due to a curtailment in the third quarter of 2012 and a decline in interest rates.

Other adjustments to operating earnings changed \$24.2 million from \$(64.7) million to \$(40.5) million primarily due to lower costs in the current period related to the anticipated divestment of the Company by ING Group.

Table of Contents***Year Ended December 31, 2012 Compared to Year Ended December 31, 2011******Net Income (Loss)***

Net investment income decreased \$270.9 million from \$4,968.8 million to \$4,697.9 million, partially due to the \$91.9 million loss related to the loss on the sale of certain alternative investments (see table above). Further decreases were due to lower investment income resulting from investment portfolio changes to improve capital, such as the sale of CMO-B assets, a decline in average assets in our Closed Block Institutional Spread Products segment and due to lapses in MYGAs. The decline in the assets of the Closed Block Institutional Spread Products is due to the continued run-off of this business. Certain MYGAs, mostly sold in 2002, reached the end of their current guarantee period in 2012. Most of these MYGAs have high crediting rates and the supporting assets generate returns below the targets set when the contracts were issued, negatively impacting returns in our Annuities segment. During the twelve months 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 are lower than the credited rates during the initial term. The run-off of these MYGA contracts enhanced the results of our Annuities segment during 2012. These decreases were partially offset by an increase in assets in our Retirement segment driven by positive net flows, including customer transfers from variable separate accounts as well as improved performance of funds and partnership income from our Investment Management segment.

Fee income decreased \$88.2 million from \$3,603.6 million to \$3,515.4 million, primarily due to a decline in average AUM in the CBVA segment as well as higher unearned revenue amortization in our Individual Life segment in 2011 related to the emergence of gross profits for a particular block.

Premiums increased \$91.1 million from \$1,770.0 million to \$1,861.1 million, primarily due to growth in renewal premiums in our Life Insurance Solutions segment.

Net realized capital losses decreased \$250.6 million from \$1,531.4 million to \$1,280.8 million, primarily due to higher net realized investment gains as well as favorable derivative results in our Retirement Solutions business, offset by changes in fair value of guaranteed benefit derivatives due to nonperformance risk and higher losses on derivatives from the CBVA segment liability hedges and CHO program. Higher net realized investment gains were primarily due to a \$447.6 million reduction in OTTI in 2012 compared to the prior year. The favorable derivative results in our Retirement Solutions business were driven by \$566.1 million in higher gains on guaranteed benefit derivatives, excluding nonperformance risk. The gains in 2012 on guaranteed benefit derivatives were mostly due to a reduction in expected future guaranteed interest rates on certain Stabilizer contracts, compared to losses in 2011 due to declining interest rates.

Partially offsetting these favorable items were changes in fair value of guaranteed benefit derivatives due to nonperformance risk, changes in fair value of derivatives from the CBVA segment liability hedges, and losses on the CHO program. Changes in the fair value of guaranteed benefit derivatives in the Retirement, Annuities and CBVA segments due to nonperformance risk resulted in a decrease in income of \$1,053.5 million (from a gain of \$495.7 million in 2011 to a loss of \$557.8 million in 2012). The changes in derivative gains (losses) from the CBVA segment liability hedges reduced income by \$2,526.3 million. This decrease was driven by significant gains in 2011 due primarily to interest rate decreases during that period compared to significant losses in 2012 due primarily to the equity market increase during that period. In addition, an increase in losses on the CHO program (from a loss of \$129.9 million in 2011 to a loss of \$351.0 million in 2012) resulted in a decrease to income of \$221.1 million. The higher losses in 2012 were the result of the equity market increase in 2012 and higher notional amounts for hedging the associated underlying risk, as a result of assumption changes made in late 2011. The hedge program in the CBVA segment focuses on protecting regulatory and rating agency capital rather than mitigating earnings volatility and, as a result, the losses in 2012 are more than offset by an increase in income of \$2,969.4 million in gains (from a loss of \$2,135.5 million to a gain of \$833.9 million in 2012) from changes in fair value of guaranteed benefit derivatives, excluding nonperformance risk.

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Other revenue decreased \$49.7 million from \$428.2 million to \$378.5 million due to changes in contractual amounts paid to/from retirement plan customers upon surrender, lower surrender fees on the CBVA segment as that business runs off and a reduction in the deferred gain amortization on the divested group reinsurance business. Partially offsetting these decreases is an increase in service fees earned by our Investment Management segment.

Interest credited and other benefits to contract owners/policyholders decreased \$880.4 million from \$5,742.0 million to \$4,861.6 million, primarily due to an increase in reserves in the CBVA segment in the prior year due to updating lapse and other policyholder behavior assumptions in the fourth quarter of 2011, and a reduction in interest credited due to declining contract owner account balances for the Closed Block Institutional Spread Products segment and declining reserves for MYGAs. A reduction in average crediting rates across several product lines as well as favorable claim results in our Employee Benefits segment also contributed to the decrease. These reductions were partially offset by reserve changes and claim experience in our Individual Life segment due to a combination of growth in the business and adverse mortality results, net of reinsurance and reserve changes. Growth in general account assets in our Retirement segment also contributed to the increase.

Operating expenses increased \$124.2 million from \$3,030.8 million to \$3,155.0 million, primarily due to higher LOC costs related to the contingent capital LOC for our CBVA segment and for our Individual Life segment, a reduction in incentive compensation expense in 2011 that did not recur in 2012 and an increase in expenses due to growth in the business. Partially offsetting these increases were lower expenses in our Retirement business due to a reduction in recordkeeping cases, as well as a \$22.0 million reimbursement of expenses by ING Group in 2012. These expenses were paid in 2011 by ING U.S., Inc. on behalf of ING Group's Latin America business. In 2011, operating expenses included \$24.6 million of previously unreimbursed expenses.

Net amortization of DAC/VOBA increased \$335.3 million from \$387.0 million to \$722.3 million. The increase is primarily related to favorable unlocking in 2011 and unfavorable unlocking in 2012, primarily in our Annuities segment, due to prospective assumption changes related to investment margins in 2011 and decreased projected margins on MYGA policies in 2012, respectively.

Income (loss) before income taxes increased \$328.2 million from \$277.8 million to \$606.0 million, primarily due to an improvement in net realized investment gains as well as favorable results from hedging activity in our Retirement Solutions business, higher assets and margins in our Retirement segment, improved fund performance in our Investment Management segment, and favorable claim results in our Employee Benefit segment. Offsetting these increases were losses on guaranteed benefit derivatives due to nonperformance risk and higher losses on derivatives from the CBVA segment liability hedges and CHO program, and the \$91.9 million loss on the sale of certain alternative investments. Adverse mortality and reserve changes in our Individual Life segment and unfavorable changes in DAC and VOBA and other intangibles unlocking also contributed to the decrease.

Income tax expense (benefit) for the current year was \$(5.2) million. We anticipate an effective tax rate of approximately 0%, as the tax expense (benefit) on net income (loss) before income taxes should be offset by increases/decreases in valuation allowances. The income tax expense (benefit) for the prior year was \$175.0 million, which is higher than the tax at the statutory rate, primarily as a result of an increase in the valuation allowances of \$175.0 million, the tax impact of non-deductible expenses of \$32.0 million, offset by the \$74.0 million impact of the dividends received deduction and \$67.0 million of favorable impact from noncontrolling interests. The increase in the valuation allowance was due primarily to continued tax losses, the benefit of which is uncertain.

Table of Contents***Operating Earnings before Income Taxes***

Operating earnings before income taxes decreased \$201.3 million from \$1,119.6 million to \$918.3 million, primarily due to unfavorable DAC/VOBA and other intangibles unlocking in the current year of \$77.0 million compared to favorable unlocking in 2011 of \$303.8 million, the \$92.0 million loss in the current year related to the sale of certain alternative investments, and adverse mortality and reserve changes in our Individual Life segment. These decreases were partially offset by the favorable impacts to income from an increase in assets and margins in our Retirement segment, improved investment margins in our Annuities segment and favorable claim results in our Employee Benefits segment.

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

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

Net investment gains increased \$383.7 million from \$71.8 million to \$455.5 million, primarily due to a \$447.6 million reduction in OTTI, partially offset by a reduction in gains on CMO-B fair value adjustments and gains on sales of securities.

Net guaranteed benefit hedging gains (losses) and related charges and adjustments changed by \$366.6 million from a loss of \$269.4 million to a gain of \$97.2 million. Excluding nonperformance risk, we incurred a \$377.9 million loss in 2011 primarily due to the decrease in interest rates during the prior year, compared to a gain of \$188.2 million in the current year, primarily due to a reduction in expected future guaranteed interest rates in certain Stabilizer contracts in our Retirement segment. This favorable impact was partially offset by a decrease in the fair value of guaranteed benefits related to nonperformance risk from a \$21.3 million loss in 2011 to a \$114.2 million loss in 2012. DAC/VOBA amortization related to the respective gain (loss) accounted for the remaining \$106.6 million change.

Losses related to businesses exited through reinsurance or divestment increased \$10.7 million from \$35.1 million to \$45.8 million primarily due to a reduction in the amortization of a deferred gain on the group reinsurance business that was divested at the end of 2009, partially offset by higher LOC costs in 2012 on the individual reinsurance business that was divested in prior years but where we remained responsible for a portion of the LOC costs.

Losses related to the immediate recognition of net actuarial gains (losses) related to pension and other post-employment benefit obligations and losses from plan adjustments and curtailments increased \$ 7.2 million from \$157.8 million to \$165.0 million. The loss in both years is primarily due to a remeasurement loss which resulted from the revaluation of our Retirement Plan's assets and obligations. The remeasurement loss in both years is due primarily to a decrease in the discount rate of plan liabilities which resulted from the declining interest rate environment.

Other adjustments to operating earnings changed \$22.4 million from (\$77.7) million to (\$100.1) million due to increased expenses related to the anticipated Divestment Transaction.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010***Net Income (Loss)***

Net investment income decreased \$18.2 million from \$4,987.0 million to \$4,968.8 million due to a decline in assets in our Closed Block Institutional Spread Products segment and lower earned rates driven by the low interest rate environment. This decline was partially offset by an increase in assets in our Retirement segment, which was driven by positive net flows, including customer transfers from variable separate accounts and the favorable impact of reinvesting short-term investments into longer duration fixed income securities.

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Fee income increased \$87.1 million from \$3,516.5 million to \$3,603.6 million primarily due to growth in our Retirement full service products, as well as our Investment Management and Individual Life segments due to a combination of strong sales and an improvement in the equity market, partially offset by a reduction in large Retirement recordkeeping cases resulting from terminated contracts and the continuing run-off of the Closed Block Other segment.

Premiums increased \$62.5 million from \$1,707.5 million to \$1,770.0 million primarily due to growth in our Individual Life segment, partially offset by decreases in Employee Benefits due to competitor pricing actions and sales of immediate annuities with life contingencies in our Annuities segment.

Net realized capital losses decreased \$146.6 million from \$1,678.0 million to \$1,531.4 million primarily due to a reduction of \$388.1 million in OTTI, partially offset by a \$242.5 million increase in net derivative losses as follows. Net gains on derivatives increased \$1,662.1 million from a loss of \$1,243.5 million to a gain of \$418.6 million. Our CBVA segment was the largest driver of this variance. Our CBVA segment reported a net gain of \$945.9 million for the year ended December 31, 2011 compared to a net loss of \$908.7 million for the year ended December 31, 2010. Losses on equity derivative contracts were \$513.5 million lower due to the relative equity market movements in each year and changes in notional amounts. Gains on interest rate derivative contracts were \$1,331.8 million higher in 2011 primarily due to decreasing interest rates and changes in notional amounts. These gains were largely offset by losses on guaranteed benefit derivatives, which increased \$1,872.4 million from 2010 to 2011, primarily in CBVA, but also in our Retirement Solutions business (stable value products and fixed indexed annuities (FIAs)).

Other revenue decreased \$118.8 million from \$547.0 million to \$428.2 million primarily due to the reduction in the amortization of a deferred gain on the divested group reinsurance business caused by the continuing run-off of the business and the divestment of three broker dealers in early 2010.

Interest credited and other benefits to contract owners/policyholders increased \$714.7 million from \$5,027.3 million to \$5,742.0 million primarily due to an increase in reserves for the Closed Block Variable Annuity segment, which was largely due to updating lapse and other policyholder behavior assumptions in the fourth quarter of 2011. We increased these reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. We review overall policyholder experience annually, or more frequently if necessary. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity markets and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. Unfavorable claims experience in the Individual Life segment, an incurred-but-not-reported reduction in 2010 and an increase of \$68.9 million in 2011 related to our use of the SSDMF to accrue for unfiled death claims also contributed to the increase. These increases were partially offset by a reduction in credited rates, a decrease in Employee Benefits reserves resulting from lower premiums, declining contract account balances in the Closed Block Institutional Spread Products segment and a decline in sales of immediate annuities with life contingencies in our Annuities segment.

Operating expenses decreased \$2.7 million from \$3,033.5 million to \$3,030.8 million. Significant expense decreased due to restructuring initiatives, a reduction in incentive compensation expense, the divestment of three broker dealers in early 2010 and the continuing run-off of our Closed Block Other segment were entirely offset by a \$110.3 million increase in the portion of our pension expense that is related to the immediate recognition of actuarial losses due primarily to changes in the discount rate.

Net amortization of DAC/VOBA decreased \$359.6 million from \$746.6 million to \$387.0 million due to favorable unlocking in 2011, which was primarily due to prospective assumption changes related to investment margins, which caused favorable unlocking in our Annuities segment, primarily on our FIAs. In 2011, our investment margins were better than expected on FIAs despite the low interest rate environment due to lower

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costs of credited rates. Thus, we changed our estimates of the costs of future credited rates to reflect the anticipated increased margins. Unlocking was minimal in 2010 with unfavorable unlocking in our CBVA segment due to loss recognition being offset by favorable unlocking in our Retirement segment.

Interest expense decreased \$193.2 million from \$332.5 million to \$139.3 million primarily due to the conversion of \$4.0 billion of debt to equity in 2011.

Income before income taxes increased \$240.0 million from \$37.8 million to \$277.8 million primarily due to growth in our ongoing business, reduction in impairments, reduction in interest cost and favorable DAC/VOBA and other intangibles unlocking, partially offset by an increase in reserves for our CBVA segment.

Income tax expense (benefit) for the year ended December 31, 2011 was \$77.8 million greater than the tax at the statutory rate primarily due to an increase in the valuation allowance of \$175.0 million, the tax impact of non-deductible expenses of \$32.0 million, offset by the \$74.0 million favorable impact of the dividends received deduction and \$67.0 million of favorable impact from net income noncontrolling interests. The increase in the valuation allowance was due primarily to continued tax losses, the benefit of which is uncertain. The income tax expense (benefit) for 2010 was \$157.8 million greater than the tax at the statutory rate primarily due to an increase in the valuation allowance of \$547.0 million and the \$38.0 million tax effect of a loss from early extinguishment of debt. These increases in tax expense were partially offset by \$312.0 million release of tax liabilities related to settlement of IRS examinations and the \$108.0 million favorable impact of the dividends received deduction. The increase in the valuation allowance was primarily due to continued tax losses, the benefit of which is uncertain.

Operating Earnings before Income Taxes

Operating earnings before income taxes increased \$499.0 million from \$620.6 million to \$1,119.6 million primarily due to growth in our ongoing business, improved investment margins (investment income less credited interest), expense reduction initiatives, reduction in interest expense as a result of an aggregate \$4.0 billion of debt to equity conversion during 2011. Furthermore, favorable DAC/VOBA and other intangibles unlocking was \$303.8 million in 2011 compared to a favorable impact of \$175.8 million in 2010.

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

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

Net investment gains (losses) and related charges and adjustments increased \$168.2 million from a loss of \$96.4 million to a gain of \$71.8 million due to reductions in impairments, partially offset by lower realized trading gains net of applicable and lower derivative fair value adjustments and fair value adjustments on our CMO-B portfolio and DAC/VOBA amortization.

Net guaranteed benefit hedging gains (losses) and related charges and adjustments increased \$239.4 million from \$30.0 million to \$269.4 million due to guaranteed benefit derivative losses in our Retirement and Annuities segments driven by low interest rates and an unfavorable change in fair value due to nonperformance risk of \$21.3 million in 2011 compared to a favorable change in fair value due to nonperformance risk in 2010 of \$197.9 million excluding the impacts of DAC/VOBA and other intangibles. The guaranteed benefit derivatives on Retirement's stable value products decreased from a gain of \$9.0 million in 2010 to a loss of \$212.5 million in 2011, while the guaranteed benefit derivatives in our fixed indexed annuity products increased from a loss of \$75.9 million in 2010 to a loss of \$186.6 million in 2011, net of hedging gains (losses).

Losses related to businesses exited through reinsurance or divestment increased \$31.8 million from \$3.3 million to \$35.1 million primarily due to a reduction in the deferred gain amortization on the divested group reinsurance business.

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Other adjustments to operating earnings changed (\$10.9) million from (\$66.8) million to (\$77.7) million due to increased third-party expenses related to the anticipated Divestment Transaction.

Losses related to early extinguishment of debt was \$108.3 million due to a \$3.0 billion debt to equity conversion in 2010.

Immediate recognition of net actuarial gains (losses) related to pension and other post-employment benefit obligations and gains (losses) from plan amendments and curtailments changed \$110.3 million from a loss of \$47.5 million to a loss of \$157.8 million due primarily to changes in interest rates.

Results of Operations Ongoing Business

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating earnings before income taxes	\$ 1,076.4	\$ 762.0	\$ 990.9	\$ 1,279.6	\$ 1,030.2

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
DAC/VOBA, and other intangibles unlocking ⁽¹⁾⁽²⁾	\$ 110.7	\$ (28.3)	\$ (77.0)	\$ 303.8	\$ 175.8
Loss on sale of alternative assets		(82.1)	(82.1)		
Net gain from Lehman Recovery/LIHTC	77.5				

(1) Unlocking related to the net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the nine months ended September 30, 2013.

(2) Includes the impact of the annual review of the assumptions.

Ongoing Business Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating earnings before income taxes increased \$314.4 million from \$762.0 million to \$1,076.4 million primarily due to the net gain from Lehman Recovery/LIHTC in the current period and the loss on the sale of certain alternative investments in the second quarter of 2012. Excluding the effects of the net gain from Lehman Recovery/LIHTC and the sale in the prior period, higher operating earnings were driven by favorable changes in DAC/VOBA and other intangibles unlocking, which improved to \$110.7 million in the current period compared to \$(28.3) million in the prior period, largely as a result of favorable prospective assumption changes of \$84.8 million in the current period. In addition, higher *fee income* in our Retirement and Investment Management segments and improved margins in our Annuities segment related to MYGA run-off contributed to the increase. Offsetting these increases was lower investment income in our Retirement Solutions and Insurance Solutions businesses as a result of portfolio restructuring in the second and third quarters of 2012.

Ongoing Business Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating earnings before income taxes decreased \$288.7 million from \$1,279.6 million to \$990.9 million primarily due to unfavorable DAC/VOBA and other intangibles unlocking in the current year of \$77.0 million compared to favorable unlocking in 2011 of \$303.8 million, the \$82.1 million loss in the current year related to the sale of certain alternative investments, and adverse mortality and reserve changes in our Individual Life

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segment. These decreases were partially offset by the favorable impacts to income from an increase in assets and margins in our Retirement segment, improved investment margins in our Annuities segment and favorable claim results in our Employee Benefits segment. See Results of Operations Segment by Segment.

Ongoing Business Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating earnings before income taxes increased \$249.4 million from \$1,030.2 million to \$1,279.6 million primarily due to higher favorable DAC/VOBA and other intangibles unlocking, expense reduction initiatives, and an increase in fee income and premiums. Favorable DAC/VOBA and other intangibles unlocking was \$303.8 million in 2011 compared to a favorable impact of \$175.8 million in 2010. Higher revenues resulted from in-force growth in our Individual Life segment as well as an increase in AUM in our Investment Management segment. See Results of Operations Segment by Segment.

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)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$1,172.2	\$ 1,119.8	\$ 1,499.9	\$ 1,435.9	\$ 1,405.2
Fee income	563.8	532.3	715.0	713.5	711.4
Premiums	5.0	4.0	4.9	8.1	3.0
Other revenue	46.0	45.3	52.1	67.9	59.4
Total operating revenues	1,787.0	1,701.4	2,271.9	2,225.4	2,179.0
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	630.2	629.3	842.2	826.2	797.9
Operating expenses	619.8	620.3	824.9	844.5	900.3
Net amortization of DAC/VOBA	79.8	110.3	155.0	111.1	9.2
Interest expense		1.1	1.2	1.7	2.0
Total operating benefits and expenses	1,329.8	1,361.0	1,823.3	1,783.5	1,709.4
Operating earnings before income taxes	\$ 457.2	\$ 340.4	\$ 448.6	\$ 441.9	\$ 469.6

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$ 41.6	\$ 14.7	\$ 5.8	\$ 44.2	\$ 160.4
Net gain from Lehman Recovery/LIHTC	12.7				
Loss on sale of certain alternative investments		(48.1)	(48.1)		

⁽¹⁾ Unlocking related to the net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the nine months ended September 30, 2013.

(2) Includes the impact of the annual review of the assumptions.

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

(\$ in millions)	As of September 30,		2012	As of December 31,	
	2013	2012		2011	2010
Corporate market	\$ 37,677.7	\$ 32,609.4	\$ 33,265.9	\$ 29,134.4	\$ 29,486.0
Tax exempt market	51,183.9	46,226.6	46,986.1	42,691.3	43,221.9
Total full service plans	88,861.6	78,836.0	80,252.0	71,825.7	72,707.9
Stable value ⁽¹⁾	8,705.0	6,473.1	7,792.1	5,560.9	1,987.7
Individual Markets	2,850.5	2,359.4	2,427.1	2,091.1	1,842.2
Total AUM	100,417.1	87,668.5	90,471.2	79,477.7	76,537.8
AUA	227,841.9	215,513.6	213,675.5	208,366.0	214,376.2
Total AUM and AUA	\$ 328,259.0	\$ 303,182.1	\$ 304,146.7	\$ 287,843.7	\$ 290,914.0

⁽¹⁾ Consists of assets where we are the investment manager.

(\$ in millions)	As of September 30,		2012	As of December 31,	
	2013	2012		2011	2010
General Account	\$ 28,088.3	\$ 26,634.6	\$ 27,222.6	\$ 25,528.3	\$ 23,588.1
Separate Account	54,932.9	47,905.2	49,425.4	42,920.8	43,284.1
Mutual Funds/Institutional Funds	17,395.9	13,128.7	13,823.2	11,028.6	9,665.6
AUA	227,841.9	215,513.6	213,675.5	208,366.0	214,376.2
Total AUM and AUA	\$ 328,259.0	\$ 303,182.1	\$ 304,146.7	\$ 287,843.7	\$ 290,914.0

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Balance as of beginning of period	\$ 90,471.2	\$ 79,477.7	\$ 79,477.6	\$ 76,537.8	\$ 68,885.1
Deposits	9,677.5	8,976.1	13,102.0	11,927.4	11,210.9
Surrenders, benefits and product charges	(7,582.2)	(7,291.7)	(9,636.3)	(8,926.4)	(9,765.5)
Net flows	2,095.3	1,684.4	3,465.7	3,001.0	1,445.4
Interest credited and investment performance	7,850.6	6,506.4	7,527.9	(61.1)	6,207.3
Balance as of end of period	\$ 100,417.1	\$ 87,668.5	\$ 90,471.2	\$ 79,477.7	\$ 76,537.8

Retirement Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating revenues

Net investment income and net realized gains increased \$52.4 million from \$1,119.8 million to \$1,172.2 million primarily due to \$14.8 million of net investment income from Lehman Recovery/LIHTC in the current period compared to a \$48.1 million loss on the sale of certain alternative investments in the prior period. In addition, there was a favorable variance due to higher investment income due to increases in general account

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assets. General account assets increased from \$26.6 billion to \$28.1 billion as a result of participants transferring funds from variable investment options into fixed investment options. The increases were partially offset by lower *net investment income and net realized gains (losses)* primarily due to lower investment yields on the CMO-B portfolio and lower alternative investment income as a result of portfolio restructuring in the second and third quarters of 2012, coupled with lower reinvestment rates.

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Fee income increased \$31.5 million from \$532.3 million to \$563.8 million primarily due to increases in full service plan fees, recordkeeping advisory fees and change order fees for the recordkeeping business. The increase in fees related to 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.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$0.9 million from \$629.3 million to \$630.2 million primarily due to an increase in general account liabilities, which corresponds to the increase in general account assets as described above. This increase was mostly offset by lower amortization of sales inducements and a decrease in the average credited rates due to actions taken in 2012 and January 2013 to reflect the continuing low interest rate environment.

Net amortization of DAC/VOBA decreased \$30.5 million from \$110.3 million to \$79.8 million primarily due to changes in unlocking of DAC/VOBA. The favorable DAC unlocking in the current period was \$31.2 million higher than the prior period favorable unlocking largely due to the impact of the prospective assumption changes.

Operating earnings before income taxes increased \$116.8 million from \$340.4 million to \$457.2 million primarily due to an increase in *Net investment income* as a result of the loss related to the sale of certain alternative investments in the second quarter of 2012 along with a net gain from Lehman Recovery/LIHTC. In addition, there were favorable changes in DAC/VOBA unlocking and an increase in *fee income* related to full service retirement plans partially offset by a decline in *net investment income* as a result of portfolio restructuring in 2012.

Retirement Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenues

Net investment income and net realized gains (losses) increased \$64.0 million from \$1,435.9 million to \$1,499.9 million primarily due to an increase in growth of general account assets. General account assets increased from \$25.5 billion to \$27.2 billion in the current year compared to the prior year. The volatility in the equity market during the second half of 2011 resulted in participants transferring funds from variable investment options into the fixed investment option, which contributed to an increase in average general account assets. The increase was partially offset by a \$48.1 million loss on the sale of certain alternative investments. We also reduced the fair value of our investments in Low Income Housing Tax Credits (LIHTC) which had an unfavorable impact of \$4.6 million.

Other revenue decreased \$15.8 million from \$67.9 million to \$52.1 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 increased \$16.0 million from \$826.2 million to \$842.2 million primarily due to an increase in general account liabilities, which corresponded to the increase in general account assets as described above. The increase was partially offset by a decrease in average credited rates on general account liabilities due to actions taken in January, April and July 2012 to reflect the low interest rate environment.

Operating expenses decreased \$19.6 million from \$844.5 million to \$824.9 million primarily driven by expenses of the recordkeeping business.

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Net amortization of DAC/VOBA increased \$43.9 million from \$111.1 million to \$155.0 million primarily as a result of lower favorable DAC unlocking in 2012. The 2012 results include a favorable impact of DAC/VOBA and other intangibles of \$5.8 million compared to a favorable impact of \$44.2 million in 2011. Favorable unlocking in 2011 was driven by future assumption changes and greater than expected net flows into fixed investment option funds.

Operating earnings before income taxes was slightly higher for the current year. Higher net investment income and lower operating expenses partially offset by higher interest credited and other benefits to contract owners/policyholders and net amortization of DAC/VOBA contributed to the results.

Retirement Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating revenues

Net investment income and net realized gains (losses) increased \$30.7 million from \$1,405.2 million to \$1,435.9 million primarily due to an increase in account values (\$1.9 billion increase in general account assets as provided in the table above), partially offset by a \$34.1 million decrease in alternative investment income. New sales, customer transfers from variable to fixed investment options in qualified and nonqualified annuity and funding agreement products and positive net flows through improved persistency contributed to the increase in general account assets. Overall yields for the general account, net of investment expense and excluding alternative investment results, remained consistent with 2010 and were approximately 5.7%. The decrease in alternative investment returns reflects the market declines and volatility in 2011.

Fee income increased \$2.1 million from \$711.4 million to \$713.5 million. Increases in full service retirement plan and individual retirement product revenues of \$17.8 million which were driven by net increases in separate account and institutional /mutual fund AUM were offset by a \$17.8 million decrease in recordkeeping fees primarily due to terminated contracts.

Premiums increased \$5.1 million from \$3.0 million to \$8.1 million primarily due to the timing of the sale of immediate annuity products with lifetime contingencies.

Other revenue increased \$8.5 million from \$59.4 million to \$67.9 million primarily due to increases in broker dealer revenue.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$28.3 million from \$797.9 million to \$826.2 million primarily due to a \$1.9 billion increase in general account AUM as provided in the table above. The increase was partially offset by a slight decrease in average credited rates on fixed fund options in qualified and nonqualified annuity and funding agreement products compared to 2010 due to management actions. Most of our fixed fund options contain guaranteed minimum credited rates ranging from 1% to 4%. As of December 31, 2011, approximately 70% of these funds were at the minimum credited rates.

Operating expenses decreased \$55.8 million from \$900.3 million to \$844.5 million primarily driven by a \$33.6 million decrease as a result of a restructuring effort in late 2010, which included the elimination of a wholesale distribution channel which primarily sold mutual fund products through banks and wirehouses. Expenses in the recordkeeping business decreased \$24.7 million commensurate with terminated contracts while other expense reductions were achieved through improved cost efficiencies across all business lines of the Retirement segment.

Net amortization of DAC/VOBA increased \$101.9 million from \$9.2 million to \$111.1 million primarily as a result of \$116.2 million of lower favorable DAC unlocking in 2011. The 2011 results include a favorable impact of \$44.2 million compared to a favorable impact of \$160.4 million in 2010 due to unlocking. Favorable unlocking in 2011 was driven by future assumption changes and greater than expected net flows into fixed

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investment option funds. Favorable unlocking in 2010 was driven by equity market growth above expectations and assumption updates resulting in an increase in future gross profit projections. Excluding the impact from the unlocking of DAC/VOBA, net amortization of DAC/VOBA decreased \$14.3 million due to lower amortization rates resulting from favorable assumption updates.

Operating earnings before income taxes

Full-service retirement plan sales growth, together with our emphasis on strengthening net flows and improving cost efficiencies, were the primary underlying drivers of improved results, excluding DAC/VOBA and other intangibles unlocking. Favorable net flows of \$3.0 billion in 2011 resulted in higher levels of AUM leading to both additional net investment income (loss) and fee income. The implementation of expense reduction initiatives resulted in lower operating expenses in 2011 as further distribution efficiencies were realized. However, the drivers of 2011 results were offset by a lower favorable DAC/VOBA and other intangibles unlocking of \$116.2 million compared to 2010 resulting in a decrease in operating earnings before income taxes.

Retirement Solutions Annuities

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

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 866.5	\$ 924.9	\$ 1,223.3	\$ 1,321.9	\$ 1,369.4
Fee income	32.9	25.1	35.5	29.8	24.1
Premiums	22.0	29.6	35.9	34.1	67.3
Other revenue	9.3	10.0	12.3	15.6	21.7
Total operating revenues	930.7	989.6	1,307.0	1,401.4	1,482.5
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	550.5	661.8	854.1	978.0	1,091.9
Operating expenses	94.9	94.4	124.7	126.7	131.0
Net amortization of DAC/VOBA	74.7	137.1	225.5	(91.5)	143.9
Interest expense		0.4	0.5	0.6	0.7
Total operating benefits and expenses	720.1	893.7	1,204.8	1,013.8	1,367.5
Operating earnings before income taxes	\$ 210.6	\$ 95.9	\$ 102.2	\$ 387.6	\$ 115.0

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

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$ 56.5	\$ (41.8)	\$ (86.2)	\$ 266.0	\$ (10.2)
Net gain from Lehman Recovery/LIHTC	12.7				
Loss on sale of alternative investments		(18.0)	(18.0)		

⁽¹⁾ Unlocking related to the net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the nine months ended September 30, 2013.

⁽²⁾ Includes the impact of the annual review of the assumptions.

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

(\$ in millions)	As of September 30,		2012	As of December 31,	
	2013	2012		2011	2010
AUM					
General account	\$ 22,508.2	\$ 23,185.7	\$ 22,915.8	\$ 25,198.5	\$ 25,925.0
Separate account	793.2	774.5	751.7	730.4	835.3
Mutual funds	3,077.8	2,291.7	2,433.6	1,761.3	1,089.0
Total AUM	\$ 26,379.2	\$ 26,251.9	\$ 26,101.1	\$ 27,690.2	\$ 27,849.3

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

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30,		2012	2011	2010
	2013	2012	2012	2011	2010
Balance as of beginning of period	\$ 26,101.1	\$ 27,690.2	\$ 27,690.2	\$ 27,849.3	\$ 26,368.7
Deposits	1,851.1	1,798.0	2,353.8	2,716.8	2,855.6
Surrenders, benefits and product charges	(2,576.1)	(4,134.1)	(5,086.1)	(3,935.1)	(2,897.1)
Net flows	(725.0)	(2,336.1)	(2,732.3)	(1,218.3)	(41.5)
Interest credited and investment performance	1,003.1	897.8	1,143.2	1,059.2	1,522.1
Balance as of end of period	\$ 26,379.2	\$ 26,251.9	\$ 26,101.1	\$ 27,690.2	\$ 27,849.3

Annuities Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating revenues

Net investment income and net realized gains decreased \$58.4 million from \$924.9 million to \$866.5 million primarily due to lower general account assets and lower investment income on the CMO-B portfolio. General account assets decreased as a result of MYGAs lapsing at the end of their initial terms, largely due to lower renewal crediting rates, which reflect the lower interest rate environment compared to the crediting rates during their initial term. In addition, investment income on the CMO-B and alternative investment portfolios was lower due to market conditions and portfolio restructuring in the second and third quarters of 2012. These decreases were partially offset by \$19.0 million of net investment income from Lehman Recovery/LIHTC in the third quarter of 2013 and higher income on alternative investments, as the second quarter of 2012 included a loss on the sale of certain alternative assets.

Fee income increased \$7.8 million from \$25.1 million to \$32.9 million due to growth in assets of mutual fund custodial products, which are sold by the annuity distribution force as an alternative retirement product. Average assets of the mutual fund custodial product increased 33% from \$2.1 billion for the period ended September 30, 2012 to \$2.8 billion for the period ended September 30, 2013, due to positive net flows and market performance.

Premiums decreased \$7.6 million from \$29.6 million to \$22.0 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 \$111.3 million from \$661.8 million to \$550.5 million primarily due to a decrease in average account values due to the continuing run-off of MYGAs as well as lower crediting rates on MYGA renewals. Lower option costs of FIAs and favorable mortality on annuities with life contingencies also contributed to the decrease.

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Net amortization of DAC/VOBA decreased \$62.4 million from \$137.1 million to \$74.7 million primarily due to favorable changes in unlocking of DAC/VOBA due to prospective assumption changes compared to unfavorable unlocking in the prior period. Favorable unlocking in the current period was primarily as a result of updated margin projections for fixed rate annuities. In the prior period unlocking was primarily due to a decrease in the projected margins on MYGA policies. Partially offsetting the decrease was higher amortization 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 \$114.7 million from \$95.9 million to \$210.6 million primarily driven by changes in DAC/VOBA and other intangibles unlocking, a net gain from Lehman Recovery/LIHTC and the loss on the sale of certain alternative investments in the second quarter of 2012. Partially offsetting these increases was a decline in investment income on alternative investments as a result of portfolio restructuring in 2012.

Annuities Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenues

Net investment income and net realized gains (losses) decreased \$98.6 million from \$1,321.9 million to \$1,223.3 million primarily due to lower general account assets and the \$18.0 million loss on sale of certain alternative investments. 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.

Fee income increased \$5.7 million from \$29.8 million to \$35.5 million due to growth in assets of mutual fund products which are sold by the annuity distribution force as an alternative retirement product. The balance of assets increased from \$1.8 billion to \$2.4 billion.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$123.9 million from \$978.0 million to \$854.1 million. The decrease was primarily due to lapses of MYGAs 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. This decline in interest credited and other benefits to contract owners/policyholders was partially offset by higher amortization on sales inducements.

Net amortization of DAC/VOBA increased \$317.0 million from (\$91.5) million to \$225.5 million primarily due to changes in unlocking of DAC/VOBA that were partially offset by a lower amortization rate of DAC/VOBA. The unfavorable unlocking of DAC/VOBA in the current year was primarily due to a decrease in projected margins on the MYGA policies. The favorable unlocking of DAC/VOBA in the prior year resulted primarily from prospective assumption changes related to investment margins on FIAs, or anticipated earned investment income less credited interest. Excluding unlocking, the decrease in DAC/VOBA amortization was due to a decrease in the amortization rate partially offset by higher amortization due to higher gross profits in the current year.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$285.4 million from \$387.6 million to \$102.2 million primarily driven by changes in DAC/VOBA and other intangibles unlocking and a decline in net investment income, which were partially offset by lower Interest credited and other benefits to contract owners/ policyholders.

Table of Contents**Annuities Year Ended December 31, 2011 Compared to Year Ended December 31, 2010***Operating revenues*

Net investment income and net realized gains (losses) decreased \$47.5 million from \$1,369.4 million to \$1,321.9 million due to lower yields. The decrease in yield reflects the impact of lower interest rates in 2011.

Fee income increased \$5.7 million from \$24.1 million to \$29.8 million due to growth in assets of mutual fund products, which are sold by the annuity distribution force as an alternative retirement product. Sales of mutual fund products increased from \$859.9 million to \$977.6 million during 2011, or a growth of 13.7%.

Premiums declined by \$33.2 million from \$67.3 million to \$34.1 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 \$113.9 million from \$1,091.9 million to \$978.0 million primarily due to a decrease in average crediting rates resulting from contracts with higher rates reaching maturity. The decrease also reflects lower sales of annuities with life contingencies, which results in a decrease in the related reserve associated with those products. In addition, amortization of sales inducements decreased due to an increase in estimated gross profits.

Operating expenses decreased \$4.3 million from \$131.0 million to \$126.7 million due to slightly lower commission expenses in 2011.

Net amortization of DAC/VOBA decreased \$235.4 million from \$143.9 million to (\$91.5) million primarily due to a favorable change in unlocking in 2011 compared to unfavorable unlocking in 2010. The favorable unlocking of DAC/VOBA in 2011 resulted primarily from prospective assumption changes related to investment margins on FIAs, or earned investment income less credited interest. In 2011, our investment margins were better than expected on FIAs despite the low interest rate environment due to lower costs of credited rates. Thus, we changed our estimates of the costs of future credited rates to reflect the anticipated increased margins.

Operating earnings before income taxes

Operating earnings before income taxes in 2011 increased \$272.6 million from \$115.0 million to \$387.6 million primarily impacted by increased investment margins as well as updated actuarial assumptions and resulted in favorable unlocking of DAC/VOBA and other intangibles as described above.

Investment Management

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

(\$ in millions)	Nine Months Ended		Year Ended		
	September 30, 2013	September 30, 2012	2012	December 31, 2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 25.3	\$ 36.0	\$ 41.6	\$ 8.8	\$ 2.2
Fee income	389.4	352.1	474.7	469.3	446.4
Other revenue	25.9	14.9	29.2	13.8	5.9
Total operating revenues	440.6	403.0	545.5	491.9	454.5
Operating benefits and expenses:					
Operating expenses	315.4	299.7	411.0	404.4	404.4
Total operating benefits and expenses	315.4	299.7	411.0	404.4	404.4

Operating earnings before income taxes	\$ 125.2	\$ 103.3	\$ 134.5	\$ 87.5	\$ 50.1
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Our Investment Management operating segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Investment Management intersegment revenues	\$ 117.8	\$ 117.3	\$ 157.6	\$ 164.1	\$ 156.8

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Net gain from Lehman Recovery	\$ 11.5	\$	\$	\$	\$
Gain on sale of alternative investments		2.2	2.2		

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

(\$ in millions)	As of September 30,		As of December 31,		
	2013	2012	2012	2011	2010
AUM					
Institutional/Retail					
Investment Management sourced	\$ 63,275.4	\$ 50,761.4	\$ 54,061.9	\$ 49,391.5	\$ 47,302.6
Affiliate sourced ⁽¹⁾	52,169.6	46,376.8	47,284.6	37,851.8	33,907.3
General account ⁽²⁾	80,260.3	80,082.1	80,404.8	78,878.3	77,277.8
Total AUM	195,705.3	177,220.3	181,751.3	166,121.6	158,487.7
AUA					
Affiliate sourced ⁽³⁾	55,843.7	54,723.3	54,695.5	58,992.4	64,653.2
Total AUM and AUA	\$ 251,549.0	\$ 231,943.6	\$ 236,446.8	\$ 225,114.0	\$ 223,140.9

(1) Affiliate sourced AUM includes assets sourced by other segments and also reported as AUM by such other segments.

(2) Represents statutory book value of assets, which is the primary basis upon which fees are charged.

(3) 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)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
Net Flows					
Investment Management sourced	\$ 6,490.8	\$ 177.6	\$ 3,939.8	\$ 2,398.8	\$ (932.7)
Affiliate sourced	1,619.8	5,185.4	5,905.7	3,303.5	(521.8)
Total	\$ 8,110.6	\$ 5,363.0	\$ 9,845.5	\$ 5,702.3	\$ (1,454.5)

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Investment Management Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating revenues

Net investment income and net realized gains decreased \$10.7 million from \$36.0 million to \$25.3 million primarily due to lower alternative investment income partially as a result of valuation adjustments and a gain on the sale of certain alternative investments in the prior year. In addition, we recognized an accumulation of \$13.3 million of carried interest in the prior period, partially offset by \$11.5 million of net investment income from Lehman Recovery.

Fee income increased \$37.3 million from \$352.1 million to \$389.4 million primarily due to an increase in AUM resulting in higher management and administrative fees earned. The increase in AUM is predominantly driven by positive net flows including subadvisor replacements and improved equity markets.

Other revenue increased \$11.0 million from \$14.9 million to \$25.9 million primarily due to an increase in performance, production and other fees.

Operating benefits and expenses

Operating expenses increased \$15.7 million from \$299.7 million to \$315.4 million primarily as a result of higher variable expenses associated with higher AUM.

Operating earnings before income taxes

The overall increase in operating earnings of \$21.9 million from \$103.3 million to \$125.2 million was primarily driven by higher Fee income due to an increase in affiliate sourced AUM and Investment Management sourced AUM and an increase in *Other revenue*. The increases were partially offset by lower *net investment income* and higher variable expenses associated with higher AUM.

Investment Management Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenues

Net investment income and net realized gains (losses) increased \$32.8 million from \$8.8 million to \$41.6 million primarily due to higher alternative investment income, partnership income and improved performance of funds, as well as recognizing an accumulation of \$13.3 million of carried interest in the current year.

Fee income increased \$5.4 million from \$469.3 million to \$474.7 million primarily due to an increase in affiliate sourced AUM resulting in higher management and administrative fees earned.

Other revenue increased \$15.4 million from \$13.8 million to \$29.2 million primarily due to an increase in service fees earned as part of services provided in connection with the sale by ING Group of its ING Direct U.S. business. Additionally, lower underwriting fees related to a launch of a new product in 2011 which did not repeat in 2012 contributed to the increase. Partially offsetting these increases were lower levels of mortgage and private placement production fees.

Operating benefits and expenses

Operating expenses increased \$6.6 million from \$404.4 million to \$411.0 million primarily as a result of higher variable compensation costs and increases in variable administrative costs related to higher AUM.

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Operating earnings before income taxes

The overall increase in operating earnings of \$47.0 million was primarily driven by higher alternative investment income, partnership income and improved performance of funds, as well as recognizing an accumulation of carried interest. In addition, service fees increased Other revenues and were partially offset by higher variable compensation costs.

Investment Management Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating revenues

Net investment income and net realized gains (losses) increased \$6.6 million from \$2.2 million to \$8.8 million primarily due to improved performance of funds and partnership investments resulting from improved market conditions.

Fee income increased \$22.9 million from \$446.4 million to \$469.3 million primarily due to an increase in AUM resulting in higher management and administrative fees earned. The increase in AUM was also due to the re-assignment of several large mutual fund management contracts to us based on our performance. We previously serviced these contracts and reported the assets as AUA.

Other revenue increased \$7.9 million from \$5.9 million to \$13.8 million primarily due to an increase in production fees from a higher level of mortgage loan and private placement production activity as well as an increase in mortgage loan servicing fees. This was partially offset by a decrease in performance fees compared to 2010.

Operating benefits and expenses

Operating expenses were level with 2010 expenses at \$404.4 million, the result of slightly higher compensation expense offset by cost reductions in other categories.

Operating earnings before income taxes

The overall increase in operating earnings in 2011 was primarily driven by an increase in AUM that we managed on behalf of institutions and retail investors. The increase in AUM was the result of higher equity markets as well as the re-assignment of several large mutual fund management contracts, which has resulted in additional fee income to us. We previously serviced these contracts and reported the assets as AUA. Operating expenses remained level with 2010.

Table of Contents**Insurance Solutions Individual Life**

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 691.0	\$ 700.7	\$ 913.8	\$ 950.0	\$ 942.8
Fee income	835.2	833.7	1,115.7	1,139.2	1,078.1
Premiums	552.6	546.1	737.8	660.9	539.1
Other revenue	20.2	19.2	26.6	34.9	53.4
Total operating revenues	2,099.0	2,099.7	2,793.9	2,785.0	2,613.4
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	1,482.7	1,545.3	2,034.4	1,855.1	1,731.7
Operating expenses	269.4	289.5	390.5	332.8	325.0
Net amortization of DAC/VOBA	138.0	114.6	162.3	298.9	221.2
Interest expense	1.1	8.7	10.5	18.9	22.0
Total operating benefits and expenses	1,891.2	1,958.1	2,597.7	2,505.7	2,299.9
Operating earnings before income taxes	\$ 207.8	\$ 141.6	\$ 196.2	\$ 279.3	\$ 313.5

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

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	2013	September 30, 2012	2012	2011	2010
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$ 12.6	\$ (1.2)	\$ 3.4	\$ (6.4)	\$ 27.6
Net gain from Lehman Recovery/LIHTC	36.6				
Loss on sale of alternative investments		(13.1)	(13.1)		

(1) Unlocking related to the net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the nine months ended September 30, 2013.

(2) Includes the impact of the annual review of the assumptions.

The following table presents sales, gross premiums, in-force and policy count for our Individual Life segment for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Sales by Product Line					
Universal life:					
Guaranteed	\$0.6	\$ 65.0	\$ 72.7	\$ 68.1	\$ 27.2
Accumulation	10.7	19.9	25.3	28.7	36.6
Indexed	19.2	21.7	33.5	28.3	20.7

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Total universal life	30.5	106.6	131.5	125.1	84.5
Variable life	7.9	4.7	6.3	12.3	11.5
Whole life	0.1				
Term	40.3	97.1	116.3	155.5	127.7
Total sales by product line	\$78.8	\$ 208.4	\$ 254.1	\$ 292.9	\$ 223.7
Total gross premiums	\$1,494.1	\$ 1,785.0	\$ 2,324.6	\$ 2,140.7	\$ 1,912.5
End of Period:					
In-force face amount	\$606,756.1	\$ 604,858.3	\$ 607,975.5	\$ 567,718.1	\$ 496,711.7
In-force policy count	1,339,908	1,351,879	1,352,844	1,313,057	1,237,165
New business policy count (paid)	43,331	99,465	119,936	156,650	132,856

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Individual Life Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating revenues

Net investment income and net realized gains decreased \$9.7 million from \$700.7 million to \$691.0 million primarily due to lower investment income on the CMO-B investment portfolio, as a result of portfolio restructuring and lower yields on commercial mortgages. Partially offsetting this decrease was \$43.4 million of net investment income from Lehman Recovery/LIHTC in the current period compared to a \$13.1 million loss on the sale of certain alternative investments in the prior period.

Fee income increased \$1.5 million from \$833.7 million to \$835.2 million primarily due to favorable intangible unlocking resulting from prospective assumption changes. Excluding the impact from the unlocking of intangibles, *fee income* decreased due to lower net contractual charges resulting from a reduction of secondary guarantee product sales. This was partially offset by an increase in cost of insurance fees on the aging in-force block.

Premiums increased \$6.5 million from \$546.1 million to \$552.6 million due to continued growth in renewal premiums for term business partially offset by lower first year premiums as a result of lower term sales.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$62.6 million from \$1,545.3 million to \$1,482.7 million primarily due to lower benefit costs resulting from lower guarantee and term product sales, improved universal life mortality and favorable first quarter 2013 IBNR development. In addition, favorable intangible unlocking, resulting from prospective assumption changes, contributed to the decrease in *Interest credited and other benefits to contract owners/policyholders* in the current period. These decreases were partially offset by higher claims on the term block.

Operating expenses decreased \$20.1 million from \$289.5 million to \$269.4 million primarily due to lower sales related expenses partially offset by increased credit facility fees supporting reinsurance transactions.

Net amortization of DAC/VOBA increased \$23.4 million from \$114.6 million to \$138.0 million primarily due to changes in unlocking of DAC/VOBA, excluding other intangibles unlocking, and increased DAC amortization in the current period. The favorable DAC unlocking in the current period was \$13.6 million lower than the prior period favorable unlocking largely due to the impact of the prospective assumption changes. This unlocking impact was more than offset by items explained in *fee income* and *interest credited and other benefits to contract owners/policyholders* above. In addition, the higher amortization in the current period was driven by the increased amortization related to the Lehman Recovery, partially offset by lower amortization related to lower gross profits on universal life products and lower term sales.

Interest expense decreased \$7.6 million from \$8.7 million to \$1.1 million primarily due to the novation and recapture of certain surplus notes in 2012.

Operating earnings before income taxes

Operating earnings before income taxes increased \$66.2 million from \$141.6 million to \$207.8 million driven by the net gain from Lehman Recovery/LIHTC in the current period, loss on sale of certain alternative investments in the prior period and lower *interest credited and other benefits to contract owners/policyholders*, due in part by the impact of prospective assumption changes. Excluding these impacts, operating earnings before taxes increased slightly due to lower benefit costs resulting from lower guarantee and term product sales, favorable IBNR development and lower *operating expenses*. Partially offsetting these favorable variances was lower investment income due to lower CMO-B income and lower investment yields, lower net contractual charges resulting from a reduction of secondary guarantee product sales and higher gross claims on the term block.

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Individual Life Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenues

Net investment income and net realized gains (losses) decreased \$36.2 million from \$950.0 million to \$913.8 million primarily due to a \$13.1 million loss on the sale of certain alternative investments and lower investment income on the CMO-B and alternative asset portfolios due to asset sales in the second and third quarters of 2012. Partially offsetting these impacts were higher prepayment fee income and higher yields on certain fixed income investments.

Fee income decreased \$23.5 million from \$1,139.2 million to \$1,115.7 million primarily related to the emergence of gross profits for a particular block that caused accelerated unearned revenue amortization in 2011. The gross profits caused accelerated amortization of unearned revenue, an increase in Interest credited and other benefits to contract owners/policyholders and higher DAC/VOBA amortization with an immaterial net impact to operating earnings. Growth in net contractual charges and cost of insurance fees due to higher universal life sales offset the decrease to Fee income.

Premiums increased \$76.9 million from \$660.9 million to \$737.8 million due to continued growth in renewal premiums for term life business partially offset by lower first year premiums as a result of term sales declining 25%.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$179.3 million from \$1,855.1 million to \$2,034.4 million primarily due to favorable reserve changes in 2011 as a result of annual assumption changes that did not repeat in 2012, the emergence of gross profits for a particular block that caused an increase as discussed above and an increase in reserves in 2012 related to the guaranteed universal life block. In addition, there was unfavorable mortality net of reinsurance in 2012, with the universal life block experiencing a higher number of gross claims and reinsurance recoveries on the term block providing less benefit.

Operating expenses increased \$57.7 million from \$332.8 million to \$390.5 million primarily due to increased credit facility fees supporting reinsurance transactions. The higher credit facility fees are the results of higher rates and general growth in credit facilities supporting the reinsured block. Partially offsetting this increase was lower sales related expenses.

Net amortization of DAC/VOBA decreased \$136.6 million from \$298.9 million to \$162.3 million primarily due to unfavorable unlocking in 2011 as a result of annual assumption changes that did not repeat in 2012. This impact was partially offset by items explained in Interest credited and other benefits to contract owners/policyholders described above. In addition, 2012 amortization on universal life products was lower due to lower gross profits and the emergence of gross profits for a particular block that caused accelerated amortization in 2011, offset by higher unearned revenue liability amortization as discussed in Fee Income above. These impacts are partially offset by higher amortization on term products resulting from the continued growth of this block of business.

Operating earnings before income taxes

Operating earnings before income taxes decreased due to unfavorable mortality results net of reinsurance, lower investment income on alternative investments and CMO-Bs, increased credit facility costs and favorable reserve changes in 2011 that did not repeat in 2012. Partially offsetting these items were lower DAC/VOBA amortization resulting from lower gross profits on universal life products, higher term life renewal premiums and higher net contractual charges and cost of insurance fees due to higher universal life sales.

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Individual Life Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating revenues

Net investment income and net realized gains (losses) increased \$7.2 million from \$942.8 million to \$950.0 million primarily due to higher yields on our CMO-B portfolio and higher alternative investment income, partially offset by lower prepayment fees.

Fee income increased \$61.1 million from \$1,078.1 million to \$1,139.2 million primarily due to a growth in cost of insurance, consistent with in-force growth, and other policyholder charges as a result of strong sales of universal life and term products. Lower lapse rates also helped the in-force block grow on a net basis.

Premiums increased \$121.8 million from \$539.1 million to \$660.9 million due to continued growth in term sales and favorable lapse experience on in-force term policies. Term sales increased \$27.8 million in 2011 primarily due to the distribution strategy targeting more affluent customers. This resulted in higher sales per policy and increased overall sales. In addition, term policies renewed at a higher than expected rate, particularly on policies issued in 2010, and thus provided for higher premiums due to higher persistency.

Other revenue decreased \$18.5 million from \$53.4 million to \$34.9 million primarily as a result of lower surrender fees, as we experienced higher persistency on the in-force block.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$123.4 million from \$1,731.7 million to \$1,855.1 million primarily due to a decrease in recoveries on gross claims on the universal life block, an increase in direct claims on the term block in 2011 and continued growth in the term business. In addition, 2010 results included a favorable reserve development of \$27.4 million associated with certain universal life products. The absence of a similar reserve development in 2011 resulted in lower earnings.

Operating expenses increased \$7.8 million from \$325.0 million to \$332.8 million as a result of an increase in information technology and project-related expenses to support business growth and process efficiency.

Net Amortization of DAC/VOBA increased \$77.7 million from \$221.2 million to \$298.9 million primarily driven by unfavorable DAC/VOBA unlocking largely due to annual assumption changes. Excluding the impact from the unlocking of DAC/VOBA, net amortization of DAC/VOBA increased due to the continued growth in the term life block and the manner in which profits emerged on the universal life block in 2011.

Operating earnings before income taxes

Operating earnings before income taxes declined primarily due to unfavorable DAC/VOBA and other intangibles unlocking in 2011 compared to favorable DAC/VOBA and other intangibles unlocking in 2010. In addition, fee income increased as a result of the growth in universal life sales in 2011. Increases in fee income, due to growth in universal life sales, and premium income, due to term sales, were offset by increases in policyholder benefits on term business and less favorable reserve development on universal life business.

Table of Contents**Insurance Solutions Employee Benefits**

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 88.4	\$ 87.3	\$ 114.3	\$ 124.3	\$ 128.3
Fee income	47.1	46.6	62.5	61.8	61.0
Premiums	813.5	806.5	1,078.1	1,063.4	1,091.5
Other revenue	(3.0)	(2.8)	(3.7)	(3.3)	(3.0)
Total operating revenues	946.0	937.6	\$ 1,251.2	\$ 1,246.2	\$ 1,277.8
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	679.5	671.2	892.1	917.7	943.5
Operating expenses	179.0	175.5	236.2	229.3	232.9
Net amortization of DAC/VOBA	11.9	10.1	13.5	15.9	19.4
Total operating benefits and expenses	870.4	856.8	1,141.8	1,162.9	1,195.8
Operating earnings before income taxes	\$ 75.6	\$ 80.8	\$ 109.4	\$ 83.3	\$ 82.0

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
DAC/VOBA and other intangibles unlocking	\$	\$	\$	\$	\$ (2.0)
Net gain from Lehman Recovery/LIHTC	4.0				
Loss on sale of alternative investments		(5.1)	(5.1)		

The following table presents sales, gross premiums and in-force for our Employee Benefits segment for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Sales by Product Line					
Group life	\$ 52.9	\$ 45.9	\$ 47.9	\$ 36.8	\$ 41.6
Group stop loss	139.4	143.8	151.6	140.9	170.9
Other group products	17.0	16.6	31.1	19.8	22.6
Total group products	209.3	206.3	230.6	197.5	235.1
Voluntary products	18.1	16.2	24.5	28.0	28.9
Total sales by product line	\$ 227.4	\$ 222.5	\$ 255.1	\$ 225.5	\$ 264.0
Total gross premiums and deposits	\$ 947.0	\$ 937.8	\$ 1,252.1	\$ 1,244.6	\$ 1,278.7
Total annualized in-force premiums	1,292.4	1,301.1	1,286.6	1,259.5	1,320.8

Loss Ratios

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Group life (interest adjusted)	81.0%	76.5%	76.9%	77.5%	81.0%
Group stop loss	74.2%	74.1%	72.9%	82.9%	83.7%

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Employee Benefits Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating revenues

Net investment income and net realized gains increased \$1.1 million from \$87.3 million to \$88.4 million primarily due to \$4.0 million of net investment income from Lehman Recovery/LIHTC in the current period and a loss on the sale of certain alternative investments in the prior period. Excluding the impact of these asset sales, *net investment income and net realized gains (losses)* decreased due to lower investment income on the CMO-B investment portfolio, as a result of portfolio restructuring in the second and third quarters of 2012.

Premiums increased \$7.0 million from \$806.5 million to \$813.5 million primarily due to higher group life premiums, resulting from higher sales along with favorable persistency. This was partially offset by lower group stop loss premiums.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$8.3 million from \$671.2 million to \$679.5 million primarily due to higher group life claims, partially offset by lower stop loss volumes and improved retained disability results.

Operating expenses increased \$3.5 million from \$175.5 million to \$179.0 million primarily due to higher commission expenses due to the mix of product sales.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$5.2 million from \$80.8 million to \$75.6 million primarily due to higher group life claims and higher commission expenses. Partially offsetting these items was higher investment income, resulting from the net gain from Lehman Recovery/LIHTC in the current period and a loss on the sale of certain alternative investments in the prior period.

Employee Benefits Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating revenues

Net investment income and net realized gains (losses) decreased \$10.0 million from \$124.3 million to \$114.3 million primarily due to the \$5.1 million loss on the sale of certain alternative investments, lower investment income on alternative investments and lower yields on fixed income investments.

Premiums increased \$14.7 million from \$1,063.4 million to \$1,078.1 million primarily due to higher stop loss premiums resulting from higher sales and in-force blocks. Annualized in-force stop loss premiums increased 5.0% over the prior year. These increases were partially offset by lower group life premiums due to a decline in the in-force block driven by low persistency in 2011 adversely impacting 2012.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$25.6 million from \$917.7 million to \$892.1 million primarily due to favorable claims experience and higher reinsurance recoveries in our stop loss block. This decrease was partially offset by lower favorable experience with the run-off block of retained disability products.

Operating expenses increased \$6.9 million from \$229.3 million to \$236.2 million primarily due to an increase in administrative expenses and higher premium taxes and guarantee assessments related to an increase in sales.

Table of Contents*Operating earnings before income taxes*

Growth of the in-force stop loss business and improved loss ratios on stop loss and group life businesses contributed to improved operating earnings, partially offset by lower favorable experience with the run-off block of retained disability products and lower alternative investment income.

Employee Benefits Year Ended December 31, 2011 Compared to Year Ended December 31, 2010*Operating revenues*

Net investment income and net realized gains (losses) decreased \$4.0 million from \$128.3 million to \$124.3 million primarily due to lower invested assets as a result of the decline in size of the group life in-force block.

Premiums decreased \$28.1 million from \$1,091.5 million to \$1,063.4 million primarily due to a 10.6% decline in group life in-force and a 26.3% decline in disability in-force. In addition, reinsured premiums increased due to reinsurance of short-term and voluntary disability business beginning April 1, 2011. The group life in-force decline reflects tighter competitor pricing in the market where we have chosen not to relax our risk and profitability requirements in pricing. The disability in-force decline reflects more selective underwriting and pricing actions by our reinsurer, which is driving higher lapse rates and lower sales. The reinsurance was structured in similar manner to our long-term disability reinsurance program entered into in 2009. Accordingly, we reinsure substantially all the risk for new claims on existing in-force business beginning April 1, 2011 and for new business written after that date. These policies contributed to direct premium revenue for the full year for 2010, but only the first quarter of 2011.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$25.8 million from \$943.5 million to \$917.7 million primarily due to the decline in total in-force insurance policies as evidenced by a 2.7% decrease in gross premiums. Improved loss ratios on group stop loss products also contributed to the decline. The improved loss ratios were partially offset by unfavorable mortality results in the voluntary products, particularly the whole life block and less favorable experience on claims associated with the run-off block of the retained long-term disability products relative to 2010.

Operating expenses decreased \$3.6 million from \$232.9 million to \$229.3 million due to a combination of factors. Operating expenses declined by \$6.0 million primarily driven by lower costs resulting from reinsuring the disability business. Reinsurance allowances increased \$1.8 million in 2011 due to the new reinsurance contract covering the short-term disability and voluntary disability business which became effective on April 1, 2011. These positive impacts were offset by lower capitalized commissions of \$3.7 million.

Net amortization of DAC/VOBA decreased \$3.5 million primarily from \$19.4 million to \$15.9 million due to a decline in amortization on universal life products due to lower gross profits; this decrease was partially offset by a growth in amortization on short-term disability and voluntary disability products due to the impact of the aforementioned reinsurance transaction. Unfavorable prospective unlocking in 2010 of \$2.0 million resulted in lower DAC amortization in 2011. The reinsurance transaction also resulted in a \$2.5 million adjustment of DAC.

Operating earnings before income taxes

Growth of the in-force stop loss business and improved loss ratios on stop loss contributed significantly to improved operating earnings relative to 2010, despite a reduction in new sales. Significant initiatives in 2011 focused on improving the quality of our group stop loss business through more selective underwriting and reducing our retained risk on short-term disability and voluntary disability products through a new reinsurance arrangement. New long-term disability business is substantially reinsured and our in-force is in run-off. The retained claims experienced favorable development, partially due to case management initiatives. The favorable

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development on the run-off long term disability block was approximately \$20.0 million more in 2010 than in 2011. The net effect of these results on stop loss and long-term disability, respectively, largely offset each other resulting in essentially flat operating earnings in 2011 relative to 2010.

Corporate

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

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	September 30, 2012	2012	2011	2010
Interest expense (including interest rate swap settlements)	\$ (132.7)	\$ (88.6)	\$ (127.8)	\$ (185.7)	\$ (383.5)
Closed Block Variable Annuity contingent capital LOC	(18.4)	(43.6)	(56.7)		
Amortization of intangibles	(26.3)	(26.2)	(35.0)	(34.4)	(33.6)
Reserve increase related to the use of SSDMF				(68.9)	
Other	10.8	19.7	37.2	58.8	18.0
Operating earnings before income taxes	\$ (166.6)	\$ (138.7)	\$ (182.3)	\$ (230.2)	\$ (399.1)

Our Corporate segment operating results include investment income on assets backing surplus in excess of amounts held at the operating segment level, financing and interest expenses, amortization of intangibles and other items not allocated to operating segments.

Corporate Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Operating loss before income taxes increased \$27.9 million from \$138.7 million to \$166.6 million primarily due to an increase in interest expense and operating expenses, offset by a decrease in LOC expenses. Interest expense increased over the period partially due to additional interest and debt issuance costs associated with the debt entered into during the second quarter of 2012 and as a result of a change in debt structure, in which we repaid the borrowings under the debt entered into during the second quarter of 2012 and issued long-term debt. See a description of the change in debt structure under *Debt Securities* below. The increase in *operating expenses*, primarily resulting from higher variable compensation costs in the current period compared to the prior period, was offset by lower LOC expenses in the current period due to the termination of the contingent capital letter of credit facility supporting our CBVA segment on May 14, 2013.

Corporate Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Operating earnings before income taxes changed \$47.9 million from (\$230.2) million to (\$182.3) million primarily driven by the 2011 charge of \$68.9 million, net of associated DAC, to increase reserves in connection with our use of the SSDMF as described below. In addition, interest costs decreased \$57.9 million as a result of several factors. Lower swap interest expenses as well as a reduction in interest costs due to a \$2.7 billion and a \$1.3 billion debt-to-equity conversion in the second quarter and fourth quarter of 2011, respectively, were only partially offset by additional interest expense and debt issuance costs associated with the \$5.0 billion revolving credit facility entered into in the second quarter of 2012 and the \$850.0 million unsecured Senior Notes entered into in the third quarter of 2012. Lower interest costs were mostly offset by increased expenses, primarily driven by \$56.7 million in letter of credit costs in 2012 related to the \$1.5 billion contingent capital letter of credit facility issued at the end of 2011 to support our CBVA segment, as well as lower compensation expenses during 2011, which resulted primarily from payments in 2011 related to 2010 performance which were less than estimated in 2010.

Corporate Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Operating earnings before income taxes changed \$168.8 million from (\$399.1) million to (\$230.2) million primarily driven by a \$199.2 million reduction in interest costs as a result of the 2011 debt-to-equity conversions

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described above. In addition, operating expenses in 2010 included a charge of \$24.0 million related to an insurance industry insolvency fund for Executive Life Insurance Company of New York (ELNY) compared to a charge of \$4.0 million in 2011. Offsetting these favorable items was a 2011 charge of \$68.9 million, net of associated DAC, to increase reserves in connection with our use of the SSDMF to identify potential life insurance claims that have not yet been presented to us.

Closed Blocks

The following table presents operating earnings before income taxes of our Closed Blocks for the periods presented:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Closed Block Institutional Spread Products	\$ 41.7	\$ 41.0	\$ 45.7	\$ 83.2	\$ (3.8)
Closed Block Other	12.2	44.9	64.0	(13.0)	(6.7)
Operating earnings before income taxes	\$ 53.9	\$ 85.9	\$ 109.7	\$ 70.2	\$ (10.5)

The following table presents operating earnings before income taxes of our Closed Block Institutional Spread Products segment for the periods presented:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 86.8	\$ 102.6	\$ 126.3	\$ 188.8	\$ 168.0
Fee income			0.1	0.1	0.3
Premiums	1.8	1.7	2.3	2.3	2.3
Other revenue	(0.9)	(1.1)	(1.5)	(3.1)	(3.0)
Total operating revenues	87.7	103.2	127.2	188.1	167.6
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	38.1	51.4	67.5	89.0	152.8
Operating expenses	7.6	8.6	11.5	11.3	13.8
Net amortization of DAC/VOBA	0.3	0.4	0.6	0.6	0.6
Interest expense		1.8	1.9	4.0	4.2
Total operating benefits and expenses	46.0	62.2	81.5	104.9	171.4
Operating earnings before income taxes	\$ 41.7	\$ 41.0	\$ 45.7	\$ 83.2	\$ (3.8)

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The following table presents operating earnings before income taxes of our Closed Block Other segment for the periods presented:

(\$ in millions)	Nine Months Ended		Year Ended December 31,		
	September 30, 2013	2012	2012	2011	2010
Operating revenues:					
Net investment income and net realized gains (losses)	\$ 19.1	\$ 24.1	\$ 35.0	\$ 39.0	\$ 36.4
Fee income		0.1	0.1	5.7	18.1
Premiums	2.4	4.2	5.1	4.3	5.3
Other revenue	0.6	1.2	3.6	3.2	4.5
Total operating revenues	22.1	29.6	43.8	52.2	64.3
Operating benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	(1.3)	3.0	(3.8)	29.0	22.8
Operating expenses	11.2	(18.3)	(16.4)	36.1	48.8
Net amortization of DAC/VOBA					(0.7)
Interest expense				0.1	0.1
Total operating benefits and expenses	9.9	(15.3)	(20.2)	65.2	71.0
Operating earnings before income taxes	\$ 12.2	\$ 44.9	\$ 64.0	\$ (13.0)	\$ (6.7)

Closed Blocks Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012*Closed Block Institutional Spread Products*

Operating earnings before income taxes increased \$0.7 million from \$41.0 million to \$41.7 million primarily as a result of a loss on sale of certain alternative investments in the second quarter of 2012 offset by lower earnings resulting from decreases in the block size. The average block size based on AUM declined approximately 28% from \$5.0 billion as of September 30, 2012 to \$3.6 billion as of September 30, 2013. As a result, both net investment income and Interest credited to contract owners/policyholders decreased.

Closed Block Other

Operating earnings before income taxes decreased \$32.7 million from \$44.9 million to \$12.2 million primarily as a result of lower operating expenses in the prior period due to a \$22.0 million reimbursement of expenses by ING Group during the second quarter of 2012, and to a lesser extent, a reduction in revenues resulting from the continuing run-off of this segment. The decreases were partially offset by favorable reserve development in the retained portion of the group reinsurance business in the current period compared to the prior period.

Closed Blocks Year Ended December 31, 2012 Compared to Year Ended December 31, 2011*Closed Block Institutional Spread Products*

Operating earnings before income taxes decreased \$37.5 million from \$83.2 million to \$45.7 million as a result of decrease in the average size of the block and the \$8.0 million loss on the sale of certain alternative investments, partially offset by reductions in contract interest crediting costs, including net prepayment fees paid on contracts terminated in 2011 and 2012. The average block size based on AUM declined approximately 25.4% from \$6.3 billion in 2011 to \$4.7 billion in 2012. Interest credited and other benefits to contract owners/policyholders decreased \$21.5 million primarily due to the decrease in the block size, as well as declines in overall contract costs due to lower average interest crediting rates.

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Closed Block Other

Operating earnings before income taxes increased \$77.0 million from (\$13.0) million to \$64.0 million as a result of several factors. Favorable reserve development in the retained portion of the group reinsurance business was partially offset by a reduction in net investment income. In addition to the impact from the group reinsurance business, a \$52.5 million decline in operating expenses resulted primarily from the elimination of certain Corporate functions that supported ING Group's Latin America business, as well as a \$22.0 million reimbursement of expenses by ING Group. These expenses were paid in 2011 by ING U.S., Inc. on behalf of ING Group's Latin American business. In 2011, operating expenses included \$24.6 million of previously unreimbursed Latin America expenses. The continuing run-off of this segment contributed to a decline in fee income and a corresponding decrease in operating expenses.

Closed Blocks Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Closed Block Institutional Spread Products

Operating earnings before income taxes increased \$87.0 million from (\$3.8) million to \$83.2 million as a result of the following factors. Net investment income was \$20.8 million higher due to higher yields on the CMO-B portfolio, partially offset by a decrease in block size assets. See Investments-CMO-B Portfolio. The average block size based on AUM declined approximately 20.2% from \$7.9 billion in 2010 to \$6.3 billion in 2011. In addition, interest credited and other benefits to contract owners/policyholders decreased \$63.8 million primarily due to the decrease in the block size, as well as declines in the overall contract costs. In the second half of 2010, a significant block of fixed rate contracts were restructured to floating rate contracts which resulted in lower interest crediting costs in 2011.

Closed Block Other

Operating earnings before income taxes changed \$6.3 million from (\$6.7) million to (\$13.0) million as a result of several factors. Fee income decreased \$12.4 million primarily due to the continued decline in fees associated with the run-off of the health and welfare business. This decrease is representative of run-off due to the strategic decision to discontinue active marketing of these services. Interest credited and other benefits to contract owners/policyholders increased \$6.2 million due to an increase in reserves for exposure to worker's compensation claims associated with the retained group reinsurance business. This reserve strengthening was the result of our ongoing review of experience and expectations of claims development on this business. Operating expenses decreased \$12.7 million due to the decline in expenses associated with continued run-off of this segment.

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CBVA

The following table presents income (loss) before income taxes of our CBVA segment for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Revenues:					
Net investment income	\$ 68.1	\$ 35.5	\$ 52.7	\$ 85.8	\$ 52.0
Fee income	955.3	923.0	1,235.9	1,280.7	1,285.7
Premiums	38.8				
Net realized capital gains (losses)	(1,647.8)	(1,115.5)	(1,382.8)	(609.7)	(705.8)
Other revenue	15.2	18.9	24.2	38.1	45.8
Total revenues	(570.4)	(138.1)	(70.0)	794.9	677.7
Benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	12.6	6.0	113.6	882.9	240.2
Operating expenses and interest expense	347.9	337.1	450.4	421.2	405.1
Net amortization of DAC/VOBA	52.0	43.8	58.3	55.3	252.6
Total benefits and expenses	412.5	386.9	622.3	1,359.4	897.9
Income (loss) before income taxes	\$ (982.9)	\$ (525.0)	\$ (692.3)	\$ (564.5)	\$ (220.2)

The following table presents certain notable items that result in volatility in income (loss) before income taxes:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Net gains (losses) related to incurred guaranteed benefits and guarantee hedge program, excluding nonperformance risk	\$ (1,227.6)	\$ (840.3)	\$ (858.3)	\$ (2,062.3)	\$ (1,491.6)
Gains (losses) related to CHO program	(244.8)	(369.5)	(351.0)	(129.9)	(2.3)
Gain (loss) due to nonperformance risk	(222.8)	(42.2)	(443.6)	517.0	448.2
Net investment gains (losses)	13.3	27.2	26.6	63.5	82.6
DAC/VOBA and other intangibles unlocking and loss recognition	(6.3)	1.5	1.8	21.1	(200.7)

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
AUM					
General account	\$ 1,379.7	\$ 1,188.5	\$ 1,237.6	\$ 1,069.4	\$ 948.3
Separate account	43,047.2	42,653.7	41,960.8	41,576.1	47,029.7
Total AUM	\$ 44,426.9	\$ 43,842.2	\$ 43,198.4	\$ 42,645.5	\$ 47,978.0

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Balance at beginning of period	\$ 43,198.4	\$ 42,645.5	\$ 42,645.5	\$ 47,978.0	\$ 46,643.5
Deposits	489.4	373.3	500.5	543.3	900.6
Surrenders, benefits and product charges	(3,385.7)	(2,942.7)	(4,019.3)	(4,332.9)	(3,913.1)
Net flows	(2,896.3)	(2,569.4)	(3,518.8)	(3,789.6)	(3,012.5)
Interest credited and investment performance	4,124.8	3,766.1	4,071.7	(1,542.9)	4,347.0
Balance as of end of period	\$ 44,426.9	\$ 43,842.2	\$ 43,198.4	\$ 42,645.5	\$ 47,978.0

Closed Block Variable Annuity Nine Months Ended September 30, 2013 compared to Nine Months Ended September 30, 2012

Loss before income taxes increased \$457.9 million from \$525.0 million to \$982.9 million. Annual assumption changes implemented during the current period resulted in a loss of \$185.3 million, which included \$117.9 million of unfavorable mortality assumption changes and \$85.5 million of unfavorable policyholder behavior assumption changes. The prior period result included a loss of \$151.7 million due to annual assumption changes, which consisted of a \$114.6 million unfavorable result related to policyholder behavior assumptions.

An increase in net losses related to the incurred guaranteed benefits and our guarantee hedge program and changes in the fair value of guaranteed benefit derivatives related to nonperformance risk were partially offset by lower losses on our CHO program. Net losses related to the incurred guaranteed benefits and our guarantee hedge program increased to a loss of \$1,227.6 million in the current period compared to a loss of \$840.3 million in the prior year period. The \$387.3 million increased loss was primarily due to higher equity market returns, as our guarantee hedges backing reserves are more sensitive to changes in equity markets than those reserves, as well as higher unfavorable impacts of assumption changes in the current year period compared to the prior year period, as described above. The current period results also included a loss of \$222.8 million due to changes in the fair value of guaranteed benefit derivatives related to nonperformance risk, compared to a loss of \$42.2 million in the prior year period. Results on our CHO program improved by \$124.7 million, from a loss of \$369.5 million to a loss of \$244.8 million, as a result of lower average notional amounts for hedging the associated underlying risk. The focus in managing our CBVA segment is on protecting regulatory and rating agency capital, and our hedging program is primarily designed to mitigate the impacts of market scenarios on capital resources, rather than mitigating earnings volatility.

CBVA Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

The loss before income taxes increased \$127.8 million, from \$564.5 million to \$692.3 million as a result of several factors. Changes in fair value of guaranteed benefit derivatives related to nonperformance risk combined with higher losses on our CHO program were more than offset by a decrease in net losses related to the incurred guaranteed benefits and our Variable Annuity Guarantee Hedge Program. The change in the fair value of guaranteed benefit derivatives related to nonperformance risk changed by (\$960.6) million, from a gain of \$517.0 million to a loss of (\$443.6) million. The net gain (loss) of our incurred guaranteed benefits and the results of our Variable Annuity Guarantee Hedge Program will vary from period to period primarily because our Variable Annuity Guarantee Hedge Program is set based on market consistent valuation techniques for equity risks and for certain interest rate risks, rather than mitigating earnings volatility. Losses resulting from our incurred guaranteed benefits and Variable Annuity Guaranteed Hedge Program decreased \$1,204.0 million due to the lower impacts of policyholder behavior and other assumption changes in 2012 compared to 2011, the impact of favorable fund returns relative to overall equity market returns in 2012, and a current year decrease in volatility. The 2012

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impact of policyholder behavior assumption changes was a decrease in income of \$151.7 million, which consisted of a \$114.6 million change in policyholder assumptions related to lapse rates on variable annuity contracts with lifetime living benefit guarantees and net losses of \$37.1 million related to changes in cash flow projections and volatility assumptions on certain products. The prior year impacts of policyholder assumption changes decreased income by \$741.2 million.

Losses on our CHO program, designed to protect regulatory and rating agency capital, increased by \$221.1 million, from \$129.9 million to \$351.0 million. This was primarily due to an increase in equity markets in 2012, compared to equity markets that were essentially flat in the prior year. In addition, we increased the notional position of our CHO program in 2012, partly as a result of assumption changes made in late 2011. A decline in net investment income due primarily to lower yields on assets backing reserves and lower realized gains on investments contributed to the decrease, in addition to lower fee income and surrender fees from the continued run off of the business and higher LOC costs.

CBVA Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

The loss before income taxes increased \$344.3 million, from \$220.2 million to \$564.5 million, as a result of several factors. The net loss related to incurred guaranteed benefits and Variable Annuity Guarantee Hedge Program increased \$570.7 million due primarily to policyholder behavior assumption changes, which resulted in an increase in reserves of \$741.2 million. We increased reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. We review overall policyholder experience annually or more frequently if necessary. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity market and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. Also contributing to the higher loss was an increase of \$127.6 million in the loss on our CHO program. Partially offsetting these impacts was a \$221.8 million change in DAC/VOBA and other intangibles unlocking, from unfavorable unlocking of \$200.7 million to favorable unlocking of \$21.1 million, a \$68.8 million decrease in the change in fair value of guaranteed benefit derivatives due to the change in nonperformance risks, and an increase in net investment income due primarily to increased yields on assets backing reserves.

Alternative Investment Income

Investment income on certain alternative investments can be volatile due to changes in market conditions. The following table presents the amount of investment income (loss) on certain alternative investments that is included on segment operating earnings before income taxes and the average level of assets in each segment, prior to intercompany eliminations. These alternative investments are carried at fair value, which is estimated based on the NAV of these funds. The investment income on alternative investments shown below for the period stated excludes the net investment income from Lehman Recovery/LIHTC during the nine months ended September 30, 2013 and the \$92.0 million net loss on the sale of certain alternative investments during the year ended December 31, 2012 and nine months ended September 30, 2012. The transaction is discussed below under Investments Sale of Certain Alternative Investments .

While investment income on these assets can be volatile, based on current plans, we expect to earn 8% to 9% on these assets over the long term.

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The following table presents the investment income and average assets of alternative investments:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Retirement					
Alternative investment income	\$ 23.8	\$ 42.3	\$ 43.2	\$ 42.6	\$ 72.3
Average alternative investments	261.0	600.0	523.1	726.8	669.0
Annuities					
Alternative investment income	16.5	23.8	25.8	22.6	20.8
Average alternative investments	179.8	316.3	284.4	315.5	219.6
Investment Management					
Alternative investment income	13.8	36.0	41.6	9.0	2.2
Average alternative investments	122.9	100.2	107.5	98.1	121.6
Individual Life					
Alternative investment income	13.1	12.4	12.1	19.5	21.6
Average alternative investments	132.9	218.8	197.5	244.8	202.6
Employee Benefits					
Alternative investment income	2.5	4.4	4.5	6.8	9.5
Average alternative investments	24.8	62.4	54.2	78.3	74.6
Total Ongoing Business					
Alternative investment income	69.7	118.9	127.2	100.5	126.4
Average alternative investments	721.4	1,297.7	1,166.7	1,463.5	1,287.4
Corporate					
Alternative investment income	1.8	18.3	23.4	15.0	
Average alternative investments	96.5	93.5	95.5	84.6	
Closed Blocks⁽¹⁾					
Alternative investment income	6.7	7.6	11.6	10.7	5.0
Average alternative investments	60.2	104.1	88.4	97.9	109.6
Total ING U.S.					
Alternative investment income	\$ 78.2	\$ 144.8	\$ 162.2	\$ 126.2	\$ 131.4
Average alternative investments	\$ 878.1	\$ 1,495.3	\$ 1,350.6	\$ 1,646.0	\$ 1,397.0

⁽¹⁾ Our CBVA 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 investment income.

Unlocking of DAC/VOBA and other Contract Owner/Policyholder Intangibles

Changes in operating earnings before income taxes and net income (loss) are influenced by increases and decreases in amortization of DAC, VOBA, DSI, and unearned revenue reserve (URR). The DAC asset represents policy acquisition costs that have been capitalized and are subject to amortization and interest. Capitalized costs are direct incremental costs of contract acquisition, as well as certain costs related directly to acquisition activities. Such costs consist principally of certain commissions, underwriting, sales and contract issuance and processing expenses directly related to the successful acquisition of new and renewal business. The VOBA asset represents the outstanding value of in-force business acquired and is subject to amortization and interest. The value is based on the present value of estimated net cash flows embedded in the insurance contracts at the time of the acquisition and increased for subsequent deferrable expenses on purchased policies. We amortize VOBA over the estimated life of the contracts using the same methodology and assumptions employed to amortize DAC. The DSI asset represents benefits paid to contract owners for a specified period that are incremental to the amounts we credit on similar contracts without sales inducements and are higher than the contracts' expected ongoing crediting rates for periods after the inducement. We defer sales inducements and amortize them over the life of the contracts using the same methodology and assumptions employed to amortize

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DAC. (The amortization of sales inducements is included in Interest credited and other benefits to contract owners/policyholders.) In addition, a URR liability is recorded related to variable universal life and universal life products and represents policy charges for services to be provided in future periods. These policy charges are deferred as unearned revenue and amortized over the expected life of the contracts in proportion to the estimated gross profits in a manner consistent with DAC for these products. The change in URR is included in fee income.

Generally, we amortize DAC/VOBA, DSI, and URR related to fixed and variable universal life contracts, variable deferred annuity contracts and fixed deferred annuity contracts over the estimated lives of the contracts in relation to the emergence of estimated gross profits. For variable deferred annuity contracts within the CBVA segment, we amortize DAC, VOBA and DSI in relation to the emergence of estimated gross revenue. Assumptions as to mortality, persistency, interest crediting rates, returns associated with separate account performance, impact of hedge performance, expenses to administer the business and certain economic variables, such as inflation, are based on our experience and our overall short-term and long-term future expectations for returns available in the capital markets. At each valuation date, actual historical gross profits are reflected and estimated gross profits and related assumptions are evaluated for continued reasonableness. Adjustments to estimated gross profits require that amortization rates be revised retroactively to the date of the contract issuance, which is referred to as unlocking. As a result of this process, the cumulative balances of DAC/VOBA, DSI and URR are adjusted with an offsetting benefit or charge to income to reflect changes in the period of the revision. An unlocking event that results in a benefit (favorable unlocking) generally occurs as a result of actual experience or future expectations being favorable compared to previous estimates. An unlocking event that results in a charge (unfavorable unlocking) generally occurs as a result of actual experience or future expectations being unfavorable compared to previous estimates. When unlocking, we unlock assumptions for each of the appropriate intangibles and refer to the unlocking as DAC/VOBA and other intangible unlocking. As a result of unlocking, the amortization schedules for future periods are also adjusted.

We also review the estimated gross profits for each of these blocks of business to determine the recoverability of DAC, VOBA and DSI balances each period. These assets are deemed to be unrecoverable if the estimated gross profits do not exceed these balances and a write-down is recorded that is referred to as loss recognition. We experienced a loss recognition write down in the second quarter of 2010 in our CBVA segment as a result of sharp equity declines. There was no loss recognition for the other periods presented.

During the third quarter of 2013, we completed our annual review of the assumptions, including projection model inputs, in each of our segments (except for Investment Management, for which assumption reviews are not relevant). As a result of this review, we have made a number of changes to our assumptions, resulting in a net favorable impact of \$84.8 million to operating earnings before income taxes in the current period, compared to an unfavorable impact of \$32.0 million in the third quarter of 2012. These are included in DAC/VOBA and other intangibles unlocking.

The following table presents the amount of DAC, VOBA, DSI and URR (DAC/VOBA and other intangibles) unlocking that is included in segment operating earnings before income taxes for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,			Year Ended December 31,	
	2013	2012	2012	2011	2010
Retirement	\$ 41.6	\$ 14.7	\$ 5.8	\$ 44.2	\$ 160.4
Annuities	56.5	(41.8)	(86.2)	266.0	(10.2)
Individual Life	12.6	(1.2)	3.4	(6.4)	27.6
Employee Benefits					(2.0)
Total DAC/VOBA and other intangibles unlocking⁽¹⁾⁽²⁾	\$ 110.7	\$ (28.3)	\$ (77.0)	\$ 303.8	\$ 175.8

(1) Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles for the nine months ended September 30, 2013.

(2) Includes the impact of the annual review of the assumptions.

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See *Business, Basis of Presentation and Significant Accounting Policies and Deferred Policy Acquisition Costs and Value of Business Acquired* notes to the Consolidated Financial Statements.

Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows to meet the cash requirements of operating, investing and financing activities. Capital refers to our long-term financial resources available to support the business operations and contribute to future growth. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of the businesses, timing of cash flows on investments and products, general economic conditions and access to the capital markets and the alternate sources of liquidity and capital described herein.

Consolidated Sources and Uses of Liquidity and Capital

Our principal available sources of liquidity are product charges, investment income, proceeds from the maturity and sale of investments, proceeds from debt issuance and borrowing facilities, repurchase agreements, contract deposits and securities lending. Primary uses of these funds are payments of policyholder benefits commissions and operating expenses, interest credits, investment purchases and contract maturities, withdrawals and surrenders.

Parent Company Sources and Uses of Liquidity

In evaluating liquidity it is important to distinguish the cash flow needs of ING U.S., Inc. from the cash flow needs of the Company as a whole. ING U.S., Inc. is largely dependent on cash flows from its operating subsidiaries to meet its obligations. The principal sources of funds available to ING U.S., Inc. include dividends and returns of capital from its operating subsidiaries, as well as cash and short-term investments. These sources of funds are currently supplemented by ING U.S., Inc.'s access to the \$750.0 million revolving credit sublimit of its Revolving Credit Agreement and reciprocal borrowing facilities maintained with its subsidiaries as well as other alternate sources of liquidity described below either directly or indirectly through its insurance subsidiaries.

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ING U.S., Inc.'s primary sources and uses of cash for the nine months ended September 30, 2013 and 2012 and the years ended December 31, 2012 and 2011 are presented in the following table:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,	
	2013	2012	2012	2011
Beginning cash and cash equivalents balance	\$ 357.5	\$ 1.3	\$ 1.3	\$ 3.0
Sources:				
Proceeds from borrowings from ING V				263.0
Proceeds from issuance of commercial paper, net of repayments				
Dividends and returns of capital from subsidiaries	1,434.0	813.3	813.0	200.0
Repayment of loans to subsidiaries, net of new issuances		22.5	102.3	870.2
Amounts received from subsidiaries under tax sharing arrangements, net	250.7		56.4	205.7
Proceeds from credit facility borrowings, net of repayments		1,425.0	1,350.0	
Proceeds from 2018 Notes offering	1,000.0			
Proceeds from 2022 Notes offering		849.5	849.5	
Proceeds from junior subordinated notes offering	750.0			
Proceeds from 2043 Notes offering	400.0			
Proceeds from Initial Public Offering, net	571.6			
Other, net		64.9	18.3	
Total sources	4,406.3	3,174.9	3,189.5	1,538.9
Uses:				
Payments under interest rate swap contracts, net				410.4
Payment of interest expense	69.6	25.3	33.4	52.6
Capital provided to subsidiaries	2,062.0	400.0	400.0	377.0
Repayments of loans from subsidiaries, net of new issuances	319.1	2,144.3	2,037.3	40.8
Repayment of commercial paper, net of issuances	192.0	255.5	362.6	649.0
Repayment of credit facility borrowings	1,350.0			
New issuances of loans to subsidiaries, net of repayments	272.2			
Amounts paid to subsidiaries under tax sharing arrangements, net		175.8		
Other, net	34.6			10.8
Total uses	4,299.5	3,000.9	2,833.3	1,540.6
Net increase in cash and cash equivalents	106.8	174.0	356.2	(1.7)
Ending cash and cash equivalents balance	\$ 464.3	\$ 175.3	\$ 357.5	\$ 1.3

Liquidity

We manage liquidity through access to substantial investment portfolios as well as a variety of other sources of liquidity including committed credit facilities and securities lending and repurchase agreements. Our ALM process takes into account the expected maturity of investments and expected benefit payments as well as the specific nature and risk profile of the liabilities, including variable products with guarantees. As part of our liquidity management process, we model different scenarios to determine whether existing assets are adequate to meet projected cash flows. Key variables in the modeling process include interest rates, equity market movements, quantity and type of interest and equity market hedges, anticipated contract owner behavior, market value of general account assets, variable separate account performance and implications of rating agency actions.

Table of Contents**Restrictions on Dividends and Returns of Capital from Subsidiaries**

Our business is conducted through operating subsidiaries. U.S. insurance laws and regulations regulate the payment of dividends and other distributions by our U.S. insurance subsidiaries to their respective parents. Dividends in excess of prescribed limits established by the applicable state regulations are considered to be extraordinary transactions and require explicit regulatory approval. In addition, under the insurance laws applicable to our insurance subsidiaries, domiciled in Colorado, Connecticut, Iowa and Minnesota (collectively, principal insurance subsidiaries), no dividend or other distribution exceeding an amount equal to an insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval. For a summary of applicable laws and regulations governing dividends, see Regulation Insurance Regulation Insurance Holding Company Regulation Dividend Payment Restrictions and Dividend Restrictions in the *Shareholders' Equity and Dividend Restrictions* note to the Consolidated Financial Statements.

In March and April 2013, in response to requests made in 2012 and refreshed in 2013, our principal insurance subsidiaries received approvals or notices of non-objection, as the case may be, from their respective domiciliary insurance regulators to pay extraordinary distributions to ING U.S., Inc. or Lion Holdings, the aggregate amount of \$1,434 million contingent upon completion of the IPO and the use of the extraordinary distribution funds solely for Company operations. The approved distributions of \$1,434 million were made on May 8, 2013. The Company's estimated RBC ratio on a combined basis was 470% as of September 30, 2013.

In addition, on May 8, 2013, our principal 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 were recorded in their second quarter statutory financial statements. See Regulation Insurance Regulation Insurance Holding Company Regulation Dividend Payment Restrictions.

The following table presents dividends permitted to be paid by our principal insurance subsidiaries to ING U.S., Inc. or Lion Holdings without the need for insurance regulatory approval for the periods presented:

(\$ in millions)	Dividends Permitted without Approval		
	2013	2012	2011
Subsidiary Name (State of domicile):			
ING USA Annuity and Life Insurance Company (IA)	\$	\$	\$
ING Life Insurance and Annuity Company (CT)	90.1 ⁽¹⁾	190.0 ⁽²⁾	
Security Life of Denver Insurance Company (CO)			
ReliaStar Life Insurance Company (MN)			

⁽¹⁾ After giving effect to the payment of an extraordinary dividend in the amount of \$174.0 million on May 8, 2013, the \$90.1 million could be paid without approval after June 26, 2013.

⁽²⁾ \$190.0 million paid as part of the June 2012 distribution of \$800.0 million.

In addition to the principal insurance subsidiaries listed above, we also have U.S. insurance subsidiaries domiciled in Indiana and New York. We also have special purpose financial captive insurance company subsidiaries domiciled in Missouri and South Carolina that provide reinsurance to our U.S. insurance subsidiaries in order to facilitate the financing of excess reserve requirements associated with Regulation XXX or AG38. We also have a subsidiary in the Cayman Islands that primarily provides reinsurance to our U.S. insurance subsidiaries. See Dividend Restrictions in the *Shareholders' Equity and Dividend Restrictions* note to our Consolidated Financial Statements.

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Dividends and return of capital distributions paid to ING U.S., Inc. or Lion Holdings by our principal insurance subsidiaries were as follows for the periods presented:

(\$ in millions)	Dividends Paid			Return of Capital Distributions		
	Nine Months Ended		Year Ended December 31, 2011	Nine Months Ended		Year Ended December 31, 2011
	September 30, 2013	2012		September 30, 2013	2012	
Subsidiary Name (State of domicile):						
ING USA Annuity and Life Insurance Company (IA) ⁽¹⁾	\$	\$	\$	\$ 230.0	\$ 250.0	\$
ING Life Insurance and Annuity Company (CT) ⁽²⁾	174.0	190.0			150.0	
Security Life of Denver Insurance Company (CO) ⁽³⁾				447.0	80.0	200.0
ReliaStar Life Insurance Company (MN) ⁽⁴⁾		130.0		583.0		

(1) Iowa Insurance Division approved ING USA's 2013 and 2012 return of capital distributions.

(2) Connecticut Insurance Department approved ILIAC's \$174 million 2013 dividend and \$340 million 2012 distribution, which included a \$190 million dividend.

(3) Colorado Insurance Division approved SLD's 2013, 2012 and 2011 return of capital distributions.

(4) Minnesota Insurance Division approved RLI's 2013 return of capital distribution and 2012 dividend.

The 2013 dividends or return of capital distributions in the aggregate amount of \$1,434 million received from our principal insurance subsidiaries on May 8, 2013, together with proceeds from our initial public offering, were used to make a capital contribution to SLDI in order to strengthen capital and allow for cancellation of the \$1.5 billion contingent capital LOC with ING Bank. See Contingent Capital Letter of Credit below.

In June 2012, our insurance subsidiaries domiciled in Colorado, Connecticut, Iowa and Minnesota received regulatory approvals or notices of non-objection from their respective domiciliary insurance regulators to make distributions to ING U.S., Inc. or Lion Holdings in the aggregate amount of \$800.0 million. Such distributions were made on June 26, 2012. These domiciliary state regulatory actions were taken by the relevant domiciliary state insurance regulators in response to requests that stated the intended use of the proceeds was to provide \$500.0 million to our Cayman Islands domiciled insurance subsidiary, SLDI, and retain the balance at ING U.S., Inc. for general corporate purposes. On June 26, 2012, ING U.S., Inc. made a capital contribution to SLDI in the amount of \$400.0 million. Additionally, ING U.S., Inc. repaid \$100.0 million of intercompany loans from a subsidiary of SLDI and, on June 28, 2012 the proceeds of this loan repayment were used by such subsidiary to pay a dividend to SLDI.

Dividends and return of capital distributions in 2011 were made for the purpose of rebalancing statutory capital among our principal U.S. insurance subsidiaries and all amounts received by ING U.S., Inc. or Lion Holdings were in turn contributed to U.S. insurance subsidiaries. Payment of these amounts was approved by the insurance regulatory authorities of the relevant domiciliary states in response to requests that stated the intended use of the proceeds was to make capital contributions to certain of our U.S. insurance subsidiaries.

We may receive dividends from or contribute capital to our wholly owned non-life insurance subsidiaries such as broker-dealers, investment management entities and intermediate holding companies. For the years ended December 31, 2012 and 2011, dividends net of capital contributions received by ING U.S., Inc. and Lion Holdings from non-life subsidiaries were \$93.0 million and \$109.6 million, respectively. With respect to these amounts received in the year ended December 31, 2012, none came from one or more entities which are not expected to produce significant distributions in the future. With respect to the net amount received in the year ended December 31, 2011, \$9.6 million came from one or more entities which are not expected to produce significant distributions in the future.

Table of Contents**Description of Certain Indebtedness**

We borrow funds to provide liquidity, invest in the growth of the business and for general corporate purposes. Our ability to access these borrowings depends on a variety of factors including, but not limited to, the credit rating of ING U.S., Inc. and of its insurance company subsidiaries and general macroeconomic conditions. The following table presents our borrowing activities for the nine months ended September 30, 2013:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Short-Term Debt:					
Commercial paper ⁽¹⁾	\$ 192.0	\$ 474.9	\$ (666.9)	\$	\$
Current portion of long-term debt	872.6		(873.0)	0.4	
Total short-term debt	\$ 1,064.6	\$ 474.9	\$ (1,539.9)	\$ 0.4	\$
Long-Term Debt:					
Debt securities in issue	\$ 1,500.4	\$ 2,146.8	\$ (138.7)	\$ 1.1	\$ 3,509.6
Borrowings from ING V ⁽¹⁾	500.0		(500.0)		
Windsor property loan	4.9				4.9
Syndicated Bank Term Loans	1,350.0		(1,350.0)		
Surplus notes	688.4		(688.4)		
Subtotal	4,043.7	2,146.8	(2,677.1)	1.1	3,514.5
Less: Current portion of long-term debt	872.6		(873.0)	0.4	
Total long-term debt	\$ 3,171.1	\$ 2,146.8	\$ (1,804.1)	\$ 0.7	\$ 3,514.5

⁽¹⁾ The commercial paper program was terminated on October 3, 2013.

The following table summarizes our borrowing activities for the year ended December 31, 2012:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Short-Term Debt:					
Commercial paper	\$ 554.6	\$ 18,700.9	\$ (19,063.5)	\$	\$ 192.0
Current portion of long-term debt ⁽¹⁾	500.0	300.0	(150.0)	222.6	872.6
Total short-term debt	\$ 1,054.6	\$ 19,000.9	\$ (19,213.5)	\$ 222.6	\$ 1,064.6
Long-Term Debt:					
Debt securities ⁽³⁾	\$ 649.8	\$ 849.5	\$	\$ 1.1	\$ 1,500.4
Borrowings from ING V ⁽¹⁾	500.0				500.0
Windsor property loan	4.9				4.9
Bank Revolver Loan ⁽²⁾		500.0	(500.0)		
Syndicated Bank Term Loans ⁽²⁾		1,500.0	(150.0)		1,350.0
Surplus notes	688.4				688.4
Subtotal	1,843.1	2,849.5	(650.0)	1.1	4,043.7

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Less: Current portion of long-term debt	500.0	300.0	(150.0)	222.6	872.6
Total long-term debt	\$ 1,343.1	\$ 2,549.5	\$ (500.0)	\$ (221.5)	\$ 3,171.1

- (1) On April 12, 2012, the maturity for ING U.S., Inc.'s \$500.0 million floating rate loan agreement with ING V was extended until April 29, 2016.
- (2) On April 20, 2012, ING U.S., Inc. entered into a \$5.0 billion Senior Unsecured Credit Facility. On that date, ING U.S., Inc. borrowed a total of \$2.0 billion which was used to replace internal funding. See [Senior Unsecured Credit Facility](#) below.
- (3) On July 13, 2012, ING U.S., Inc. issued the 2022 Notes. See [Debt Securities](#) below.

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The following table summarizes our borrowing activities for the year ended December 31, 2011:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Short-Term Debt:					
Commercial paper	\$ 1,203.6	\$ 21,654.5	\$ (22,303.5)	\$	\$ 554.6
Repurchase agreements	425.2	2,225.6	(2,650.8)		
Borrowings from ING V ⁽¹⁾	2,715.0	23,352.0	(23,089.0)	(2,978.0)	
Other third-party borrowed funds	1,120.8		(1,120.8)		
Current portion of long-term debt				500.0	500.0
Total short-term debt	\$ 5,464.6	\$ 47,232.1	\$ (49,164.1)	\$ (2,478.0)	\$ 1,054.6
Long-Term Debt:					
Debt securities	\$ 648.7	\$	\$	\$ 1.1	\$ 649.8
Borrowings from ING V ⁽¹⁾	1,500.0			(1,000.0)	500.0
Windsor property loan	4.9				4.9
Surplus notes	630.4	58.0			688.4
Subtotal	\$ 2,784.0	\$ 58.0	\$	\$ (998.9)	\$ 1,843.1
Less: Current portion of long-term debt				500.0	500.0
Total long-term debt	\$ 2,784.0	\$ 58.0	\$	\$ (1,498.9)	\$ 1,343.1

⁽¹⁾ Includes all issuances within the year including amounts issued to refinance maturing amounts. During 2011, we converted \$4.0 billion of debt owed to ING V into equity.

Senior Unsecured Credit Facility

On April 20, 2012 ING U.S., Inc. entered into a \$5.0 billion Senior Unsecured Credit Facility with a syndicate of banks. The Senior Unsecured Credit Facility, which is guaranteed by Lion Holdings, consisted of the \$3.5 billion Revolving Credit Agreement and the \$1.5 billion Term Loan Agreement. The Revolving Credit Agreement expires on April 20, 2015. The Term Loan Agreement expired on May 21, 2013, upon the repayment of all amounts outstanding under the Term Loan Agreement.

Revolving Credit Agreement. The Revolving Credit Agreement, while primarily an LOC facility, also includes a revolving credit sublimit of up to \$1.5 billion of the \$3.5 billion total, which may be directly borrowed by ING U.S., Inc. This \$1.5 billion direct borrowings sublimit is reduced by 50% of the face amount of any debt securities issued by us, provided, that the sublimit may not be reduced below \$750.0 million as a result. The cost of borrowings and LOC under the Revolving Credit Agreement vary depending on ING U.S., Inc.'s credit rating. The terms of the Senior Unsecured Credit Facility require ING U.S., Inc. to maintain liquidity of \$500.0 million at all times. Liquidity is defined for this purpose to include, among other things, cash, ordinary dividend capacity from operating subsidiaries and undrawn borrowing capacity under the Revolving Credit Agreement. In order to meet this requirement in the future, ING U.S., Inc. could be required to forgo otherwise available draws under the Revolving Credit Agreement.

Immediately following the closing of the Revolving Credit Agreement, ING U.S., Inc. drew \$500.0 million of direct borrowings to replace internally funded financing. In addition, \$1.4 billion of LOCs were issued to replace \$1.4 billion of LOCs issued under a pre-existing \$2.5 billion syndicated LOC facility. As of December 31, 2012, \$2.0 billion of LOCs were outstanding under the Revolving Credit Agreement.

On July 17, 2012, ING U.S., Inc. repaid the \$500.0 million of direct borrowings with proceeds from the issuance of the 2022 Notes (see Debt Securities below). As a result of the issuance of the 2022 Notes, the direct borrowing sublimit under the Revolving Credit Agreement was reduced to \$1.075 billion consistent with the requirement described above.

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On February 11, 2013, ING U.S., Inc. issued \$1.0 billion of 2018 Notes in a private placement with registration rights (the "2018 Notes") (see "Debt Securities" below). As a result of the issuance of the 2018 Notes, the revolving credit borrowings sublimit of the Revolving Credit Agreement was reduced by 50% of the issuance to a minimum of \$750.0 million.

Term Loan Agreement. The proceeds of the Term Loan Agreement were used to replace financing that was internally funded. ING U.S., Inc. paid interest at a variable rate based on its credit rating and was required to make principal payments totaling 20% of the original borrowing amount over the first 12 months and 30% over the second twelve months with all remaining amounts due by April 20, 2014.

During February 2013, we made payments totaling \$850.0 million on the Syndicated Bank Term Loan from the proceeds of the 2018 Notes. On May 21, 2013, we used the proceeds of the junior subordinated notes for the repayment of the outstanding borrowings of \$392.5 million under the Syndicated Bank Term Loan.

Credit Facilities and Subsidiary Credit Support Arrangements

We use credit facilities primarily to provide collateral required under our affiliated reinsurance transactions as well as certain third party reinsurance arrangements to which one of our captive reinsurance subsidiaries is a party. We also issue guarantees and enter into financing arrangements in connection with our affiliated reinsurance transactions. These arrangements are primarily designed to facilitate the financing of excess reserve requirements associated with Statutory Regulations XXX and AG38. Regulation XXX and AG38 require insurers to hold significantly higher levels of reserves on term products and universal life insurance products with secondary guarantees, respectively, than are generally thought to be sufficient. By reinsuring business to special purpose financial captive reinsurance companies, we are able to use alternative sources of collateral to fund the excess reserve requirements and are generally able to secure longer term financing on a more capital efficient basis. As of December 31, 2012, we had credit facilities providing \$2.0 billion of XXX and AG38 reinsurance credit associated with our individual life business.

Effective January 1, 2009, we entered into a master asset purchase agreement (the "MPA") with Scottish Re Group Limited, Scottish Holdings, Inc., Scottish Re (U.S.), Inc. ("SRUS"), Scottish Re Life (Bermuda) Limited ("Scottish Bermuda") and Scottish Re (Dublin) Limited (collectively, "Scottish Re") and Hannover Re. Pursuant to the MPA, we recaptured individual life reinsurance business which had previously been reinsured to Scottish Re and immediately ceded 100% of such business to Hannover Re on a modified coinsurance, funds withheld and coinsurance basis, which resulted in no gain or loss. We will remain obligated to maintain collateral for the excess reserve requirements associated with Statutory Regulations XXX and AG38 on the business transferred from us to Hannover Re for the duration of such reserve requirements or until the underlying reinsurance contracts are novated to Hannover Re or Hannover Re puts into place its own collateral for such reserve requirements. As of December 31, 2012, we had credit facilities providing \$3.5 billion of XXX and AG38 reinsurance credit associated with our individual life reinsurance acquired by Hannover Re. Hannover Re reimburses us for a portion of our fees for these credit facilities. We refer to this block as the Hannover Re block and its results are reported as part of the Closed Block Other segment.

We also utilize LOCs to provide credit for reinsurance on portions of the CBVA segment liabilities reinsured to our Cayman Islands insurance subsidiary in order to meet the onshore statutory reserve requirements at those times when the assets and other capital backing the reinsurance liabilities may be less than the statutory reserve requirement. As of December 31, 2012, the amount of LOCs required for this purpose was approximately \$424.0 million and the actual amount of the LOCs outstanding was \$1.0 billion.

In addition to the \$6.5 billion of individual life, individual life reinsurance and CBVA credit facilities utilized, a \$1.5 billion contingent capital LOC was issued by ING Bank to support the CBVA segment and \$345.6 million of LOCs were outstanding to support miscellaneous requirements. In total, \$8.2 billion of credit facilities were utilized as of December 31, 2012. As of December 31, 2012, the capacity of our unsecured and

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uncommitted credit facilities totaled \$3.4 billion and the capacity of our unsecured and committed credit facilities totaled \$8.9 billion. We also have approximately \$275.0 million in secured facilities. 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.

Total fees associated with credit facilities for the years ended December 31, 2012 and 2011 were \$223.2 million and \$103.4 million, respectively.

The following table presents our credit facilities, their dates of expiration, capacity and utilization as of September 30, 2013:

(\$ in millions)

Obligor / Applicant	Liability Supported	Secured/ Unsecured	Committed/ Uncommitted	Expiration	Capacity	Utilization	Unused Commitment
ING U.S., Inc. ⁽¹⁾	Individual Life	Unsecured	Committed	04/20/15	\$ 3,500.0	\$ 2,578.7	\$ 921.3
	Hannover Re block					656.0	
	CBVA					508.9	
	Retirement Solutions					1,200.0	
	Other					140.0	
						73.8	
ING U.S., Inc. /							
SLDI, Roaring River LLC ⁽¹⁾⁽²⁾	Individual Life	Unsecured	Uncommitted	02/28/13	15.0	15.0	
ING U.S., Inc. / SLDI	Hannover Re block	Unsecured	Committed	11/09/21	750.0	750.0	
SLDI ⁽¹⁾⁽³⁾	Hannover Re block	Unsecured	Committed	12/31/13	825.0	825.0	
ING U.S., Inc. / SLDI	Hannover Re block	Unsecured	Committed	12/27/22	1,150.0	1,150.0	
ING U.S., Inc. / SLD ⁽¹⁾⁽²⁾⁽³⁾	Hannover Re block	Unsecured	Uncommitted	06/30/13	225.6	225.6	
ReliaStar Life Insurance Company	Institutional Spread Products	Secured	Committed	Conditional	265.0	265.0	
ING U.S., Inc. / SLDI	Individual Life	Unsecured	Committed	12/31/25	475.0	475.0	
ING U.S., Inc.	Other	Unsecured	Uncommitted	Various dates	2.1	2.1	
ING U.S., Inc.	Other	Secured	Uncommitted	Various dates	10.0	4.7	
ING U.S., Inc. / Roaring River III LLC	Individual Life	Unsecured	Committed	06/30/22	1,151.2	548.0	603.2
ING U.S., Inc. / Roaring River II LLC	Individual Life	Unsecured	Committed	12/31/19	995.0	550.0	445.0
Total					\$ 9,363.9	\$ 7,389.1	\$ 1,969.5

(1) Refer to the *Related Party Transactions* Note to the Condensed Consolidated Financial Statements for more information.

(2) Facilities matured as of date stated above. Each LOC issued prior to the facility expiring remains outstanding until its stated expiry date.

(3) Effective October 30, 2013, Security Life of Denver International Limited (SLDI) completed a \$1.125 billion letter of credit facility which replaced these facilities. The new facility provides \$1.125 billion capacity on a committed basis until October 29, 2020.

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Effective August 19, 2013, a \$750.0 million facility maturing August 19, 2021 supporting the Hannover Re block was terminated. Also, effective August 19, 2013, the facility maturing December 27, 2022 was increased by \$400.0 million to \$1.15 billion.

Additionally, as of December 31, 2012, Whisperingwind II, LLC and Whisperingwind III, LLC had issued \$359.3 million and \$329.1 million of surplus notes to a third party bank which mature on December 31, 2037 and June 30, 2037, respectively. The proceeds of the surplus notes are used to fund AG38 reserves of our Individual Life segment. On January 3, 2013, Whisperingwind II, LLC repaid its surplus note in full. See Surplus Notes.

The following tables present our existing financing facilities for each of our Individual Life, Hannover Re and CBVA blocks of business as of September 30, 2013. While these tables present the current financing for each block, these financing facilities will expire prior to the runoff of the reserve liabilities they support. In addition, these liabilities will change over the life of each block. As a result, the existing financing will be periodically extended or replaced and increased as each block grows toward the peak reserve requirement noted below.

Individual Life

(\$ in millions)

Obligor/Applicant	Financing Structure	Reserve Type	Expiration	Capacity	Utilization
ING U.S., Inc.	Credit Facility	XXX	04/20/15	\$ 656.0	\$ 656.0
ING U.S., Inc. ⁽¹⁾	Credit Facility	Other	02/28/13	15.0	15.0
ING U.S., Inc./Roaring River III LLC	Trust Note	XXX	06/30/22	1,151.2	548.0
ING U.S., Inc./SLDI	LOC Facility	AG38	12/31/25	475.0	475.0
ING U.S., Inc./Roaring River II LLC	LOC Facility	XXX	12/31/19	995.0	550.0
Total				\$ 3,292.2	\$ 2,244.0

⁽¹⁾ LOC issued prior to the facility expiring remains outstanding until its stated expiry date of June 30, 2026.

The peak financing requirement for the Individual Life liabilities above is expected to reach approximately \$3.4 billion during the period 2017-2020.

Hannover Re block

(\$ in millions)

Obligor/Applicant	Financing Structure	Reserve Type	Expiration	Capacity	Utilization
ING U.S., Inc.	Credit Facility	XXX/AG38	04/20/2015	\$ 508.9	\$ 508.9
ING U.S., Inc./SLDI	Collateral Note	XXX/AG38	11/09/2021	750.0	750.0
ING U.S., Inc./SLDI	Collateral Note	XXX/AG38	12/27/2022	1,150.0	1,150.0
SLDI ⁽¹⁾	Collateral Note	XXX/AG38	12/31/2013	825.0	825.0
ING U.S., Inc./SLDI ⁽¹⁾⁽²⁾	LOC Facility	XXX/AG38	06/30/2013	225.6	225.6
Total				\$ 3,459.5	\$ 3,459.5

⁽¹⁾ Effective October 30, 2013, SLDI completed a \$1.125 billion letter of credit facility which replaced these facilities.

⁽²⁾ LOC issued prior to the facility expiring remains outstanding until its stated expiry date.

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The peak financing requirement for the Hannover Re block is expected to reach approximately \$3.5 billion in 2016.

CBVA

(\$ in millions)

Obligor/Applicant	Financing Structure	Product	Expiration	Capacity	Utilization
ING U.S., Inc./SLDI	Credit Facility	GMWBL/GMIB	04/20/2015	\$ 1,200.0	\$ 1,200.0
Total				\$ 1,200.0	\$ 1,200.0

Contingent Capital Letter of Credit

Our Cayman Islands insurance subsidiary, SLDI, was the sole obligor under a \$1.5 billion contingent capital LOC facility with ING Bank, under which \$1.5 billion of LOCs were issued to support SLDI's reinsurance obligations to ING USA for certain minimum guarantees included in its CBVA products. The agreement had no recourse to ING U.S., Inc.

On May 8, 2013, ING U.S., Inc. made a capital contribution to SLDI in the amount of \$1.8 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.

Reinsurance Subsidiaries ING U.S., Inc. Credit Support

As of December 31, 2012, ING U.S., Inc. supported the reinsurance obligations of its reinsurance subsidiaries with \$30.1 million in LOCs issued by ING Bank of which \$30.1 million was guaranteed by ING V. Subsequently, \$15.1 million in LOCs were cancelled in January 2013. The remaining \$15.0 million, and thus the ING V guarantee, will expire in 2026 unless the letter of credit is cancelled at an earlier date. No fees are paid by the Company to ING V with respect to this guarantee.

ING U.S., Inc. also maintains credit facilities with third-party banks to support the reinsurance obligations of our onshore captive reinsurance subsidiaries. As of December 31, 2012, such facilities provided for up to \$2.1 billion of capacity, of which \$910.0 million was utilized.

In addition to providing credit facilities, we also provide credit support to our onshore captive reinsurance subsidiaries through surplus maintenance agreements, pursuant to which we agree to cause these subsidiaries to maintain particular levels of capital or surplus and which we entered into in connection with particular reinsurance transactions. These agreements are effective for the duration of the in-force policies subject to the related reinsurance transactions and the maximum potential obligations are not specified or applicable. Since these obligations are not subject to limitations, it is not possible to determine the maximum potential amount due under these agreements.

In connection with certain reinsurance transactions involving a third-party trust (the Master Trust), ING U.S., Inc. and SLDI are parties to reimbursement agreements with third-party banks that lend securities to the Master Trust. SLDI has reimbursement obligations to the banks under these agreements, in an aggregate amount of up to \$1.9 billion as of September 30, 2013, which obligations are guaranteed by ING U.S., Inc. This amount represents a \$350.0 million reduction from \$2.25 billion of reimbursement obligations as of June 30, 2013. ING U.S., Inc. also provides an indemnification to the third-party banks with respect to any defaults by the Master

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Trust under the securities lending agreements under which these banks lend securities to the Master Trust, up to \$1.9 billion. This amount represents a \$350.0 million reduction from \$2.25 billion of indemnification as of June 30, 2013. These agreements and the related indemnification were entered into to facilitate collateral requirements supporting reinsurance and are effective for the duration that the collateral remains outstanding.

ING U.S., Inc. provides a separate indemnification to ING Bank with respect to any defaults by the Master Trust under a similar securities lending agreement between the Master Trust and ING Bank, up to \$825.0 million. This agreement and the related indemnification were entered into to facilitate collateral requirements supporting reinsurance agreements and are effective for the duration that the collateral remains outstanding. This agreement expires on December 31, 2013. Effective October 30, 2013, SLDI completed a \$1.125 billion letter of credit facility which replaced this facility.

ING U.S., Inc. has also entered into a corporate guarantee agreement with a third party ceding insurer where it guarantees the reinsurance obligations of our subsidiary, SLD, assumed under a reinsurance agreement with the third-party cedent. SLD retrocedes the business to Hannover Life Reassurance Company of America (Hannover US) who is the claims paying party. The current amount of reserves outstanding as of December 31, 2012 is \$24.6 million. The maximum potential obligation is not specified or applicable. Since these obligations are not subject to limitations, it is not possible to determine the maximum potential amount due under these guarantees.

On September 6, 2012, ING U.S., Inc. as borrowing party and its subsidiary, Roaring River III, as borrower, entered into a reimbursement agreement with a third-party bank providing for \$390.0 million of initial funding in the form of a putable variable funding trust note due 2022 where ING U.S., Inc. guarantees the reimbursement obligations of Roaring River III. Roaring River III has entered into a reinsurance agreement with an affiliated ceding company and by entering into the reimbursement agreement, Roaring River III provides collateral for reinsurance in the form of the trust note. To support additional growth in reserves on the policies reinsured, the initial trust note notional amount of \$390.0 million may be increased to approximately \$1.2 billion prior to maturity. As of December 31, 2012 the amount of the trust note was increased to \$445.0 million.

The \$390.0 million of trust notes replaces \$462.0 million of collateral provided under previous financing arrangements involving \$257.0 million of reserves ceded to Whisperingwind I and \$205.0 million of reserves ceded to Roaring River which were collateralized by LOCs provided by a third-party bank and ING Bank, respectively, and guaranteed by ING V. The completion of the transaction involved moving business from several ING U.S., Inc. subsidiaries to the newly established Roaring River III captive such that the amount of reserves which required collateral under the new transaction were less than under the previous transactions. As a result, there is not a one for one correlation between the new total amount of capacity of \$390.0 million replacing the prior total amount of \$462.0 million. The completion of the transaction reduced ING V guarantee obligations under the prior LOC by \$462.0 million.

Effective October 1, 2012, RLI novated the reinsurance ceded to Whisperingwind II to a third party reinsurer which replaced \$359.3 million of surplus notes with \$364.0 million of trust assets at fair value for reserve credit as of December 31, 2012.

Reinsurance Subsidiaries Other Credit Support

RLI and SLD, indirect and direct subsidiaries of ING U.S., Inc., respectively, guarantee a reinsurance contract entered into by SLDI with respect to SLDI s reinsurance of \$250.0 million of the principal and interest of a bond insured by an unrelated insurance company. The bond payments are supported by the insurer s closed block. Surplus from the closed block, in the form of dividends, is used to pay the bond principal and interest.

In order to collateralize obligations under this treaty, RLI provided a LOC of \$265.0 million issued by the FHLB of Des Moines to the unrelated insurer which is secured by assets pledged by RLI to FHLB. As of December 31, 2012 and 2011, the LOC is collateralized by assets with a market value of approximately \$336.5 million and \$354.0 million, respectively.

Table of Contents***Other Subsidiaries ING U.S., Inc. Credit Support***

ING U.S., Inc. also guarantees obligations of Lion Holdings under \$13.0 million par amount of Series B Capital Securities maturing in 2027 as well as \$506.1 million combined par amount of debentures. For more information see **Debt Securities** below. From time to time, ING U.S., Inc. may also have outstanding guarantees of various obligations of its subsidiaries.

We did not recognize any asset or liability as of December 31, 2012 in relation to intercompany indemnifications and support agreements. As of September 30, 2013, no circumstances existed in which we were required to currently perform under these indemnifications and support agreements.

Commercial Paper

ING U.S., Inc. had a commercial paper program with an authorized capacity of \$3.0 billion. Our commercial paper borrowings were generally used to fund the working capital needs of our subsidiaries and provide short-term liquidity to us. Outstanding commercial paper borrowings were \$192.0 million as of December 31, 2012. No amounts were outstanding as of September 30, 2013. The issuances under this program benefited from a full and irrevocable guarantee provided by ING V. We paid ING V 10 basis points (bps) on the outstanding balance of the commercial paper program as a fee for this guarantee. We reduced the balance of commercial paper outstanding under the commercial paper program to zero in April 2013, and on October 3, 2013, terminated the program and the related guarantee. In the future, as and when our credit profile permits us to do so, we intend to establish a standalone commercial paper program in the ordinary course of business.

Debt Securities

As of September 30, 2013 and December 31, 2012, Lion Holdings had outstanding \$163.0 million par amount of 7.25% Debentures due August 15, 2023, \$235.1 million par amount of 7.63% Debentures due August 15, 2026 and \$108.0 million par amount of 6.97% Debentures due August 15, 2036 (collectively, the **Aetna Notes**), all of which were issued by a predecessor of Lion Holdings and assumed in connection with our acquisition of Aetna's life insurance and related businesses. In addition, Equitable of Iowa Capital Trust II, a limited purpose trust, has outstanding \$13.0 million par amount of 8.42% Series B Capital Securities due April 1, 2027 (the **ING USA Notes**). ING Group guarantees the Aetna Notes. Both the Aetna Notes and the ING USA Notes benefit from a guarantee by ING U.S., Inc. See **Certain Relationships and Related Party Transactions Relationship with ING Group Following the Offering Shareholders Agreement Provisions** with respect to certain obligations of the Company guaranteed by ING Group or its subsidiaries **Aetna Notes** .

On September 15, 2013 we repaid, at maturity, the 6.75% Lion Connecticut Holdings Inc., due 2013, debentures which carried an ING Group guarantee. As of September 30, 2013, the outstanding par amount of Lion Holdings debentures guaranteed by ING Group was \$506.1 million.

On July 13, 2012, we issued \$850.0 million of 2022 Notes. The 2022 Notes are guaranteed by Lion Holdings. We pay interest semi-annually, in arrears, on each January 15 and July 15, commencing on January 15, 2013. ING Financial Markets, LLC, an affiliate, served as Joint Book Running Manager for the 2022 Notes and was paid \$0.3 million for its services. We used the proceeds of the 2022 Notes to repay \$500.0 million of the direct borrowings under the Revolving Credit Agreement. The remaining proceeds of the 2022 Notes were used for general corporate purposes, including the retirement of commercial paper.

On February 11, 2013, ING U.S., Inc. issued \$1.0 billion of 2018 Notes. The 2018 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. During the nine months ended September 30, 2013, we used the proceeds of the 2018 Notes to repay \$850.0 million of the borrowings under the Term Loan portion of our Senior Unsecured Credit Facility. We used the remaining proceeds of the 2018 Notes for general corporate purposes including retirement of

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outstanding commercial paper. ING Financial Markets, LLC, an affiliate, served as Joint Book Running Manager for the 2018 Notes and was paid \$0.3 million for its services. As a result of the issuance of the 2018 Notes, the revolving credit borrowings sublimit of the Revolving Credit Agreement of the Senior Unsecured Credit Facility was reduced by 50% of the issuance to the minimum of \$750.0 million.

On May 16, 2013, we issued \$750.0 million of the junior subordinated notes due 2053. The junior subordinated 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 junior subordinated notes will bear interest at a fixed rate of 5.65% prior to May 15, 2023. From May 15, 2023, the junior subordinated notes will bear interest at an annual rate equal to three-month London Interbank Offered Rate (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 junior subordinated notes has occurred and is continuing, we have the right on one or more occasions, to defer the payment of interest on the junior subordinated 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 our plan to defer interest and during the period interest is deferred, we and our subsidiaries generally, with certain exceptions, may not make payments on or redeem or purchase any shares of our common stock or any of the debt securities or guarantees that rank in liquidation on a parity with or are junior to the junior subordinated notes.

We may elect to redeem the junior subordinated 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, \$25.0 million of aggregate principal (excluding the principal amount of the junior subordinated notes held by us or our affiliates) must remain outstanding after giving effect to the redemption; or (ii) in whole, but not in part, at any time prior to May 15, 2023 within 90 days after the occurrence of a tax event or rating agency event , as defined in the junior subordinated notes offering memorandum, at a redemption price equal to the principal amount, or, if greater, a make-whole redemption price, as defined in the junior subordinated notes offering memorandum, plus, in each case accrued and unpaid interest.

On May 21, 2013, we used the proceeds of the junior subordinated notes for the repayment of the remaining outstanding borrowings of \$392.5 million under the Term Loan portion of the Senior Unsecured Credit Facility. The remaining proceeds were used to partially repay the borrowings with ING V.

On July 26, 2013, we issued \$400.0 million of Old Notes. The Old Notes are guaranteed by Lion Holdings. Interest is payable semiannually on each January 15 and July 15, commencing on January 15, 2014. We and Lion Holdings agreed to use reasonable best efforts to cause a registration statement to be filed with the SEC within 120 days after the date of note issuance. The registration statement of which this prospectus forms a part was filed to fulfill this obligation, and registers the exchange offer. Under the terms of the registration rights agreement, the exchange offer is required to be completed by January 22, 2014. The Company used the proceeds of the Old Notes for general corporate purposes, including the repayment of certain borrowings.

Under the Registration Rights Agreements associated with the 2022 Notes, the 2018 Notes and the junior subordinated notes, ING U.S., Inc. and Lion Holdings agreed to use reasonable best efforts to cause a registration statement to be filed with the SEC that, upon effectiveness, would permit holders of these notes to exchange them for new notes containing identical terms except for the restrictions on transfer contained in the original notes (the Exchange Offer). The Exchange Offer expired on August 8, 2013 and was completed on August 14, 2013.

Surplus Notes

Two of our onshore captive reinsurance subsidiaries, Whisperingwind II, LLC and Whisperingwind III, LLC, issued surplus notes in order to finance insurance reserves assumed. On January 3, 2013, Whisperingwind II, LLC repaid the \$359.3 million surplus note.

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On April 16, 2013, Whisperingwind III, LLC obtained a LOC of \$305.0 million to replace its surplus note. Upon receiving regulatory approval, on April 19, 2013 Whisperingwind III, LLC repaid its \$329.1 million surplus note. See the Financing Agreements Note Surplus Notes section to the Condensed Consolidated Financial Statements.

ING Group Credit Support

As described above, certain of our indebtedness benefits from a guarantee provided by ING Group or ING V. As of September 30, 2013, the indebtedness for which ING Group or ING V provide guarantees included:

\$15.0 million in LOC issued by ING Bank and used to support the reinsurance obligations of one of our captive reinsurance subsidiaries; and

\$506.1 million aggregate par amount of Aetna Notes issued by Lion Holdings.

In addition, as of September 30, 2013, ING V guaranteed our obligations under \$500 million notional amount of credit default swaps (CDS) written by one of our subsidiaries.

Securities Lending

We engage in securities lending for cash or cash equivalents, on a direct basis, or through an agent, whereby certain domestic securities from our portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the market value of the loaned domestic securities. For portions of the agency program, the lending agent retains 5% of the collateral deposited by the borrower in liquid securities and transfers the remaining 95% to us. For other portions of the agency program, the lending agent retains all of the cash collateral. Collateral retained by the agent is invested in liquid assets on our behalf. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates due to interest rates, spreads and other risk factors. As of December 31, 2012 and 2011, the fair value of loaned securities was \$601.8 million and \$1.0 billion, respectively, and is included in Securities pledged on the Consolidated Balance Sheets. As of December 31, 2012 and 2011, collateral retained by the lending agent and invested in liquid assets on our behalf was \$619.5 million and \$1.0 billion, respectively, and is recorded in Short-term investments under securities loan agreement, including collateral delivered on the Consolidated Balance Sheets. Cash collateral received by us is included in Cash and cash equivalents or Invested assets to the extent it is reinvested. As of December 31, 2012 and 2011, liabilities to return collateral of \$619.5 million and \$1.0 billion, respectively, are included in Payables under securities loan agreement, including collateral held on the Consolidated Balance Sheets.

Repurchase Agreements

We engage in dollar repurchase agreements with mortgage-backed securities (dollar rolls) and repurchase agreements with other collateral types to increase our return on investments and improve liquidity. Such arrangements meet the requirements to be accounted for as financing arrangements. We enter into dollar roll transactions by selling existing MBS and concurrently entering into an agreement to repurchase similar securities within a short time frame at a lower price. Under repurchase agreements, we borrow cash from a counterparty at an agreed upon interest rate for an agreed upon time frame and pledge collateral in the form of securities. At the end of the agreement, the counterparty returns the collateral to us, and we, in turn, repay the loan amount along with the additional agreed upon interest. We require that at all times during the term of the dollar roll and repurchase agreements that cash or other collateral types obtained is sufficient to allow us to fund substantially all of the cost of purchasing replacement assets. Cash received is invested in short-term investments, with the offsetting obligation to repay the loan included as a liability on the Consolidated Balance Sheets. As per the terms of the agreements, the market value of the loaned securities is monitored with additional collateral obtained or refunded as the market value of the loaned securities fluctuates due to changes in interest rates, spreads and other risk factors.

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The carrying value of the securities pledged in dollar rolls and repurchase agreement transactions and the related repurchase obligation are included in Securities pledged and Short-term debt, respectively, on the Consolidated Balance Sheets. As of December 31, 2012 and 2011, we did not have any securities pledged in dollar rolls and repurchase agreement transactions.

We also enter into reverse repurchase agreements. These transactions involve a purchase of securities and an agreement to sell substantially the same securities as those purchased. We require that, at all times during the term of the reverse repurchase agreements, cash or other collateral types provided is sufficient to allow the counterparty to fund substantially all of the cost of purchasing the replacement assets. As of December 31, 2012 and 2011, we did not have any securities pledged under reverse repurchase agreements.

The primary risk associated with short-term collateralized borrowings is that the counterparty will be unable to perform under the terms of the contract. Our exposure is limited to the excess of the net replacement cost of the securities over the value of the short-term investments. We believe the counterparties to the dollar rolls, repurchase and reverse repurchase agreements are financially responsible and that the counterparty risk is minimal.

FHLB

We are currently a member of the FHLB of Des Moines and the FHLB of Topeka and are required to maintain a collateral deposit that backs any advances, funding agreements issued or LOCs issued by the FHLB. We have the ability to obtain funding from the FHLBs based on a percentage of the value of our assets and are subject to the availability of eligible collateral. The limits across all programs are 15% of the general and separate accounts of ING USA, potentially up to 40% of the general account of SLD based on credit approval from FHLB of Topeka and 20% of the general and separate accounts of RLI. Furthermore, collateral is pledged based on the outstanding balances of FHLB advances, funding agreements and LOCs. The amount varies based on the type, rating and maturity of the collateral posted to the FHLB. Generally, mortgage securities are pledged to the FHLBs. Market value fluctuations resulting from changes in interest rates, spreads and other risk factors for each type of assets are monitored and additional collateral is either pledged or released as needed.

Our borrowing capacity under these credit facilities does not have an expiration date as long as we maintain a satisfactory level of creditworthiness based on the FHLBs' credit assessment. As of December 31, 2012 and 2011, we had \$2.6 billion and \$3.2 billion in non-putable funding agreements, respectively, which are included in Contract owner account balances on the Consolidated Balance Sheets. As of December 31, 2012 and 2011, we had \$265.0 million and \$265.0 million, respectively, of LOCs issued by the FHLB. As of December 31, 2012 and 2011, we had assets with a market value of approximately \$3.1 billion and \$3.8 billion, respectively, which collateralized the FHLB funding agreements. As of December 31, 2012 and 2011, we had assets with a market value of approximately \$336.5 million and \$354.0 million, respectively, which collateralized the FHLB LOCs. Assets pledged to the FHLB are included in Fixed maturities, available-for-sale, on the Consolidated Balance Sheets. See *Liquidity and Capital Resources* *Description of Certain Indebtedness* above for further discussion.

Borrowings from Parent

For information related to these arrangements, see *Certain Relationships and Related Party Transactions* .

Borrowings from Subsidiaries

We maintain revolving reciprocal loan agreements with a number of our life and non-life insurance subsidiaries that are used to fund short-term cash requirements that arise in the ordinary course of business. Under these agreements, either party may borrow up to the maximum allowable under the agreement for a term not more than 270 days. For life insurance subsidiaries, the amounts that either party may borrow from the other

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under the agreement vary and are equal to 2%-5% of the insurance subsidiary's statutory net admitted assets (excluding separate accounts) as of the previous year end depending on the state of domicile. As of September 30, 2013, the aggregate amount that may be borrowed or lent under agreements with life insurance subsidiaries was \$2.5 billion. Each agreement with a life insurance subsidiary has received all necessary approvals from the appropriate state insurance regulatory authorities. For non-life insurance subsidiaries, the maximum allowable under the agreement is based on the assets of the subsidiaries and their particular cash requirements. As of September 30, 2013, no amounts were borrowed from our subsidiaries. As of that same date, we lent \$349.2 million to subsidiaries.

Collateral Derivative Contracts

Under the terms of our OTC ISDA agreements, we 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 us to pay interest on any cash received equal to the federal funds rate. As of December 31, 2012, we held \$890.3 million of net cash collateral related to derivative contracts. As of December 31, 2012, we delivered \$32.8 million and \$11.8 million of cash collateral related to derivative contracts and credit facilities, respectively. As of December 31, 2011, we held \$757.7 million of net cash collateral related to derivative contracts. As of December 31, 2011, we delivered \$40.0 million and \$11.8 million of cash collateral related to derivative contracts and credit facilities, respectively. The collateral held and delivered 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 consolidated balance sheets. In addition, as of December 31, 2012 and 2011, we delivered securities as collateral of \$1.0 billion and \$1.3 billion, respectively, which were included in Securities pledged on the consolidated balance sheets. Collateral requirements are monitored on a daily basis and incorporate changes in market values of both the derivatives contract as well as the collateral pledged. Market value fluctuations are due to changes in interest rates, spreads and other risk factors.

Ratings

Our access to funding and our related cost of borrowing, requirements for derivatives collateral posting and the attractiveness of certain of our products to customers are affected by our credit ratings and insurance financial strength ratings, which are periodically reviewed by A.M. Best Company (A.M. Best), Fitch Ratings, Inc. (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's Ratings Services (S&P). Financial strength ratings and credit ratings are important factors affecting public confidence in an insurer and its competitive position in marketing products. The credit ratings are also important for the ability to raise capital through the issuance of debt and for the cost of such financing.

A downgrade in our credit ratings or the credit or financial strength ratings of our rated subsidiaries could potentially, among other things, limit our ability to market products, reduce our competitiveness, increase the number or value of policy surrenders and withdrawals, increase our borrowing costs and potentially make it more difficult to borrow funds, adversely affect the availability of financial guarantees or LOCs, cause additional collateral requirements or other required payments under certain agreements, allow counterparties to terminate derivative agreements and/or hurt our relationships with creditors, distributors or trading counterparties thereby potentially negatively affecting our profitability, liquidity and/or capital. In addition, we consider nonperformance risk in determining the fair value of our liabilities. Therefore, changes in our credit or financial strength ratings may affect the fair value of our liabilities.

Additionally, ratings of certain of our securities guaranteed by our parent, ING Group, could be influenced by ING Group's ratings. A downgrade of the credit ratings of ING Group could result in downgrades of our own credit and financial strength ratings.

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Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. These ratings are not a recommendation to buy or hold any of our securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

The financial strength and credit ratings of ING U.S., Inc. and its principal subsidiaries as of the date of this prospectus are presented in the following table. In parentheses, following the initial occurrence in the table of each rating, is an indication of that rating's relative rank within the agency's rating categories. That ranking refers only to the generic or major rating category and not to the modifiers appended to the rating by the rating agencies to denote relative position within such generic or major category. For each rating, the relative position of the rating within the relevant rating agency's ratings scale is presented, with 1 representing the highest rating in the scale.

Company	A.M. Best	Fitch	Moody's	S&P
ING U.S., Inc. (Long-term Issuer Credit)	bbb(4 of 10)	BBB (4 of 11)	Baa3 (LT Issuer Domestic) (4 of 9) Baa2 (Senior Unsecured Foreign) (4 of 9)	BBB-(4 of 11)
ING Life Insurance and Annuity Company				
Financial Strength Rating	A(3 of 16)	A- (3 of 9)	A3 (3 of 9)	A- (3 of 9)
ING USA Annuity & Life Insurance				
Financial Strength Rating	A(3 of 16)	A- (3 of 9)	A3 (3 of 9)	A- (3 of 9)
Short-term Issuer Credit Rating	NR	NR	P-2 (2 of 4)	A-2 (2 of 8)
ReliaStar Life Insurance Company				
Financial Strength Rating	A(3 of 16)	A- (3 of 9)	A3 (3 of 9)	A- (3 of 9)
Short-term Issuer Credit Rating	NR	NR	NR	A-2 (2 of 8)
Security Life of Denver Insurance Company				
Financial Strength Rating	A(3 of 16)	A- (3 of 9)	A3 (3 of 9)	A- (3 of 9)
Short-term Issuer Credit Rating	NR	NR	P-2 (2 of 4)	A-2 (2 of 8)
Midwestern United Life Insurance Company				
Financial Strength Rating	A-(4 of 16)	NR	NR	A- (3 of 9)
Lion Connecticut Holdings, Inc.				
Long-term Issuer Credit Rating	NR	NR	Baa3 (LT Issuer) (4 of 9)	BBB-(4 of 11)

Rating Agency	Financial Strength Rating Scale	Long-term Credit Rating Scale	Senior Unsecured Debt Credit Rating Scale	Short-term Credit Rating Scale
A.M. Best ⁽¹⁾	A++ to S	aaa to rs	aaa to d	AMB-1+ to d
Fitch ⁽²⁾	AAA to C	AAA to D	AAA to C	F1 to D
Moody's ⁽³⁾	Aaa to C	Aaa to C	Aaa to C	Prime-1 to Not Prime
S&P ⁽⁴⁾	AAA to R	AAA to D	AAA to D	A-1 to D

⁽¹⁾ A.M. Best's financial strength rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile. A.M. Best's long-term credit ratings reflect its assessment of the ability of an obligor to pay interest and principal in accordance with the terms of the obligation. Ratings from aa to ccc may be enhanced

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- with a + (plus) or - (minus) to indicate whether credit quality is near the top or bottom of a category. A.M. Best's short-term credit rating is an opinion to the ability of the rated entity to meet its senior financial commitments on obligations maturing in generally less than one year.
- (2) Fitch's financial strength ratings provide an assessment of the financial strength of an insurance organization. The IFS Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts. Within long-term and short-term ratings, a + or a - may be appended to a rating to denote relative status within major rating categories.
- (3) Moody's financial strength ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Moody's long-term credit ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations.
- (4) S&P's insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. A + or - indicates relative strength within a category. An S&P credit rating is an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Short-term issuer credit ratings reflect the obligor's creditworthiness over a short-term time horizon.

Our ratings by A.M. Best, Fitch, Moody's and S&P reflect a broader view of how the financial services industry is being challenged by the current economic environment, but also are based on the rating agencies' specific views of our financial strength. In making their ratings decisions, the agencies consider past and expected future capital and earnings, asset quality and risk, profitability and risk of existing liabilities and current products, market share and product distribution capabilities and direct or implied support from parent companies, including implications of the 2009 Restructuring Plan and the 2012 Amended Restructuring Plan, among other factors.

Rating agencies use an outlook statement for both industry sectors and individual companies. For an industry sector, a stable outlook generally implies that over the next 12 to 18 months the rating agency expects ratings to remain unchanged among companies in the sector. For a particular company, an outlook generally indicates a medium- or long-term trend in credit fundamentals, which if continued, may lead to a rating change.

Ratings actions affirmation and outlook changes by A.M. Best, Fitch, Moody's and S&P from January 1, 2013 through the date of this prospectus include:

On July 8, 2013, Fitch affirmed the ratings of ING U.S., Inc. and its subsidiaries.

On June 14, 2013, A.M. Best affirmed the ratings of ING U.S., Inc. and its subsidiaries.

On May 14, 2013, Moody's affirmed the ratings of ING U.S., Inc. and its subsidiaries.

On May 14, 2013, S&P affirmed the ratings of ING U.S., Inc. and its subsidiaries under its revised insurance criteria.

On May 6, 2013, following our announcement that we completed our recent IPO, Moody's commented that the completion of the IPO is credit positive for ING U.S., Inc.

On May 2, 2013, S&P stated that ING U.S., Inc.'s announcement that it priced its IPO will not affect the ratings or outlook on ING U.S., Inc. or any of its rated insurance subsidiaries.

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On January 7, 2013, Fitch affirmed the BBB issuer default rating and the BBB- senior debt rating of ING U.S., Inc. as well as the A-insurer financial strength rating of its operating subsidiaries. Furthermore, Fitch removed all ratings from Ratings Watch Evolving and assigned a Stable outlook to the ratings.

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Potential Impact of a Ratings Downgrade

Our ability to borrow funds and the terms under which we borrow are sensitive to our short- and long-term issuer credit ratings. A downgrade of either or both of these credit ratings could increase our cost of borrowing. Additionally, a downgrade of either or both of these credit ratings could decrease the total amount of new debt that we are able to issue in the future or increase the costs associated with an issuance.

Certain of our credit facility agreements contain provisions that are linked to the credit or financial strength ratings of certain legal entities, including our indirect parent ING V. If financial strength ratings were downgraded in the future, these provisions might be triggered and counterparties to the credit facility agreements could demand collateralization which could negatively impact overall liquidity.

Based on the amount of credit outstanding as of September 30, 2013 and December 31, 2012, a one-notch downgrade of the credit ratings of ING U.S., Inc. by S&P or Moody's would have resulted in an estimated increase in our collateral requirements by approximately \$550 million and \$1.2 billion, respectively. A two notch downgrade of the credit ratings of ING U.S., Inc. would not have resulted in an additional increase in our collateral requirements beyond that resulting from a one notch downgrade. The nature of the collateral that we may be required to post is principally in the form of cash and U.S. Treasury securities. Alternative forms of collateral, such as LOCs, may also be used.

Based on the amount of credit outstanding as of September 30, 2013 and December 31, 2012, a one notch downgrade of the credit ratings of ING V would not result in an increase in our estimated collateral requirements. A two-notch downgrade of the credit ratings of ING V by S&P would have resulted in an estimated increase in our collateral requirements by approximately \$15.0 million and \$30.1 million, respectively.

The documents governing the terms of our 2022 Notes, 2018 Notes and the notes, each contain provisions that provide for the adjustment of the interest rate payable on such notes if their rating is downgraded by Moody's or S&P. The interest rate payable on each series of the notes will increase by 25 basis points for each one-notch rating downgrade of such series and is subject to reversal in the event of subsequent upgrades. In addition, if a rating on any series of notes is withdrawn, suspended, or otherwise discontinued, the interest rate payable on such series will increase by 100 basis points for each such ratings withdrawal, suspension or discontinuation. Notwithstanding the foregoing, in no event shall the cumulative interest rate increase on any series of notes as a result of all downgrades or ratings withdrawals exceed 200 basis points in the aggregate, and in no event shall the interest rate payable on any series of notes be lower than the initial coupon rate on such notes at the time of original issuance. The interest rate payable on the notes will no longer be subject to adjustment pursuant to such provisions after November 3, 2013, the date that is 180 days following the completion of our Initial Public Offering.

Each 25 basis point increase in the interest rate payable on the 2022 Notes, 2018 Notes and the notes would result in a pre-tax increase in our interest payments of \$2.1 million, \$2.5 million and \$1.0 million per annum, respectively.

Certain of our reinsurance agreements contain provisions that are linked to the financial strength ratings of the individual legal entity that entered into the reinsurance agreement. If the insurance subsidiaries' financial strength ratings were downgraded in the future, the terms in our reinsurance agreements might be triggered and counterparties to the credit facility agreements could demand collateralization which could negatively impact overall liquidity. Based on the amount of credit outstanding as of September 30, 2013 and December 31, 2012, a one-notch downgrade of our insurance subsidiaries would have resulted in an estimated increase in our collateral requirements by approximately \$25.1 million and \$24.6 million, respectively. The nature of the collateral that we may be required to post is principally in the form of cash, highly rated securities or LOC.

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Certain of our derivative agreements contain provisions that are linked to the financial strength ratings of the individual legal entity that entered into the derivative agreement. If insurance subsidiaries' financial strength ratings were downgraded in the future, the terms in our derivative agreements might be triggered and counterparties to the derivative agreements could demand immediate further collateralization which could negatively impact overall liquidity. Based on the market value of our derivatives as of September 30, 2013 and December 31, 2012, a one-notch downgrade of our insurance subsidiaries would have resulted in an estimated increase in our derivative collateral requirements by approximately \$146.5 million and \$125.0 million, respectively. The nature of the collateral that we may be required to post is principally in the form of cash and U.S. Treasury securities.

Based on the market value of our derivatives as of September 30, 2013 and December 31, 2012, a two-notch downgrade of our insurance subsidiaries would have resulted in an estimated increase in the derivative collateral requirements required by a one-notch downgrade by an additional \$2.5 million.

The amount of collateral that would be required to be posted is also dependent on the fair value of our derivative positions. For additional information on our derivative positions, see the Derivative Financial Instruments Note to the Condensed Consolidated Financial Statements.

Reinsurance

We have reinsurance treaties covering a portion of the mortality risks and guaranteed death and living benefits under our life insurance and annuity contracts. We also have an annually renewable reinsurance transaction in our Employee Benefits segment which lowers the amount of required capital for the segment. We remain liable to the extent our reinsurers do not meet their obligations under the reinsurance agreements.

We reinsure our business through a diversified group of well capitalized, highly rated reinsurers. We monitor trends in arbitration and any litigation outcomes with our reinsurers. Collectability of reinsurance balances are evaluated by monitoring ratings and evaluating the financial strength of its reinsurers. Large reinsurance recoverable balances with offshore or other non-accredited reinsurers are secured through various forms of collateral, including secured trusts, funds withheld accounts and irrevocable LOCs.

We utilize indemnity reinsurance agreements to reduce our exposure to losses from unhedged GMDBs in our annuity insurance business. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge our primary liability as direct insurer of the risks. We evaluate the financial strength of potential reinsurers and continually monitor the financial strength and credit ratings of our reinsurers.

The S&P rating of our reinsurers with the largest reinsurance recoverable balances are all A-rated or better. These reinsurers are Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York, Hannover US and Hannover Re (Ireland) Plc (collectively, Hannover Re) and various subsidiaries of Reinsurance Group of America Incorporated (collectively, RGA). Only those reinsurance recoverable balances where recovery is deemed probable are recognized as assets on our consolidated balance sheets.

We have a significant concentration of reinsurance arising from the divestment of a block of individual life business via a reinsurance transaction prior to our acquisition of ILIAC (formerly Aetna Life Insurance and Annuity Company) in 2000. In 1998, we entered into an indemnity reinsurance agreement with a subsidiary of Lincoln National Corporation (Lincoln). The Lincoln subsidiary established a trust to secure its obligations to us under the reinsurance transaction. Of the reinsurance recoverable on the Consolidated Balance Sheets, \$2.1 billion and \$2.2 billion as of December 31, 2012 and 2011, respectively, is related to the reinsurance recoverable from the subsidiary of Lincoln under this reinsurance agreement.

Effective January 1, 2009, we entered into the MPA with Scottish Re and Hannover Re. See Letter of Credit Facilities. Of the Reinsurance recoverable on the Consolidated Balance Sheets, \$2.7 billion and \$2.8 billion as of December 31, 2012 and 2011, respectively, is related to the reinsurance recoverable from Hannover Re under this reinsurance agreement.

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On December 31, 2004, we reinsured the individual life reinsurance business (and sold certain systems and operating assets used in the individual life reinsurance business) to Scottish Re on a 100% coinsurance basis (the 2004 Transaction) through our wholly owned subsidiaries, SLD and SLDI. As part of the 2004 Transaction, we paid a ceding commission and transferred assets backing reserves and miscellaneous other liabilities on the individual life reinsurance to Scottish Re. The ceding commission (net of taxes), along with other reserve assets, was placed in trust for our benefit to secure Scottish Re's obligations as reinsurers of the acquired business.

On November 19, 2008, an existing reinsurance agreement between SRUS and Ballantyne Re, concerning a portion of the business that was originally ceded to Scottish Re as part of the 2004 Transaction, was novated with the result that we were substituted for SRUS as the ceding company to Ballantyne Re and made the sole beneficiary of trust assets connected with the Ballantyne Re facility. The trust assets support the reserve requirements of the business transferred from SLD to Ballantyne Re. As of December 31, 2012, trust assets supporting reserves of \$712.5 million had a market value of \$975.5 million.

Effective January 1, 2010, we disposed of several blocks of its reinsurance business under coinsurance agreements with various subsidiaries of RGA for \$129.8 million. Under the terms of the agreements, we ceded to RGA 100% of various blocks of business, including Group Life, Accident and Special Risk, Medical, Managed Care and Long-term Disability contracts. RGA established trusts with initial assets of \$625.4 million to secure its obligations to us under the reinsurance transaction. As of December 31, 2012, due primarily to novation, there were no remaining trust funding requirements. Of the Reinsurance recoverable on the Consolidated Balance Sheets, \$6.7 million and \$11.1 million as of December 31, 2012 and 2011, respectively, is related to the reinsurance recoverable from RGA under this reinsurance agreement.

Statutory Capital and Risk-Based Capital

Each of our wholly owned U.S. insurance subsidiaries is subject to minimum RBC requirements established by the insurance departments of their applicable state of domicile. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of TAC, as defined by NAIC, to RBC requirements, as defined by the NAIC. Each of our United States insurance subsidiaries exceeded the minimum RBC requirements that would require regulatory or corrective action for all periods presented herein.

Our wholly owned insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile of the respective insurance subsidiary. Statutory accounting practices primarily differ from GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis. Certain assets that are not admitted under statutory accounting principles are charged directly to surplus. Depending on the regulations of the insurance department of the state of domicile, the entire amount or a portion of an asset balance can be non-admitted depending on specific rules regarding admissibility. The most significant non-admitted assets are typically deferred tax assets. Refer to the discussion regarding Statement of Statutory Accounting Principles (SSAP) No. 101 for additional information on the admissibility of deferred tax assets.

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Statutory capital and surplus of our principal insurance subsidiaries is as follows for the periods presented:

(\$ in millions)	As of September 30, ⁽¹⁾ 2013	As of December 31, 2012		2011
Subsidiary Name (State of domicile):				
ING USA Annuity and Life Insurance Company (IA)	\$ 2,108.1	\$ 2,174.1		\$ 2,222.0
ING Life Insurance and Annuity Company (CT)	1,995.1	1,921.8		1,931.9
Security Life of Denver Insurance Company (CO)	973.0	1,459.9		1,519.5
ReliaStar Life Insurance Company (MN)	1,735.4	2,278.6		2,104.3

⁽¹⁾ On May 8, 2013, following the completion of our IPO and payment of \$1,434 million of extraordinary distributions, our principal insurance companies domiciled in Colorado, Iowa and Minnesota each reset, on a one-time basis, their respective negative unassigned funds account as of December 31, 2012 to zero. These resets were made pursuant to permitted practices in accordance with statutory accounting practices granted by their respective domiciliary insurance regulators and have no impact on total statutory capital and surplus. We monitor the ratio of our insurance subsidiaries TAC to company action level risk-based capital (CAL). A ratio in excess of 125% indicates that the insurance subsidiary is not required to take any corrective actions to increase capital levels at the direction of the applicable state of domicile.

The ratio of TAC to CAL on a combined basis for our four principal insurance subsidiaries (ING USA, ILIAC, SLD and RLI) is set out below for the periods presented:

(\$ in millions, except otherwise noted)

As of December 31, 2012			As of December 31, 2011		
CAL	TAC	Ratio	CAL	TAC	Ratio
\$1,497.4	\$7,871.9	526%	\$1,655.0	\$8,071.0	488%

Statutory reserves established for variable annuity contracts and riders are sensitive to changes in the equity markets and are affected by the level of account values relative to the level of any guarantees, product design and reinsurance arrangements. As a result, the relationship between reserve changes and equity market performance is non-linear during any given reporting period. Market conditions greatly influence the ultimate capital required due to its effect on the valuation of reserves and derivative assets hedging these reserves.

The sensitivity of our insurance subsidiaries statutory reserves and surplus established for variable annuity contracts and certain minimum interest rate guarantees to changes in the interest rates, credit spreads and equity markets will vary depending on the magnitude of the decline. The sensitivity will be affected by the level of account values, the level of guaranteed amounts and product design. Should statutory reserves increase, this could result in future reductions in our insurance subsidiaries surplus, which may also impact RBC. Adverse changes in interest rates and the continued widening of credit spreads may result in an increase in the reserves for product guarantees which adversely impact statutory surplus, which may also impact RBC.

RBC is also affected by the product mix of the in force book of business (i.e., the amount of business without guarantees is not subject to the same level of reserves as the business with guarantees). RBC is an important factor in the determination of the credit and financial strength ratings of ING U.S., Inc. and our insurance subsidiaries.

In June 2012, in conjunction with a limited scope examination of ING USA s AG43 variable annuity reserves, we agreed with the Iowa Insurance Division that by December 31, 2012 we would implement a revised prudent margin (i.e., provision for adverse deviation) to the assumed mortality for our block of GMIB and GMWBL liabilities ceded from ING USA to SLDI. This revision did not alter our best estimate mortality assumption used in our US GAAP financial statements. This revised prudent margin increased our gross AG43 reserves before ceded reinsurance. As of December 31, 2012, the impact of this implementation to ING USA s gross AG43 reserves was an increase of \$175 million and the related reserve ceded to SLDI increased by

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\$188 million. Thus, the net reserve impact to statutory reserves at ING USA was \$13 million favorable and SLDI was required to increase collateral in support of ceded reserves (i.e., qualifying assets in trust or approved letters of credit) in the amount of \$188 million.

Effective January 1, 2012, our insurance subsidiaries adopted statutory basis of accounting SSAP No. 101, Income Taxes (SSAP 101), a replacement of SSAP No. 10R and SSAP No. 10. SSAP 101 provides revised statutory accounting principles for current and deferred federal income taxes. There is a three part admissibility test for calculating admitted deferred tax assets. The first part of the admissibility test requires a reversal period that corresponds to the tax loss carryback provisions of the Internal Revenue Code (not to exceed three years). The second part of the admissibility test establishes reversal periods and surplus limitation parameters (one year and 10 percent or three years and 15 percent) based upon risk-based capital levels. The third part of the admissibility test adds a requirement that the reporting entity offset gross deferred tax assets against deferred tax liabilities (considering the reversal patterns of temporary differences). The effects on the insurance subsidiaries' 2012 statutory-based financial statements of adopting this change in accounting principle at January 1, 2012 were an increase to statutory-based total assets and statutory-based capital and surplus of \$66.0 million.

Pension and Postretirement Plans

For the years ended December 31, 2012 and 2011 we contributed \$101.8 million and \$173.1 million, respectively, to our pension plans and \$4.1 million and \$4.9 million to our postretirement plans.

We are evaluating the MAP-21 legislation and considering the impacts to future funding. The legislation did not impact contributions that were made during the year ended December 31, 2012. Based on our actuarial assumptions, incorporating the provisions of MAP-21 reduces the required contributions to the plan in 2013. However, reduced funding levels in the near term could lead to increased PBGC variable-rate premiums and/or increases in plan funding in following years. For additional information on our pension and postretirement plan arrangements, see the Note for *Employee Benefit Arrangements* in our Consolidated Financial Statements.

Off-Balance Sheet Arrangements

Through the normal course of investment operations, we commit to either purchase or sell securities, commercial 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 December 31, 2012 and 2011, we had off-balance sheet commitments to purchase investments equal to their fair value of \$890.1 million and \$1.3 billion, respectively, of which \$254.9 million and \$470.9 million, respectively, relates to consolidated investment entities.

Aggregate Contractual Obligations

As of December 31, 2012, we had certain contractual obligations due over a period of time as presented in the following table. The estimated payments reflected in this table are based on our estimates and assumptions about these obligations. Because these estimates and assumptions are necessarily subjective, the actual cash outflows in future periods will vary, possibly materially, from those presented in the table.

(\$ in millions)	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations					
Purchase obligations ⁽¹⁾	\$ 890.1	\$ 890.1	\$	\$	\$
Reserves for insurance obligations ⁽²⁾⁽⁷⁾	113,724.6	7,894.5	13,697.7	13,258.4	78,874.0
Pension Obligations ⁽³⁾	1,117.0	96.7	307.8	110.4	602.1
Short-term and long-term debt obligations ⁽⁴⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾	5,669.8	1,202.2	1,187.2	690.8	2,589.6
Operating leases ⁽⁵⁾	159.2	41.9	55.0	39.4	22.9
Securities lending and repurchase agreements ⁽⁶⁾	619.5	619.5			
Total	\$ 122,180.2	\$ 10,744.9	\$ 15,247.7	\$ 14,099.0	\$ 82,088.6

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- (1) Purchase obligations consist primarily of outstanding commitments under alternative investments that may occur any time within the terms of the partnership, private loans and mortgages. The exact timing, however, of funding these commitments cannot be estimated. Therefore, the total amount of the commitments is included in the category **Less than 1 Year**.
- (2) Reserves for insurance obligations consist of amounts required to meet our future obligations for future policy benefits and contract owner account balances. Amounts presented in the table represent estimated cash payments under such contracts, including significant assumptions related to the receipt of future premiums, mortality, morbidity, lapse, renewal, retirement, disability and annuitization comparable with actual experience. These assumptions also include market growth and interest crediting consistent with assumptions used in amortizing DAC. All estimated cash payments are undiscounted for the time value of money. Accordingly, the sum of cash flows presented for all years of \$113.7 billion significantly exceeds the sum of Future policy benefits and Contract owner account balances of \$86.1 billion recorded on our Consolidated Balance Sheets as of December 31, 2012. Estimated cash payments are also presented gross of reinsurance. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results.
- (3) Pension obligations consist of contribution matching obligations and other supplemental retirement and insurance obligations, under various benefit plans.
- (4) The estimated payments due by period for long-term debt reflects the contractual maturities of principal, as disclosed in Financing Agreements in our Consolidated Financial Statements, as well as estimated future interest payments. The payment of principal and estimated future interest for short-term debt are reflected in estimated payments due in less than one year. See Financing Agreements in our Consolidated Financial Statements for additional information concerning the short-term and long-term debt.
- (5) Operating leases consist primarily of outstanding commitments for office space, equipment and automobiles.
- (6) Payables under securities loan agreements including collateral held represents the liability to return collateral received from counterparties under securities lending agreements. Securities lending agreements include provisions which permit us to call back securities with minimal notice and accordingly, the payable is classified as having a term of less than 1 year.
- (7) Contractual obligations related to certain closed blocks, with Reserves in the amount of \$5.7 billion, have been excluded from the table because the blocks were divested through reinsurance contracts. Although we are not relieved of its legal liability to the contract holder for these closed blocks, third party collateral of \$6.6 billion has been provided for the payment of the related insurance obligations. The sufficiency of collateral held for any individual block may vary.
- (8) On February 11, 2013, we issued \$1.0 billion of 2018 Notes, which increased short-term and long-term debt obligations in the category **More than 5 years**, after the date as of which this table is presented. Using proceeds from the issuance of the 2018 Notes, we made payments totaling \$850.0 million on the Syndicated Bank Term Loan. As a result, short-term and long-term debt obligations in the category **More than 5 years** have decreased, after the date as of which this table is presented.
- (9) On May 16, 2013, we issued \$750.0 million of the junior subordinated notes, which increased short-term and long-term debt obligations in the category **More than 5 Years** after the date as of which this table is presented. On May 21, 2013, the Company used the proceeds of the junior subordinated notes for the repayment of the outstanding borrowings of \$392.5 million under the Syndicated Bank Term Loan.
- (10) On July 26, 2013, we issued \$400.0 million of old notes, which increased short-term and long-term debt obligations in the category **More than 5 Years** after the date as of which this table is presented. The Company used the proceeds of the old notes for general corporate purposes, including the repayment of certain borrowings.

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Critical Accounting Judgments and Estimates

General

The preparation of financial statements in conformity with GAAP requires us 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates and assumptions are evaluated on an on-going basis based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially affected by the need to make future accounting adjustments to reflect changes in these estimates and assumptions from time to time.

We have identified the following accounting policies, judgments and estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

Reserves for future policy benefits, valuation and amortization (including unlocking) of deferred acquisition costs (DAC) and value of business acquired (VOBA), valuation of investments and derivatives, impairments, income taxes, contingencies and employee benefit plans.

In developing these accounting estimates and policies, we make subjective and complex judgments that are inherently uncertain and subject to material changes as facts and circumstances develop. Although variability is inherent in these estimates, we believe the amounts provided are appropriate based upon the facts available upon preparation of the Consolidated Financial Statements.

The above critical accounting estimates are described in the *Business, Basis of Presentation and Significant Accounting Policies* Note to the 2012 ING U.S., Inc. Consolidated Financial Statements.

Reserves for Future Policy Benefits

The determination of future policy benefit reserves is dependent on actuarial assumptions. The principal assumptions used to establish liabilities for future policy benefits are based on our experience and periodically reviewed against industry standards. These assumptions include mortality, morbidity, policy lapse, contract renewal, payment of subsequent premiums or deposits by the contract owner, retirement, investment returns, inflation, benefit utilization and expenses. The assumptions used require considerable judgments. Changes in, or deviations from, the assumptions used can significantly affect our reserve levels and related results of operations.

Mortality is the incidence of death amongst policyholders triggering the payment of underlying insurance coverage by the insurer. In addition, mortality also refers to the ceasing of payments on life-contingent annuities due to the death of the annuitant. We utilize a combination of actual and industry experience when setting our mortality assumptions. A lapse rate is the percentage of in-force policies surrendered by the policyholder or canceled by us due to non-payment of premiums. For certain of our variable products, the lapse rate assumption varies according to the current account value relative to guarantees associated with the product and applicable surrender charges. In general, policies with guarantees that are considered in the money, or where the benefit is in excess of the account value, are assumed to be less likely to lapse or surrender. Conversely, out of the money guarantees may be assumed to be more likely to lapse or surrender as the policyholder has less incentive to retain the policy.

See the Notes for *Reserves for Future Policy Benefits and Contract Owner Account Balances and Guaranteed Benefit Features* in our Consolidated Financial Statements for further information on our reserves for future policy benefits and product guarantees.

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Reserves for traditional life insurance contracts (mainly term insurance, participating and non-participating whole life insurance, traditional group life insurance) and accident and health insurance represent the present value of future benefits to be paid to or on behalf of contract owners and related expenses, less the present value of future net premiums. Assumptions as to interest rates, mortality, expenses and persistency are based upon our estimates of anticipated experience at the period the policy is sold or acquired, including a provision for adverse deviation. Interest rates used to calculate the present value of these reserves ranged from 2.5% to 7.7%.

Reserves for payout contracts with life contingencies are equal to the present value of expected future payments. Assumptions as to interest rates, mortality, and expenses are based upon the Company's experience at the period the policy is sold or acquired, including a provision for adverse deviation. Such assumptions generally vary by annuity plan type, year of issue, and policy duration. Interest rates used to calculate the present value of future benefits ranged from 3.0% to 7.75%.

Although assumptions are locked-in upon the issuance of individual and group life insurance, payout contracts with life contingencies, and certain accident and health insurance, significant changes in experience or assumptions may require the Company to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves are determined based on best estimate assumptions that exist at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

Product Guarantees

The assumptions used to establish the liabilities for our product guarantees require considerable judgment and are established as management's best estimate of future outcomes. We periodically review these assumptions and, if necessary, update them based on additional information that becomes available. Changes in, or deviation from, the assumptions used can significantly affect our reserve levels, and related results of operations.

Reserves for annuity GMDB and GMIB are determined by estimating the value of expected benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. Expected experience is based on a range of scenarios. Assumptions used, such as the long-term equity market return, lapse rate, and mortality, are consistent with assumptions used in estimating gross revenues for the purpose of amortizing DAC. In addition, the reserve for the GMIB guarantee incorporates assumptions for the likelihood and timing of the potential annuitizations that may be elected by the contract owner. In general, we assume that GMIB annuitization rates will be higher for policies with more valuable (more in the money) guarantees.

We also issue certain products which contain embedded derivatives and are measured at estimated fair value separately from the host contract. These embedded derivatives include annuity GMAB, GMWB, GMWBL, FIAs, and Stabilizer. The managed custody guarantee product (MCG) is a stand-alone derivative and is measured in its entirety at estimated fair value. Changes in estimated fair value of these derivatives are reported in Other net realized capital gains (losses) in the Consolidated Statements of Operations.

At inception of the GMAB, GMWB, and GMWBL contracts, we project a fee to be attributed to the embedded derivative portion of the guarantee equal to the present value of projected future guaranteed benefits. The estimated fair value of the GMAB, GMWB, and GMWBL contracts is determined based on the present value of projected future guaranteed benefits, minus the present value of projected attributed fees. A risk neutral valuation methodology is used under which the cash flows from the guarantees are projected under multiple capital market scenarios using observable risk free rates. The projection of future guaranteed benefits and future attributed fees require the use of assumptions for capital markets (e.g., implied volatilities, correlation among indices, risk-free swap curve, etc.) and policyholder behavior (e.g., lapse, benefit utilization, mortality, etc.).

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We have only minimal experience on policyholder behavior for our GMIB and GMWBL products and, as a result, future experience could lead to significant changes in our assumptions. Our GMIB contracts have a ten-year waiting period before annuitization is available, with most of these GMIB contracts issued during the period 2004 to 2006. These contracts first become eligible to annuitize during the period from 2014 through 2016, but contain significant incentives to delay annuitization beyond the first eligibility date. As a result, to date we have only a statistically small sample of experience used to set annuitization rates. Therefore, we anticipate that observable experience data will become statistically credible later this decade, when a large volume of GMIB benefits begin to reach their maximum benefit over the four-year period from 2019 to 2022. It is possible, however, that policyholders may choose to annuitize soon after the first annuitization date, rather than delay annuitization to receive increased guarantee benefits, in which case we may have increasingly statistically credible experience as early as the period from late 2013 through 2016.

Similarly, most of our GMWBL contracts are still in the first three to five policy years, so our assumptions for withdrawal from contracts with GMWBL benefits may change as experience emerges over the next five to seven years. In addition, like our GMIB contracts, many of our GMWBL contracts contain significant incentives to delay withdrawal. We expect customer decisions on annuitization and withdrawal will be influenced by customers' financial plans and needs as well as by interest rate and market conditions over time and by the availability and features of competing products. If emerging experience deviates from our assumptions on either GMIB annuitization or GMWBL withdrawal, such could have a significant effect on our reserve levels and related results of operation.

We also make estimates of expected lapse of these products, which is the probability that a policy will not remain in force from one period to the next. Lapse rates of our annuity products may be significantly impacted by the value of guaranteed minimum benefits relative to the value of the underlying separate accounts (account value or account balance). In general, policies with guarantees that are in the money (i.e., where the notional benefit amount is in excess of the account value) are assumed to be less likely to lapse. Conversely, out of the money guarantees are assumed to be more likely to lapse as the policyholder has less incentive to retain the policy.

Our lapse rate experience of these products has varied significantly over the period from 2006 to the present, reflecting among other factors, both pre- and post-financial crisis experience. During the early years of this period, our lapse rate experience was higher than our current best estimate of policyholder lapse behavior would have indicated; in the later part of this period, after mid-2009, it was lower. Management's best estimate of lapse behavior incorporates actual experience over the entire period, as we believe that, over the duration of the policies, we will experience the full range of policyholder behavior and market conditions.

We make estimates regarding mortality, which refers to the ceasing of life contingent benefit payments due to the death of the annuitant. Mortality is also the incidence of death amongst policyholders triggering the payment of Guaranteed Minimum Death Benefits. We use a combination of actual and industry experience when setting our mortality assumptions. If actual mortality rates differ from those assumed in our current reserving assumptions, our reserves for future policy benefits may be materially different.

We review overall policyholder experience at least annually (including lapse, annuitization, withdrawal and mortality), and update these assumptions when deemed necessary based on additional information that becomes available. If actual lapse rates are significantly different from those assumed, such could have a significant effect on our reserve levels and related results of operation. During the third quarters of 2013 and 2012, we updated policyholder assumptions related to lapse rates on variable annuity contracts with lifetime living benefit guarantees based on updated experience studies as well as changes in cash flow projection and volatility assumptions on certain products. As a result of the third quarter 2013 review, annual assumption changes implemented during the current period resulted in a loss of \$185.3 million, which included \$117.9 million of unfavorable mortality assumption changes and \$85.5 million of unfavorable policyholder behavior assumption changes. As a result of the 2012 review, GAAP reserves increased by approximately \$151.7 million driven primarily by an update to lapse rates on variable annuity contracts with lifetime living benefit guarantees. This increase in reserve consisted primarily of a \$114.6 million change in policyholder assumptions related to lapse rates on variable annuity contracts with lifetime living benefit guarantees and \$37.1 million related to changes in cash flow projection and volatility assumptions on certain products.

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We increased reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity markets and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. This resulted in an increase of GAAP reserves of \$741 million and gross U.S. statutory reserves of \$2.8 billion in the fourth quarter of 2011.

Reserves for universal and variable life secondary guarantees and paid-up guarantees are calculated by estimating the expected value of death benefits payable and recognizing those benefits ratably over the accumulation period based on total expected assessments. The reserve for such products recognizes the portion of contract assessments received in early years used to compensate us for benefits provided in later years. Assumptions used, such as the interest rate, lapse rate and mortality, are consistent with assumptions used in estimating gross profits for purposes of amortizing DAC.

The estimated fair value of the FIA contracts is based on the present value of the excess of interest payments to the contract holders over the minimum guaranteed interest rate (MGIR). The excess interest payments are determined as the excess of projected index driven benefits over the projected guaranteed benefits. The projection horizon is over the anticipated life of the related contracts which takes into account best estimate actuarial assumptions, such as partial withdrawals, full surrenders, deaths, annuitizations and maturities.

The estimated fair value of the Stabilizer and MCG contracts is determined based on the present value of projected future claims minus the present value of future guaranteed premiums. At inception of the contract, we project a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using actuarial and capital market assumptions, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are projected under multiple capital market scenarios using observable risk-free rates and other best estimate assumptions.

The GMAB, GMWB, GMWBL, FIA, and Stabilizer embedded derivative liabilities and the stand-alone derivative for MCG include a risk margin to capture uncertainties related to policyholder behavior assumptions. The margin represents additional compensation a market participant would require to assume these risks.

The discount rate used to determine the fair value of our GMAB, GMWB, GMWBL, FIA, and Stabilizer embedded derivative liabilities and the stand-alone derivative for MCG includes an adjustment to reflect the risk that these obligations will not be fulfilled (nonperformance risk). Through the second quarter of 2012, our nonperformance risk adjustment was based on the CDS spreads of ING V, previously the indirect parent of ING U.S., Inc., and applied to the risk-free swap curve in our valuation models. As a result of the availability of our own market observable data following our issuance of the old 2022 notes in the third quarter of 2012, we changed the estimate of nonperformance risk as of the beginning of the third quarter of 2012 to incorporate a blend of observable, similarly rated peer holding company CDS spreads, adjusted to reflect the credit quality of our individual insurance subsidiary that issued the guarantee as well as an adjustment to reflect the priority of policyholder claims. The impact of the adjustment for nonperformance risk on the fair value of these liabilities was a reduction of approximately \$692 million, \$924 million and \$1,485 million as of September 30, 2013, December 31, 2012 and 2011, respectively.

See [Qualitative and Quantitative Disclosure About Market Risk](#) for additional information regarding the specific hedging strategies and reinsurance we utilize to mitigate risk for the product guarantees. Sensitivities of the GMAB, GMWB, GMWBL, FIA, and Stabilizer embedded derivative liabilities and the stand-alone derivative for MCG to changes in certain capital markets assumptions is also discussed.

Table of Contents***Valuation and Amortization of Deferred Policy Acquisition Costs, Value of Business Acquired, and Other Intangibles***

DAC represents policy acquisition costs that have been capitalized and are subject to amortization and interest. Capitalized costs are incremental, direct costs of contract acquisition, as well as certain costs that are directly related to successful acquisition activities. Such costs consist principally of commissions, underwriting, sales, and contract issuance and processing expenses directly related to the successful acquisition of new and renewal business. DAC recoverability testing is performed for current issue year products to determine if premiums are sufficient to cover estimated benefits and expenses. Indirect or unsuccessful acquisition costs, maintenance, product development, and overhead expenses are charged to expense as incurred. VOBA represents the outstanding value of in force business acquired and is subject to amortization and interest. The value is based on the present value of estimated net cash flows embedded in the insurance contracts at the time of the acquisition and increased for subsequent deferrable expenses on purchased policies.

DSI represents benefits paid to contract owners for a specified period that are incremental to the amounts we credit on similar contracts without sales inducements and are higher than the contract's expected ongoing crediting rates for periods after the inducement. URR relates to universal and variable universal life products and represents policy charges for benefits or services to be provided in future periods.

Collectively, we refer to DAC, VOBA, DSI and URR as DAC/VOBA and other intangibles. See the Note for *Deferred Policy Acquisition Costs and Value of Business Acquired* in our Consolidated Financial statements for additional information on the DAC/VOBA and other intangibles balances.

Amortization Methodologies

We amortize DAC and VOBA related to traditional contracts (term insurance, participating and non-participating whole life insurance, and traditional group life insurance) and certain accident and health insurance over the premium payment period in proportion to the present value of expected gross premiums. Assumptions as to mortality, morbidity, persistency, and interest rates, which include provisions for adverse deviation, are consistent with the assumptions used to calculate reserves for future policy benefits. These assumptions are locked-in at issue and not revised unless the DAC or VOBA balance is deemed to be unrecoverable from future expected profits. DAC recoverability testing is performed for current issue year products to determine if net premiums are sufficient to cover estimated benefits and expenses. In subsequent periods, the recoverability of the DAC or VOBA balances are determined by assessing whether future gross profits are sufficient to amortize the DAC or VOBA balances as well as provide for expected future benefits and maintenance costs. If a premium deficiency is deemed to be present, charges will be applied against the DAC and VOBA balances before an additional reserve is established. Absent such a premium deficiency, variability in amortization after policy issuance or acquisition relates only to variability in premium volumes.

We amortize DAC and VOBA related to fixed and variable universal life contracts and fixed and variable deferred annuity contracts over the estimated lives of the contracts in relation to the emergence of estimated gross profits. Assumptions as to mortality, persistency, interest crediting rates, fee income, returns associated with separate account performance, impact of hedge performance, expenses to administer the business, and certain economic variables, such as inflation, are based on our experience and overall capital markets. At each valuation date, the most recent quarter's estimated gross profits are updated with actual gross profits and the assumptions underlying future estimated gross profits are evaluated for continued reasonableness. Adjustments to estimated gross profits require that amortization rates be revised retroactively to the date of the contract issuance (unlocking). If the update of assumptions causes estimated gross profits to increase, DAC and VOBA amortization will decrease, resulting in lower amortization expense in the period. The opposite result occurs when the assumption update causes estimated gross profits to decrease.

For variable deferred annuity contracts within CBVA, we amortize DAC and VOBA in relation to the emergence of estimated gross revenue. For GICs and Employee Benefit stop-loss and certain life, disability, and voluntary employee paid products, acquisition costs are expensed as incurred.

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We defer sales inducements and amortize the DSI over the life of the policy using the same methodology and assumptions used to amortize DAC. The amortization of sales inducements is included in Interest credited to contract owner account balances in the Consolidated Statements of Operations.

URR is amortized over the expected life of the contract in proportion to the estimated gross profits in a manner consistent with DAC for these products. The amortization of URR is included in Fee income in the Consolidated Statements of Operations.

Each year, or more frequently if circumstances indicate a potential loss recognition issue exists, we perform testing to assess the recoverability of DAC/VOBA and other intangibles. If DAC/VOBA and other intangibles are not deemed recoverable from future expected profits, changes will be applied against the DAC/VOBA and other intangibles before an additional reserve is established.

Assumptions and Periodic Review

Changes in assumptions can have a significant impact on DAC/VOBA and other intangibles balances, amortization rates and results of operations. Assumptions are management's best estimate of future outcome. Several assumptions are considered significant and require significant judgment in the estimation of gross profits associated with our variable products. We periodically review these assumptions against actual experience and, based on additional information that becomes available, update our assumptions.

One significant assumption is the assumed return associated with the variable account performance, which has historically had a greater impact on variable annuity than variable universal life products. To reflect the volatility in the equity markets, this assumption involves a combination of near-term expectations and long-term assumptions regarding market performance. The overall return on the variable account is dependent on multiple factors, including the relative mix of the underlying sub-accounts among bond funds and equity funds, as well as equity sector weightings. Our practice assumes that near-term and long-term increases or decreases in equity markets revert to the long-term appreciation in equity markets. We monitor market events and only change the assumption when sustained deviations are expected. This methodology incorporates a 9% long-term equity return assumption, a 14% cap and a five-year look-forward period. We implemented this reversion to the mean methodology on January 1, 2011.

Another significant assumption used in the estimation of future gross profits for fixed and variable universal life products is mortality. We utilize a combination of actual and industry experience when setting our mortality assumptions, and are consistent with the assumptions used to calculate reserves for future policy benefits.

Assumptions related to interest rate spreads and credit losses also impact estimated gross profits for all applicable products with credited rates. These assumptions are based on the current investment portfolio yields and credit quality, estimated future crediting rates, capital markets, and estimates of future interest rates and defaults.

Other significant assumptions include estimated policyholder behavior assumptions, such as surrender, lapse, and annuitization rates. We use a combination of actual and industry experience when setting and updating our policyholder behavior assumptions and such assumptions require considerable judgment. Estimated gross profits of our variable annuity contracts are particularly sensitive to these assumptions.

We include the impact of the change in value of the embedded derivative associated with the FIA contracts in gross profits for purposes of determining DAC amortization. When performing loss recognition testing on the GMAB, GMWB, GMWBL contracts, we include the change in value of the associated embedded derivatives in gross profits. In addition, we utilize a hedge program to mitigate the exposure of our CBVA segment to adverse capital market results, economic downturns and seek to ensure that the required assets are available to satisfy future death and living benefit guarantees. In general, our variable annuity hedge

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program generates gains and losses that mitigate our exposure to these guarantees. As our hedge program does not explicitly hedge the GAAP liability, we typically experience breakage, or a difference between the change in the GAAP liability and the change in the corresponding derivative instrument. We include the impact of our hedging activities supporting our death and living benefit guarantees in gross profits when performing loss recognition testing.

During the third quarters of 2013 and 2012, we conducted our annual review of assumptions, including projection model inputs. As a result of the third quarter 2013 review, we made a number of changes which resulted in net favorable unlocking of DAC/VOBA and other intangibles in our ongoing business segments of \$94.4 million, of which \$84.8 million was included in operating earnings before income taxes. As a result of the third quarter 2012 review, changes in assumptions resulted in net unfavorable unlocking of DAC/VOBA and other intangibles in our ongoing business segments of \$32.0 million, all of which was included in operating earnings before income taxes.

In addition, we conducted our annual review of assumptions related to our CBVA contracts. Annual assumption changes implemented during the current period resulted in a loss of \$185.3 million, which included \$117.9 million of unfavorable mortality assumption changes and \$85.5 million of unfavorable policyholder behavior assumption changes. The prior period result included a loss of \$151.7 million due to annual assumption changes, including a \$114.6 million unfavorable result related to policyholder behavior assumptions and \$37.1 million related to changes in cash flow projections and volatility assumptions on certain products.

Sensitivity

We perform sensitivity analyses to assess the impact that certain assumptions have on DAC/VOBA and other intangibles. The following table presents the estimated instantaneous net impact to income before income taxes of various assumption changes on our DAC/VOBA and other intangibles and the impact on related reserves for future policy benefits and reinsurance. The effects presented are not representative of the aggregate impacts that could result if a combination of such changes to equity markets, interest rates and other assumptions occurred.

(\$ millions)	As of September 30, 2013
Decrease in long-term rate of return assumption by 100 basis points	\$ (215.6)
A change to the long-term interest rate assumption of -50 basis points	(77.1)
A change to the long-term interest rate assumption of +50 basis points	57.7
An assumed increase in future mortality by 1%	(19.2)
A one-time, 10% decrease in equity market values	(333.7)

Assumptions regarding shifts in market factors may be overly simplistic and not indicative of actual market behavior in stress scenarios.

Lower assumed equity rates of return, lower assumed interest rates, increased assumed future mortality and decreases in equity market values all tend to decrease the balances of DAC/VOBA and other intangibles and to increase future policy benefit reserves, thus decreasing income before income taxes.

Higher assumed interest rates tend to increase the balances of DAC/VOBA and other intangibles and to decrease future policy benefit reserves, thus increasing income before income taxes.

Valuation of Investments and Derivatives

Our investment portfolio consists of public and private fixed maturity securities, commercial mortgage and other loans, equity securities, short-term investments, other invested assets, and derivative financial instruments. Fixed maturity and equity securities are primarily classified as available-for-sale and are carried at fair value on

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the Consolidated Balance Sheets with the difference from amortized cost included in shareholders' equity as a component of AOCI. We use derivatives mainly to provide an economic hedge of our exposure to variability of cash flows, interest rate risk, credit risk, exchange rate risk and market risk of assets and liabilities. See the Notes for *Investments (excluding Consolidated Investment Entities)* and *Derivative Financial Instruments* in our Consolidated Financial Statements for further information. We also issue certain products which contain embedded derivatives. See *Critical Accounting Judgments and Estimates - Reserves for Future Policy Benefits* for further information.

Investments

We measure the fair value of our financial assets and liabilities based on assumptions used by market participants, which may include inherent risk, restrictions on the sale or use of an asset, or nonperformance risk, including our own credit risk. The estimate of fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants (exit price) in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability. We use a number of valuation sources to determine the fair values of our financial assets and liabilities, including quoted market prices, third-party commercial pricing services, third-party brokers, and industry-standard, vendor-provided software that models the value based on market observable inputs, and other internal modeling techniques based on projected cash flows.

We categorize our financial instruments into a three-level hierarchy based on the priority of the inputs to the valuation technique. 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). 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 securities 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 flows, matrix pricing, or other similar techniques. Inputs to these methodologies include, but are not limited to, market observable inputs such as benchmark yields, credit quality, issuer spreads, bids, offers, and cash flow characteristics of the security. For privately placed bonds, we also consider such factors as the net worth of the borrower, value of the collateral, the capital structure of the borrower, the presence of guarantees and the borrower's ability to compete in its relevant market. Valuations are reviewed and validated monthly by an internal valuation committee using price variance reports, comparisons to internal pricing models, back testing of recent trades, and monitoring of trading volumes, as appropriate.

The valuation of financial assets and liabilities involves considerable judgment, is subject to considerable variability, is established using management's best estimate and is revised as additional information becomes available. As such, changes in, or deviations from the assumptions used in such valuations can significantly affect our results of operations. Financial markets are subject to significant movements in valuation and liquidity which can impact our ability to liquidate and the selling price which can be realized for our securities.

Derivatives

Derivatives are carried at fair value, which is determined by using observable key financial data, such as yield curves, exchange rates, Standard & Poor's 500 Index (S&P 500) prices, LIBOR, and Overnight Index Swap rates through values established by third-party sources, such as third-party brokers. Valuations for our futures contracts are based on unadjusted quoted prices from an active exchange. Counterparty credit risk is considered and incorporated in our valuation process through counterparty credit rating requirements and monitoring of overall exposure. Our own credit risk is also considered and incorporated in our valuation process.

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We have certain CDS and options that are priced using models that primarily use market observable inputs, but contain inputs that are not observable to market participants.

We also have investments in certain fixed maturities, and have issued certain annuity products, that contain embedded derivatives whose fair 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 markets, or credit ratings/spreads. The fair values of these embedded derivatives are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. For additional information regarding the valuation of and significant assumptions associated with derivatives and embedded derivatives related to guaranteed benefits contained within certain product offerings, see *Critical Accounting Judgments and Estimates Reserves for Future Policy Benefits*.

In addition, we have entered into a coinsurance with funds withheld reinsurance arrangement that contains an embedded derivative with the fair value of the derivative based on the change in the fair value of the underlying assets held in the trust using the valuation methods and assumptions described for our investments held.

The valuation of derivatives involves considerable judgment, is subject to considerable variability, is established using management's best estimate and is revised as additional information becomes available. As such, changes in, or deviations from these assumptions used in such valuations can have a significant effect on the results of operations. For additional information regarding the fair value of our investments and derivatives, see the Note for *Fair Value Measurements* in our Consolidated Financial Statements.

Impairments

We evaluate our available-for-sale general account investments quarterly to determine whether there has been an other-than-temporary decline in fair value below the amortized cost basis. This evaluation process entails considerable judgment and estimation. Factors considered in this analysis include, but are not limited to, the length of time and the extent to which the fair value has been less than amortized cost, the issuer's financial condition and near-term prospects, future economic conditions and market forecasts, interest rate changes, and changes in ratings of the security. An extended and severe unrealized loss position on a fixed maturity may not have any impact on: (a) the ability of the issuer to service all scheduled interest and principal payments, and (b) the evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to its amortized cost based on the present value of the expected future cash flows to be collected. In contrast, for certain equity securities, we give greater weight and consideration to a decline in market value and the likelihood such market value decline will recover.

When assessing our intent to sell a security or if it is more likely than not we will be required to sell a security before recovery of its amortized cost basis, we evaluate facts and circumstances such as, but not limited to, decisions to rebalance the investment portfolio and sales of investments to meet cash flow or capital needs.

We use the following methodology and significant inputs to determine the amount of the OTTI credit loss:

We perform a discounted cash flow analysis comparing the current amortized cost of a security to the present value of future cash flows expected to be received, including estimated defaults and prepayments.

When determining collectability and the period over which the value is expected to recover for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, we apply the same considerations utilized in our overall impairment evaluation process, which incorporates information regarding the specific security, the industry and geographic area in which the issuer operates, and overall macroeconomic conditions. Projected future cash flows are estimated using assumptions derived from our best estimates of likely scenario-based outcomes, after giving consideration to a variety of variables that include, but are not limited to: general payment terms of the security; the likelihood that the issuer can service the scheduled interest and principal payments;

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the quality and amount of any credit enhancements; the security's position within the capital structure of the issuer; possible corporate restructurings or asset sales by the issuer; and changes to the rating of the security or the issuer by rating agencies.

Additional considerations are made when assessing the unique features that apply to certain structured securities, such as subprime Alt-A, non-agency, RMBS, CMBS and ABS. These additional factors for structured securities include, but are not limited to: the quality of underlying collateral; expected prepayment speeds; loan-to-value ratio; debt service coverage ratios; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security.

Mortgage loans on real estate are all commercial mortgage loans. If a mortgage loan is determined to be impaired (i.e., when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement), the carrying value of the mortgage loan is reduced to the lower of either the present value of expected cash flows from the loan, based on the original purchase yield or the fair value of the collateral. For those mortgages that are determined to require foreclosure, the carrying value is reduced to the fair value of the underlying collateral, net of estimated costs to obtain and sell at the point of foreclosure.

Impairment analysis of the investment portfolio involves considerable judgment, is subject to considerable variability, is established using management's best estimate and is revised as additional information becomes available. As such, changes in, or deviations from the assumptions used in such analysis can have a significant effect on the results of operations. For additional information regarding the evaluation process for impairments, see the Note for *Investments (excluding Consolidated Investment Entities)* in our Consolidated Financial Statements for further information regarding the evaluation process for impairments.

Income Taxes

Valuation Allowances

We use certain assumptions and estimates in determining the income taxes payable or refundable for the current year, the deferred income tax liabilities and assets for items recognized differently in our financial statements from amounts shown on our income tax returns, and the federal income tax expense. Determining these amounts requires analysis and interpretation of current tax laws and regulations, including the loss limitation rules associated with change in control. We exercise considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are reevaluated on a periodic basis as regulatory and business factors change.

We evaluate and test the recoverability of deferred tax assets. Deferred tax assets represent the tax benefit of future deductible temporary differences and operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, we consider many factors, including:

The nature and character of the deferred tax assets and liabilities;

The nature and character of income by life and non-life subgroups;

Income in non-U.S. companies;

Taxable income in prior carryback years;

Projected future income, exclusive of reversing temporary differences and carryforwards;

Projected future reversals of existing temporary differences;

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The length of time carryforwards can be utilized;

Prudent and feasible tax planning strategies we would employ to avoid a tax benefit from expiring unused;

The nature, frequency and severity of cumulative GAAP losses in recent years; and

Tax rules that would impact the utilization of the deferred tax assets.

We have assessed whether it is more likely than not that the deferred tax assets will be realized in the future. In making this assessment, we considered the available sources of income and positive and negative evidence regarding our ability to generate sufficient taxable income to realize our deferred tax assets, which include net operating loss carryforwards (NOLs), capital loss carryforwards and tax credit carryforwards.

We have considered these sources of income: future reversals of existing taxable temporary differences, future taxable income, taxable income in prior carry back years, and tax planning strategies.

Positive evidence includes a recent history of earnings, projected earnings attributable to our ongoing insurance and investment businesses, plans or the ability to sell certain assets and streams of revenues, plans to reduce future projected losses by reduction of sales of certain products, and predictable patterns of loss and income recognition. Negative evidence includes a history of operating losses in certain life businesses, large losses in the non-life business, and the potential unpredictability of certain components of future projected taxable income.

We use judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists (a) the more positive evidence is necessary and (b) the more difficult it is to support a conclusion that a valuation allowance is not needed for some portion or all of the deferred tax asset. We concluded that the cumulative losses in recent years were significant negative evidence requiring the establishment of a valuation allowance.

As of September 30, 2013, we have recognized \$647.3 million deferred tax assets based on tax planning related to unrealized gains on investment assets. This tax planning strategy supports recognition of deferred tax assets which have been provided on deductible temporary differences. Future changes, such as interest rate movements or an ownership change under Section 382 of the Internal Revenue Code (discussed below), can adversely impact this tax planning strategy. To the extent unrealized gains decrease or to the extent loss utilization is limited, the tax benefit will be reduced by increasing the tax valuation allowance.

The deferred tax valuation allowance was \$3.1 billion and \$3.0 billion as of September 30, 2013 and December 31, 2012, respectively. Pursuant to ASC Topic 740, we do not specifically identify the valuation allowance with individual categories. However, as of September 30, 2013, we estimate that approximately \$1.0 billion, \$38 million, \$268 million and \$264 million were related to federal net operating losses, non-life realized capital losses, non-life subgroup deferred amounts and life subgroup deferred amounts, respectively. The remaining balance was attributable to various items including losses in SLDI, our Cayman Islands insurance subsidiary, state taxes, and other deferred tax assets. We also estimated that the deferred tax asset associated with life subgroup deferred amounts, as of September 30, 2013, was approximately \$590 million, excluding the valuation allowance. As of December 31, 2012, we estimated that \$1.0 billion, \$43 million, \$280 million and \$640 million of the valuation allowance were related to federal net operating losses, non-life realized capital losses, non-life subgroup deferred amounts and life subgroup deferred amounts, respectively. The remaining balance of the valuation allowance is attributable to various items including losses in SLDI, state taxes, and other deferred tax assets. We also estimated that the deferred tax asset associated with the life subgroup deferred amounts, as of December 31, 2012, was approximately \$640 million, excluding the valuation allowances.

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As of December 31, 2012, we had approximately \$2.9 billion of federal NOLs and \$0.1 billion of capital loss carryforwards, which expire as follows (the deferred tax asset and offsetting valuation allowances, if any, are also presented):

(\$ in millions)

Expiration	Life Ordinary Losses	Non-Life Ordinary Losses	Life Capital Losses	Non-Life Capital Losses	Total Carryforward
2013	\$	\$	\$	\$ (24.9)	\$ (24.9)
2014				(41.0)	(41.0)
2015				(7.6)	(7.6)
2016					
2017		(3.2)		(49.9)	(53.1)
2018		(5.3)			(5.3)
2019		(8.2)			(8.2)
2020		(24.9)			(24.9)
2021		(59.0)			(59.0)
2022		(7.2)			(7.2)
2023	(172.1)	(89.4)			(261.5)
2024					
2025	(178.7)	(510.1)			(688.8)
2026	(188.7)	(355.0)			(543.7)
2027		(168.4)			(168.4)
2028		(214.2)			(214.2)
2029		(411.5)			(411.5)
2030		(379.2)			(379.2)
2031		(59.8)			(59.8)
2032		(112.1)			(112.1)
Total losses	\$ (539.5)	\$ (2,407.5)	\$	\$ (123.4)	\$ (3,070.4)
Gross deferred tax asset	\$ 188.8	\$ 842.6	\$	\$ 43.2	\$ 1,074.6
Valuation allowance	188.8	842.6		43.2	1,074.6
Deferred tax asset on losses	\$	\$	\$	\$	\$

The current level of and assumptions related to the valuation allowances have implications for our future tax provisions. First, to the extent we have future GAAP losses before income taxes, additional valuation allowances will most likely be provided to offset the majority of the deferred tax assets created. Second, to the extent we have future GAAP income before income taxes, valuation allowances will most likely be released in the near term to offset the majority of the deferred tax liabilities created. Third, to the extent income is sustained for a period of time in the future, we may be able to consider future taxable income to support deferred tax assets. This may result in a release of significant valuation allowances. These changes in the valuation allowance could have a significant impact on earnings in the future.

Section 382 imposes limitations on a corporation's ability to use its NOLs when we undergo an ownership change (See Risk Factors Risks Related to Our Business General We expect that our ability to use beneficial U.S. tax attributes will be subject to limitations.). As of September 30, 2013 and December 31, 2012, we did not record a valuation allowance giving specific consideration to a Section 382 ownership change event because the ultimate divestiture by ING Group of its interest in ING U.S., Inc. has not occurred. If ING Group were to divest its interest in ING U.S., Inc. in a manner such that Section 382 does apply, additional valuation allowances may be required. We are uncertain as to the ultimate financial impact of a reduction of the deferred tax asset resulting from an ownership change.

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Also, should we have a Section 382 ownership change, using information available as of September 30, 2013, we estimate that the deferred tax asset that would potentially be subject to an additional valuation allowance was approximately \$260 million to \$320 million (mainly as a result of built-in-losses), which could change following the final Section 382 calculations. Under statutory accounting, a Section 382 event could reduce the admitted deferred tax asset by approximately \$88 million if measured as of September 30, 2013.

However, using the estimated Section 382 value of the Company based on the share price of \$29.21 per share as of September 30, 2013, and other information available as of September 30, 2013, we estimate that it is unlikely that the deferred tax asset, the tax valuation allowance or the admitted deferred tax asset will change as a result of the Section 382 event. This estimate may change because the computation is dependent on several factors and because numerous aspects of the application of Section 382 are subject to potential challenge by the IRS. The actual impact on the valuation allowance is dependent mainly on the level of unrealized capital gains and losses at the time of the ownership change, the calculated Section 382 limitation, the estimated reversal pattern of the capital losses supported by tax planning strategies, the estimated reversal pattern of the unrealized capital gains comprising the tax planning strategies, the estimated reversal pattern of the unrealized capital. The actual impact may be materially different from this estimate. The amounts described above are based solely on data and assumptions as of September 30, 2013.

Tax Contingencies

In establishing unrecognized tax benefits, we determine whether a tax position is more likely than not to be sustained under examination by the appropriate taxing authority. We also consider positions which have been reviewed and agreed to as part of an examination by the appropriate taxing authority. Tax positions that do not meet the more likely than not standard are not recognized. Tax positions that meet this standard are recognized in our Consolidated Financial Statements. We measure the tax position as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution with a taxing authority that has full knowledge of all relevant information.

Changes in Law

Certain changes or future events, such as changes in tax legislation, geographic mix of earnings and completion of tax audits, planning opportunities, and expectations about future outcomes could have an impact on our estimates of valuation allowances, deferred taxes, tax provisions, and effective tax rates.

For example, a reduction in the corporate tax rate would most likely result in a tax benefit based on the fact that, as of December 31, 2012, we have a deferred tax liability. Conversely, an increase in the corporate tax rate would most likely result in an additional tax expense.

Contingencies

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. Examples of loss contingencies include pending or threatened adverse litigation, threat of expropriation of assets, and actual or possible claims and assessments. Amounts related to loss contingencies involve considerable judgments and are accrued if it is probable that a loss has been incurred and the amount can be reasonably estimated. Reserves are established reflecting management's best estimate, reviewed on a quarterly basis and revised as additional information becomes available. When a loss contingency is reasonably possible, but not probable, disclosure is made of management's best estimate of possible loss, or the range of possible loss, or a statement is made that such an estimate cannot be made.

We are involved in threatened or pending lawsuits/arbitrations arising from the normal conduct of business. Due to the climate in insurance and business litigation/arbitration, suits against us sometimes include claims for

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substantial compensatory, consequential or punitive damages and other types of relief. Moreover, certain claims are asserted as class actions, purporting to represent a group of similarly situated individuals. It is not always possible to accurately estimate the outcome of such lawsuits/arbitrations. Therefore, changes to such estimates could be material. As facts and circumstances change, our estimates are revised accordingly. Our reserves reflect management's best estimate of the ultimate resolution.

Employee Benefits Plans

We sponsor defined benefit pension and other postretirement benefit plans covering eligible employees, sales representatives, and other individuals. The net periodic benefit cost and projected benefit obligations are calculated based on assumptions such as the discount rate, rate of return on plan assets, rates of future compensation increases, and health care cost trend rates. These assumptions require considerable judgment, are subject to considerable variability and are established using management's best estimate. Actual results could vary significantly from assumptions based on changes such as economic and market conditions, demographics of participants in the plans, and amendments to benefits provided under the plans. Differences between the expected return and the actual return on plan assets and all other actuarial changes, which could be significant, are immediately recognized in the Consolidated Statements of Operations.

Beginning January 1, 2012, the ING Americas Retirement Plan (the Retirement Plan) began using a cash balance pension formula instead of a final average pay (FAP) formula, allowing all eligible employees to participate in the Retirement Plan. Participants will earn an annual credit equal to 4% of eligible compensation. The accrued vested cash balance benefit is portable; participants can take it when they leave the Company's employ. For participants in the Retirement Plan as of December 31, 2011, there will be a two-year transition period from the Retirement Plan's current FAP formula to the cash balance pension formula. Under ASC Topic 715 requirements, the impact of the change in the Retirement Plan was recognized upon Board approval on November 10, 2011, resulting in an \$83.6 million decrease to the benefit obligation.

Sensitivity

The discount rate and expected rate of return assumptions relating to our defined benefit pension and other postretirement benefit plans have historically had the most significant effect on our net periodic benefit costs and the projected and accumulated projected benefit obligations associated with these plans.

The discount rate is based upon current market information provided by plan actuaries. The discount rate modeling process involves selecting a portfolio of high quality, non-callable bonds that will match the cash flows of the Retirement Plan. The weighted average discount rate in 2012 for the net periodic benefit cost was 4.59%. Due to the curtailment of the Retirement Plan as a result of the Cognizant transaction (see Business Employees for a description of the Cognizant transaction), we remeasured the Retirement Plan's assets and liabilities using a discount rate of 4.25% on August 16, 2012. See the Note for *Employee Benefit Arrangements* in our Consolidated Financial Statements for details regarding the Cognizant transaction and the related Retirement Plan remeasurement.

The discount rate for determining the projected benefit obligation and accumulated projected benefit obligation as of December 31, 2012 was 4.05%. As of December 31, 2012, the sensitivities of the effect of an increase or decrease in the discount rate are as presented below:

(\$ in millions)	Increase (Decrease) in Net Periodic Benefit Cost Pension Plans		Increase (Decrease) in Net Periodic Benefit Cost Other Postretirement Benefits	
	Increase in discount rate by 100 basis points	\$	(295.7)	\$
Decrease in discount rate by 100 basis points		375.5		3.0

(\$ in millions)	Increase (Decrease) in Pension Benefit Obligation		Increase (Decrease) in Accumulated Postretirement Benefit Obligation	
	Increase in discount rate by 100 basis points	\$	(293.7)	\$
Decrease in discount rate by 100 basis points		374.0		3.3

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The expected rate of return considers the asset allocation, historical returns on the types of assets held, and the current economic environment. Based on these factors, we expect that the assets will earn an average percentage per year over the long term. This estimation is based on an active return on a compound basis, with a reduction for administrative expenses and non-ING investment manager fees paid from the assets. For estimation purposes, we assume the long-term asset mix will be consistent with the target allocation. Changes on the asset mix could impact the amount of recorded pension income or expense, the funded status of the Retirement Plan, and the need for future cash contributions.

The expected rate of return for 2012 was 7.5% (net of expenses) for the Retirement Plan. The expected rate of return assumption is only applicable to this plan as assets are not held by any of the other pension and other postretirement plans.

As of December 31, 2012, the effect of an increase or decrease in the actual rate of return on the net periodic benefit cost is presented in the table below:

(\$ in millions)	Increase (Decrease) in Net Periodic	
	Benefit Cost	Pension Plans
Increase in actual rate of return by 100 basis points	\$	(12.3)
Decrease in actual rate of return by 100 basis points		12.3

For more information related to our employee benefit plans, see the Note for *Employee Benefit Arrangements* in our Consolidated Financial Statements.

Impact of New Accounting Pronouncements

For information regarding the impact of new accounting pronouncements, see the Note for Business, Basis of Presentation and Significant Accounting Policies in our Consolidated Financial Statements.

Qualitative and Quantitative Disclosure About Market Risk

Market risk is the risk that our consolidated financial position and results of operations will be affected by fluctuations in the value of financial instruments. We have significant holdings in financial instruments and are naturally exposed to a variety of market risks. The main market risks we are exposed to include credit risk, interest rate risk and equity market price risk. We do not have material market risk exposure to trading activities in our Consolidated Financial Statements.

Risk Management

As a financial services company active in Retirement, Investment Management and Insurance, taking measured risks is part of our business. As part of our effort to ensure measured risk taking, we have integrated risk management in our daily business activities and strategic planning.

We place a high priority to risk management and risk control. We have comprehensive risk management and control procedures in place at all levels and have established a dedicated risk management function with responsibility for the formulation of our risk appetite, strategies, policies and limits. The risk management function is also responsible for monitoring our overall market risk exposures and provides review, oversight and support functions across us on risk-related issues.

Our risk appetite is aligned with how our businesses are managed and anticipates future regulatory developments. In particular, our risk appetite is aligned with regulatory capital requirements applicable to our regulated insurance subsidiaries as well as metrics that are aligned with various ratings agency models.

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Our risk governance and control systems enable us to identify, control, monitor and aggregate risks and provide assurance that risks are being measured, monitored and reported adequately and effectively. To promote measured risk taking, we have integrated risk management with our business activities and strategic planning through a strategy to manage risk in accordance with the following three principles:

1. Management of the businesses has primary responsibility for the day-to-day management of risk and forms the first line of defense.
2. The risk management function, both at the corporate and the business level, as the second line of defense, has the primary responsibility to align risk taking with strategic planning through risk tolerance and limit setting. Risk managers in the businesses have direct reporting lines to the Chief Risk Officer (CRO).
3. The internal audit function provides an ongoing independent (i.e. outside of the risk organization) and objective assessment of the effectiveness of internal controls, including financial and operational risk management and forms the third line of defense.

Our risk management is organized along a functional line comprising two levels within the organization: the corporate and business levels. The CRO heads the functional line, and each of the businesses has a similar function that reports to the CRO. This layered, functional approach is designed to promote consistent application of guidelines and procedures, regular reporting and appropriate communication vertically through the risk management function, as well as to provide ongoing support for the business. The scope, roles, responsibilities and authorities of the risk management function at different levels are described in an Insurance Risk Management Governance Framework to which all businesses must adhere.

Our Risk Committee discusses and approves all risk policies and reviews and approves risks associated with our activities. This includes volatility (affecting earnings and value), exposure (required capital and market risk) and insurance risks. Each business has an Asset-Liability Committee that reviews business specific risks and is governed by the Risk Committee.

We have implemented several limit structures to manage risk. Examples include, but are not limited to, the following:

At-risk limits on sensitivities of earnings and regulatory capital to the capital markets provide the fundamental framework to manage capital markets risks including the risk of asset / liability mismatch;

Duration and convexity mismatch limits;

Credit risk concentration limits;

Mortality concentration limits;

Catastrophe and mortality exposure retention limits for our insurance risk; and

Investment and derivative guidelines.

We manage our risk appetite based on two key risk metrics:

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Regulatory and Rating Agency Capital Sensitivities: the potential reduction, under a moderate capital markets stress scenario, of the excess of available statutory capital above the minimum required under the NAIC regulatory RBC methodology and of our targeted rating agency capital position; and

Earnings Sensitivities: the potential reduction in results of operations under a moderate capital markets stress scenario. Maintaining a consistent level of earnings helps us to finance our operations, support our capital requirements and provide funds to pay dividends to stockholders.

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Our risk metrics cover the most important aspects in terms of performance measures where risk can materialize and are representative of the regulatory constraints to which our business is subject. The sensitivities for earnings and statutory capital are important metrics since they provide insight into the level of risk we take under moderate stress scenarios. They also are the basis for internal risk management.

We are also subject to cash flow stress testing pursuant to regulatory requirements. This analysis measures the effect of changes in interest rate assumptions on asset and liability cash flows. The analysis includes the effects of:

the timing and amount of redemptions and prepayments in our asset portfolio;

our derivative portfolio;

death benefits and other claims payable under the terms of our insurance products;

lapses and surrenders in our insurance products;

minimum interest guarantees in our insurance products; and

book value guarantees in our insurance products.

We evaluate any shortfalls that our cash flow testing reveals and if needed increase statutory reserves or adjust portfolio management strategies.

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, financial indices, or other prices of securities or commodities. Derivatives include swaps, futures, options and forward contracts. Under U.S. insurance statutes, our insurance subsidiaries may use derivatives to hedge market values or cash flows of assets or liabilities; to replicate cash market instruments; and for certain limited income generating activities. Our insurance subsidiaries are generally prohibited from using derivatives for speculative purposes. References below to hedging and hedge programs refer to our process of reducing exposure to various risks. This does not mean that the process necessarily results in hedge accounting treatment for the respective derivative instruments. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item and meet other specific requirements. Effectiveness of the hedge is assessed at inception and throughout the life of the hedging relationship. Even if a derivative qualifies for hedge accounting treatment, there may be an element of ineffectiveness of the hedge. The ineffective portion of a hedging relationship subject to hedge accounting is recognized in Net realized capital gains (losses) in the Consolidated Statements of Operations.

Market Risk Related to Interest Rates

We define interest rate risk as the risk of an economic loss due to adverse changes in interest rates. This risk arises from our holdings in interest sensitive assets and liabilities, primarily as a result of investing life insurance premiums, fixed annuity and guaranteed investment contract deposits received in interest-sensitive assets and carrying these funds as interest-sensitive liabilities. We are also subject to interest rate risk on our variable annuity business, as a sustained decline in interest rates or a prolonged period of low interest rates may subject us to higher cost of guaranteed benefits and increased hedging costs.

We use product design, pricing and ALM strategies to reduce the adverse effects of interest rate movement. Product design and pricing strategies can include the use of surrender charges, withdrawal restrictions and the ability to reset credited interest rates. ALM strategies can include the use of derivatives and duration and convexity mismatch limits. See Risk Factors Risks Related to Our Business General The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment.

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Derivatives strategies include the following:

Minimum Interest Rate Guarantees. For certain liability contracts, we provide the contract holder a guaranteed minimum interest rate. These contracts include certain fixed annuities and other insurance liabilities. We purchase interest rate floors, swaps and swaptions to reduce risk associated with these liability guarantees.

Book Value Guarantees in Stable Value Contracts. For certain stable value contracts, the contract holder and participants may surrender the contract for the account value even if the market value of the asset portfolio is in an unrealized loss position. We purchase derivatives including interest rate caps, swaps and swaptions to reduce the risk associated with this type of guarantee.

Interest Risk Related to Variable Annuity Guaranteed Living Benefits. For Variable Annuity contracts with Guaranteed Living benefits, the contract holder may elect to receive income benefits over the remainder of their lifetime. We use derivatives such as interest rate swaps to hedge a portion of the interest rate risk associated with this type of guarantee.

Other Market Value and Cash Flow Hedges. We also use derivatives in general to hedge present or future changes in cash flows or market value changes in our assets and liabilities. We use derivatives such as interest rate swaps to specifically hedge interest rate risks associated with our CMO-B portfolio, see Investments CMO-B Portfolio .

We assess interest rate exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either increasing or decreasing 100 basis point parallel shifts in the yield curve, reflecting changes in either credit spreads or risk-free rates. The following tables present the net estimated potential change in fair value from hypothetical 100 basis point upward and downward shifts in interest rates as of both September 30, 2013 and December 31, 2012 and 2011. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding future interest rates or the performance of fixed-income markets, they are a near-term, reasonably possible hypothetical change that illustrates the potential impact of such events. These tests do not measure the change in value that could result from non-parallel shifts in the yield curve. As a result, the actual change in fair value from a 100 basis point change in interest rates could be different from that indicated by these calculations.

(\$ in millions)	Notional	As of September 30, 2013		
		Fair Value ⁽¹⁾	+100 Basis Points Yield Curve Shift	Hypothetical Change in Fair Value ⁽²⁾ -100 Basis Points Yield Curve Shift
Financial assets with interest rate risk:				
Fixed maturity securities, including securities pledged	\$	\$ 73,394.2	\$ (4,621.4)	\$ 4,848.2
Commercial mortgage and other loans		9,126.9	(399.1)	393.6
Derivatives:				
Interest rate swaps, caps, forwards	60,180.1	(197.9)	(452.3)	662.0
Financial liabilities with interest rate risk:				
Investment contracts:				
Funding agreements without fixed maturities and deferred annuities ⁽³⁾		53,269.1	(3,405.7)	4,135.7
Funding agreements with fixed maturities and GICs		3,208.9	(127.6)	133.7
Supplementary contracts and immediate annuities		3,452.0	(183.0)	207.8
Long-term debt		3,641.3	(253.7)	285.1
Embedded derivatives on reinsurance		87.0	(72.1)	74.2
Guaranteed benefit derivatives⁽³⁾:				
FIA		1,566.7	(85.3)	88.1
GMAB / GMWB / GMWBL		1,175.9	(651.5)	840.8
Stabilizer and MCGs		11.0	(33.0)	80.0

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- (1) Separate account assets and liabilities which are interest sensitive are not included herein as any interest rate risk is borne by the holder of separate account.
- (2) (Decrease) in assets or (decrease) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.
- (3) Certain amounts included in Funding agreements without fixed maturities and deferred annuities section are also reflected within the Guaranteed benefit derivatives section of the tables above.

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(\$ in millions)	As of December 31, 2012			
	Notional	Fair Value ⁽¹⁾	Hypothetical Change in Fair Value ⁽²⁾	
+100 Basis Points Yield Curve Shift			-100 Basis Points Yield Curve Shift	
Financial assets with interest rate risk:				
Fixed maturity securities, including securities pledged	\$	\$ 75,287.1	\$ (4,884.4)	\$ 4,724.7
Equity securities, available for sale		340.1	(7.8)	7.3
Commercial mortgage and other loans		8,954.8	(349.2)	291.9
Loan-Dutch State obligation				
Derivatives:				
Interest rate swaps, caps, forwards	71,010.3	635.1	(1,013.3)	1,283.0
Financial liabilities with interest rate risk:				
Investment contracts:				
Funding agreements without fixed maturities and deferred annuities ⁽³⁾		56,851.0	(4,233.3)	5,237.7
Funding agreements with fixed maturities and GICs		3,671.0	(156.1)	162.4
Supplementary contracts and immediate annuities		3,482.3	(193.4)	221.3
Long-term debt		3,386.2	(131.9)	146.2
Embedded derivatives on reinsurance		169.5	(82.2)	80.4
Guaranteed benefit derivatives⁽³⁾:				
FIA		1,434.3	(85.0)	85.0
GMAB / GMWB / GMWBL		2,035.4	(835.0)	1,050.0
Stabilizer and MCGs		102.0	(86.0)	130.0

- (1) Separate account assets and liabilities which are interest sensitive are not included herein as any interest rate risk is borne by the holder of separate account.
- (2) (Decrease) in assets or (decrease) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.
- (3) Certain amounts included in Deferred annuities section are also reflected within the Guaranteed benefit derivatives section of the tables above.

(\$ in millions)	As of December 31, 2011			
	Notional	Fair Value ⁽¹⁾	Hypothetical Change in Fair Value ⁽²⁾	
+100 Basis Points Yield Curve Shift			-100 Basis Points Yield Curve Shift	
Financial assets with interest rate risk:				
Fixed maturity securities, including securities pledged	\$	\$ 72,669.4	\$ (4,334.6)	\$ 4,326.1
Equity securities, available for sale		353.8	(7.6)	8.0
Commercial mortgage and other loans		8,943.7	(293.0)	235.8
Loan-Dutch State obligation		1,806.4	(19.0)	9.3
Derivatives:				
Interest rate swaps, caps, forwards	65,352.0	839.9	(1,090.6)	1,367.2
Financial liabilities with interest rate risk:				
Investment contracts:				
Funding agreements without fixed maturities and deferred annuities ⁽³⁾		55,014.7	(3,677.6)	4,592.1
Funding agreements with fixed maturities and GICs		5,261.0	(184.5)	197.4
Supplementary contracts and immediate annuities		3,311.9	(173.2)	198.3
Long-term debt		1,448.5	(52.2)	59.5
Embedded derivatives on reinsurance		137.2	(86.4)	85.7
Guaranteed benefit derivatives⁽³⁾:				
FIA		1,304.9	(81.9)	88.8
GMAB / GMWB / GMWBL		2,272.2	(837.9)	1,065.6

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Stabilizer and MCGs	221.0	(137.1)	192.1
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- (1) Separate account assets and liabilities which are interest sensitive are not included herein as any interest rate risk is borne by the holder of the separate account.
- (2) (Decreases) in assets or (decreases) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.
- (3) Certain amounts included in Deferred annuities section are also reflected within the Guaranteed benefit derivatives section of the tables above.

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Market Risk Related to Equity Market Prices

Our variable products, FIA products and general account equity securities are significantly influenced by global equity markets. Increases or decreases in equity markets impact certain assets and liabilities related to our variable products and our earnings derived from those products. Our variable products include variable annuity contracts and variable life insurance.

Variable Annuity Guarantee Hedge Program

We primarily mitigate variable annuity market risk exposures through hedging. Market risk arises primarily from the minimum guarantees within the variable annuity products, whose economic costs are primarily dependent on future equity market returns, interest rate levels, equity volatility levels and policyholder behavior. The Variable Annuity Guarantee Hedge Program is used to mitigate our exposure to equity market and interest rate changes and seek to ensure that the required assets are available to satisfy future death benefit and living benefit obligations. While the Variable Annuity Guarantee Hedge Program does not explicitly hedge statutory or GAAP reserves, as markets move up or down, in aggregate the returns generated by the Variable Annuity Guarantee Hedge Program will significantly offset the statutory and GAAP reserve changes due to market movements.

The objective of the Variable Annuity Guarantee Hedge Program is to offset changes in equity market returns for most minimum guaranteed death benefits and all guaranteed living benefits, while also providing interest rate protection for certain minimum guaranteed living benefits. We hedge the equity market exposure using a hedge target set using market consistent valuation techniques for all guaranteed living benefits and most death benefits. We also hedge a portion of the interest rate risk in our GMWB/GMAB/GMWBL blocks using a market consistent valuation hedge target. We do not hedge interest rate risks for our GMIB or GMDB primarily because doing so would result in volatility in our regulatory reserves and rating agency capital that exceeds our tolerances and, secondarily, because doing so would produce additional volatility in our GAAP financial statements. These hedge targets may change over time with market movements, changes in regulatory and rating agency capital, available collateral and our risk tolerance. For example, in June 2013, we reduced the amount of interest rate hedging for the GMWB/GMAB/GMWBL blocks to refine the impact of interest rate movements on regulatory and rating agency capital.

Equity index futures on various equity indices are used to mitigate the risk of the change in value of the policyholder-directed separate account funds underlying the variable annuity contracts with minimum guarantees. A dynamic trading program is utilized to seek replication of the performance of targeted fund groups (i.e. the fund groups that can be covered by indices where liquid futures markets exist).

Total return swaps are also used to mitigate the risk of the change in value of certain policyholder directed separate account funds. These include fund classes such as emerging markets and real estate. They may also be used instead of futures of more liquid indices where it may be deemed advantageous. This hedging strategy is employed at our discretion based on current risk exposures and related transaction costs.

Interest rate swaps are used to match the hedge targets on GMWB/GMAB/GMWBL as described above.

Variance swaps and equity options are used to mitigate the impact of changes in equity volatility on the economic liabilities associated with certain minimum guaranteed living benefits. This program began in the second quarter of 2012.

Foreign exchange forwards are used to mitigate the impact of policyholder-directed investments in international funds with exposure to fluctuations in exchange rates of certain foreign currencies. Rebalancing is performed based on pre-determined notional exposures to the specific currencies.

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Variable Annuity Capital Hedge Overlay (CHO) Program

Variable annuity guaranteed benefits are hedged based on their economic or fair value; however, the statutory reserves and rating agency required assets are not based on a market value. When equity markets decrease, the statutory reserve and rating agency required assets for the variable annuity guaranteed benefits can increase more quickly than the value of the derivatives held under the Variable Annuity Guarantee Hedge Program. This causes regulatory reserves to increase and rating agency capital to decrease. The CHO strategy is intended to mitigate equity risk to the regulatory and rating agency capital of the Company. The hedge is executed through the purchase and sale of equity index futures and is designed to limit the uncovered reserve and rating agency capital increases in an immediate down equity market scenario to an amount we believe prudent for a company of our size and scale. This amount will change over time with market movements, changes in regulatory and rating agency capital and our risk tolerance.

As stated above, the primary focus of the hedge program is to protect regulatory and rating agency capital from equity market movements. Hedge ineffectiveness, along with other aspects not directly hedged (including unexpected policyholder behavior), may cause losses of regulatory or rating agency capital. Regulatory and rating agency capital requirements may move disproportionately (i.e., they may change by different amounts as market conditions and other factors change), and, therefore, this could also cause our hedge program to not realize its key objective of protecting both regulatory and rating agency capital from equity market movements.

Hedging of Fixed Indexed Annuity Benefits

We mitigate FIA market risk exposures through a combination of capital market hedging, product design and capital management. For the FIA book of business, these risks stem from the MGIR offered and the additional interest credits (Equity Participation or Interest Rate Participation) based on exposure to various stock market indices or the 3-month LIBOR. The minimum guarantees, interest rate and equity market exposures are strongly dependent on capital markets and, to a lesser degree, policyholder behavior.

We mitigate this exposure in two ways. The primary way we hedge FIA equity exposure is to purchase OTC equity index call options from broker-dealer derivative counterparties who generally have a minimum credit rating of A3 from Moody's and A - from S&P. The second way to hedge FIA equity exposure is by purchasing exchange traded equity index futures contracts.

Additionally, the credited rate mechanism for certain FIA contracts exposes us to changes in interest rate benchmarks. We mitigate this exposure by purchasing OTC interest rate swaptions from broker-dealer derivative counterparties who generally have a minimum credit rate of A3 from Moody's and A - from S&P. For each broker-dealer counterparty, our derivative exposure to that counterparty is aggregated with any fixed income exposure to the same counterparty and is maintained within applicable limits.

These hedge programs are limited to the current policy term of the liabilities, based on current participation rates. Future returns, which may be reflected in FIA credited rates beyond the current policy term, are not hedged.

While the FIA hedge program does not explicitly hedge statutory or GAAP income volatility, the FIA hedge program tends to mitigate the statutory and GAAP reserve changes associated with movements in the equity market and 3-month LIBOR. This is due to the fact that a key component in the calculation of statutory and GAAP reserves is the market valuation of the current term embedded derivative. The risk management of the current term embedded derivative is the goal of the FIA hedging program. Due to the alignment of the embedded derivative reserve component with hedging of this same embedded derivative, there should be a match between changes in this component of the reserve and changes in the assets

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backing this component of the reserve. However, there may be an interim mismatch due to the fact that the hedges which are put in place are only intended to cover exposures expected to remain until the end of an indexing term (e.g. account value decrements during an indexing term associated with expected lapses and mortality are not hedged).

Call options are used to hedge against an increase in various equity indices. An increase in various equity indices may result in increased payments to contract holders of FIA contracts. The call options offset this increased expense.

Futures contracts are also used to hedge against an increase in certain equity indices. An increase in certain equity indices may result in increased payments to contract holders of fixed indexed annuity contracts. The futures contracts offset this increased expense.

Interest rate swaptions are used to hedge against an increase in the interest rate benchmark (currently the 3-month LIBOR). An increase in the interest rate benchmark may result in increased payments to contract holders of FIA contracts. The interest rate swaptions offset this increased expense.

We assess equity risk exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either an increase or decrease of 10% in all equity market benchmark levels. The following tables present the net estimated potential change in fair value from an instantaneous increase and decrease in all equity market benchmark levels of 10% as of September 30, 2013 and December 31, 2012 and 2011. In calculating these amounts, we exclude separate account equity securities related to products for which the investment risk is borne primarily by the separate account contract holder rather than by us. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding the future performance of equity markets, they are near-term, reasonably possible hypothetical changes that illustrate the potential impact of such events. These scenarios consider only the direct effect on fair value of declines in equity benchmark market levels and not changes in asset-based fees recognized as revenue, changes in our estimates of total gross profits used as a basis for amortizing DAC/VOBA, other intangibles and other costs, or changes in any other assumptions such as market volatility or mortality, utilization or persistency rates in variable contracts that could also impact the fair value of our living benefits features. In addition, these scenarios do not reflect the effect of basis risk, such as potential differences in the performance of the investment funds underlying the variable annuity products relative to the equity market benchmark we use as a basis for developing our hedging strategy. The impact of basis risk could result in larger differences between the change in fair value of the equity-based derivatives and the related living benefit features, in comparison to the hypothetical test scenarios.

(\$ in millions)	As of September 30, 2013				As of December 31, 2012				As of December 31, 2011			
	Hypothetical				Hypothetical				Hypothetical			
	Change in				Change in				Change in			
	Notional	Fair Value	Shock	Shock	Notional	Fair Value	Shock	Shock	Notional	Fair Value	Shock	Shock
Financial assets with equity market risk:												
Equity securities, available for sale	\$	\$ 279.6	\$ 26.7	\$ (26.7)	\$	\$ 340.1	\$ 33.0	\$ (33.0)	\$	\$ 353.8	\$ 33.9	\$ (33.9)
Limited liability partnerships/corporations		390.0	23.5	(23.5)		465.1	27.9	(27.9)		599.6	25.5	(25.5)
Derivatives:												
Equity futures and total return swaps ⁽²⁾	8,755.1	(3.1)	(739.7)	739.7	11,766.6	(200.0)	(1,176.7)	1,176.7	12,737.7	6.5	(1,274.7)	1,274.7
Equity options	3,282.4	116.6	63.7	(59.0)	3,123.8	68.3	40.2	(19.7)	3,059.7	34.3	29.3	(27.6)
Financial liabilities with equity market risk:												
Guaranteed benefit derivatives												
FIA		1,566.7	104.3	(152.5)		1,434.3	108.0	(158.0)		1,304.9	222.0	(222.0)
GMAB / GMWB/ GMWBL		1,175.9	(182.5)	256.2		2,035.4	(296.0)	373.0		2,272.2	(270.1)	328.1

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(1) (Decrease) in assets or (decrease) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.

(2) Primarily related to CBVA hedging programs.

Market Risk Related to Credit Risk

Credit risk is primarily embedded in the general account portfolio. The carrying value of our fixed maturity and equity portfolio totaled \$73.7 billion and \$75.6 billion as of September 30, 2013 and December 31, 2012, respectively. Our credit risk materializes primarily as impairment losses. We are exposed to occasional cyclical economic downturns, during which impairment losses may be significantly higher than the long-term historical average. This is offset by years where we expect the actual impairment losses to be substantially lower than the long-term average.

Credit risk in the portfolio can also materialize as increased capital requirements as assets migrate into lower credit qualities over time. The effect of rating migration on our capital requirements is also dependent on the economic cycle and increased asset impairment levels may go hand in hand with increased asset related capital requirements.

We manage the risk of default and rating migration by applying disciplined credit evaluation and underwriting standards and prudently limiting allocations to lower quality, higher risk investments. In addition, we diversify our exposure by issuer and country, using rating based issuer and country limits. We also set investment constraints that limit our exposure by industry segment. To limit the impact that credit risk can have on earnings and capital adequacy levels, we have portfolio-level credit risk constraints in place. Limit compliance is monitored on a daily or, in some cases, monthly basis. Limit violations are reported to senior management and we are actively involved in decisions around curing such limit violations.

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We also have credit risk related to the ability of reinsurance counterparties to honor their obligations to pay the contract amounts under various agreements. To minimize the risk of credit loss on such contracts, we diversify our exposures among many reinsurers and limit the amount of exposure to each based on credit rating. In addition, most of our largest reinsurance counterparties are required under the various agreements to collateralize their obligations to us which would substantially limit our credit losses in case of a counterparty default. We also generally limit our selection of counterparties with which we do new transactions to those with an A credit rating or above. When exceptions are made to that principle, we ensure that we obtain collateral to mitigate our risk of loss. The following table presents our reinsurance recoverable balances, collateral received and credit and financial strength ratings for our 10 largest reinsurance recoverable balances as of December 31, 2012:

(\$ in millions) Parent Company/Principal Reinsurers	Reinsurance Recoverable	% Collateralized ⁽¹⁾	As of December 31, 2012 Financial Strength Rating		Credit Rating	
			S&P	Moody's	S&P	Moody's
Hannover RE Group	\$ 2,717	85%			AA-	NR
Hannover Re (Ireland) Plc			AA-	NR		
Hannover Life Reassurance Co of America			AA-	NR		
Hannover Ruckversicherung-AG			AA-	NR		
Lincoln National Corp	2,143	98%			A-	Baa2
Lincoln Life & Annuity Company of New York			AA-	A2		
Lincoln National Life Insurance Co			AA-	A2		
Prudential plc (U.K.)	576	62%			A+	A2
Jackson National Life Insurance Co			AA	A1		
Reassure America Life Insurance Company ⁽²⁾			AA-	A1		
Reinsurance Group of America Inc	375	47%			A-	Baa1
RGA Reinsurance Company			AA-	A1		
Scottish Re Group Ltd	300	90%			NR	NR
Ballantyne Re Plc			NR	NR		
Scottish Re (US) Inc			NR	NR		
Swiss Re Ltd	276	0%			AA-	A1
Swiss Re Life & Health America Inc			AA-	A1		
Westport Insurance Corp			AA-	A1		
Aegon N.V.	235	0%			A-	A3
Transamerica Financial Life Insurance Co			AA-	A1		
Transamerica Life Insurance Co			AA-	A1		
Assurant Inc	152	7%			BBB	Baa2
Union Security Insurance Co			A-	A3		
Munich Re Group	63	0%			AA-	NR
Munich American Reassurance Co.			AA-	NR		
Berkshire Hathaway	53	3%			AA+	Aa2
General Re Life Corp			AA+	NR		

(1) Collateral includes letters of credit, assets held in trust and funds withheld.

(2) On December 31, 2012, Reassure America Life Insurance Company merged into its parent, Jackson National Life Insurance Company. The ratings of Reassure America Life Insurance Company were subsequently withdrawn once the company ceased to exist. The ratings of the parent, Jackson National Life Insurance Company, are AA from S&P and A1 from Moody's. The reinsurance recoverable was \$83.6 million as of December 31, 2012.

In the normal course of business, certain reinsurance recoverables are subject to reviews by the reinsurers. We are not aware of any material disputes arising from these reviews or other communications with the counterparties, and, therefore, as of December 31, 2012, no allowance for uncollectible amounts was recorded.

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We also have credit risk related to the ability of our derivatives counterparties to honor their obligations to pay the contract amounts under various agreements. To minimize the risk of credit loss on such contracts, we diversify our exposures among many counterparties and limit the amount of exposure to each based on credit rating. For most counterparties, we have a credit support agreement (CSA) in place that would substantially limit our credit losses in case of a counterparty default. Thresholds for collateral posting by a derivative counterparty under a CSA generally range from \$0 to \$25 million, which, depending on the specific CSA and the rating of the counterparty, would represent the maximum uncollateralized exposure possible for the aggregate of in the money derivative transactions with any such counterparty. We also generally limit our selection of counterparties with whom we conduct new transactions to those with an A or above credit rating. For derivatives counterparty risk, we measure and monitor our risks daily on a market value basis.

The following tables present the outstanding notional amount of derivatives by contract type as of September 30, 2013 and December 31, 2012:

(\$ in millions)	As of September 30, 2013		
	Exchange Traded	Over The Counter (OTC) ⁽¹⁾	Total Notional
Type of Contract			
Credit Contracts	\$	\$ 3,166.0	\$ 3,166.0
Equity Contracts	7,915.8	4,121.7	12,037.5
Foreign Exchange Contracts		1,711.0	1,711.0
Interest Rate Contracts		60,180.1	60,180.1
Total	\$ 7,915.8	\$ 69,178.8	\$ 77,094.6

⁽¹⁾ OTC balances include exchange cleared derivatives resulting from Dodd-Frank implementation.

(\$ in millions)	As of December 31, 2012		
	Exchange Traded	Over The Counter (OTC)	Total Notional
Type of Contract			
Credit Contracts	\$	\$ 3,106.0	\$ 3,106.0
Equity Contracts	10,923.4	3,967.0	14,890.4
Foreign Exchange Contracts		1,985.8	1,985.8
Interest Rate Contracts		71,010.3	71,010.3
Total	\$ 10,923.4	\$ 80,069.1	\$ 90,992.5

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The following table presents our exposure by counterparty, including notional amount, fair value and the net exposure as of December 31, 2012, demonstrating that we do not have a concentration of credit risk with our OTC derivative counterparties:

(\$ in millions)	As of December 31, 2012			
	Concentration of OTC Derivative Counterparty			
OTC Derivative Counterparty	Notional Amount	Asset Fair Value	Liability Fair Value	OTC Derivative Exposure ⁽¹⁾
BNP Paribas	\$ 12,002.6	\$ 558.0	\$ 222.5	\$ 21.1
Credit Suisse International	10,843.3	268.2	303.1	0.6
Citibank NA	8,531.3	184.7	132.1	2.4
Goldman Sachs International	7,417.7	440.8	301.1	0.4
Deutsche Bank AG	6,672.3	134.9	107.4	12.4
JP Morgan Chase Bank	6,560.4	190.1	223.2	10.4
Wells Fargo	5,021.4	126.1	52.6	59.4
Morgan Stanley Capital Services LLC	3,968.8	72.0	87.7	2.4
Barclays Bank	3,100.8	104.5	45.0	0.4
Bank of America, NA	2,967.2	12.3	54.3	
UBS AG	2,453.9	89.7	101.9	21.1
ING Capital Markets	2,144.8	30.6	15.0	0.8
HSBC Bank	1,787.4	35.6	35.0	8.0
Societe Generale	1,367.7	14.5	13.4	4.6
The Royal Bank of Scotland PLC	1,265.4	21.9	5.6	10.3
All Other OTC Counterparties	3,964.1	66.4	28.3	59.8
Total OTC Counterparties	\$ 80,069.1	\$ 2,350.3	\$ 1,728.2	\$ 214.1

⁽¹⁾ Represents net exposure after offsetting derivative assets and liabilities of the same counterparty under enforceable netting agreements and netting of collateral received and posted on a counterparty basis under CSAs.

The following table presents the maturities of our derivatives portfolio and associated notional and fair value as of December 31, 2012:

(\$ in millions)	As of December 31, 2012			
	Volume of Derivative Activities			
By Maturity	Notional Amount	Asset Fair Value	Liability Fair Value	Net Fair Value
OTC Contracts:				
Within 1 Year	\$ 20,526.0	\$ 65.8	\$ 111.2	\$ (45.4)
1 Year to 5 Years	27,108.9	301.0	906.5	\$ (605.5)
5 Years to 10 Years	16,825.0	874.8	473.1	\$ 401.7
10 Years and longer	15,609.2	1,108.7	237.4	\$ 871.3
Total OTC Contracts	80,069.1	2,350.3	1,728.2	622.1
Exchange Traded Contracts	10,923.4	24.2	216.0	(191.8)
Total Derivatives	\$ 90,992.5	\$ 2,374.5	\$ 1,944.2	\$ 430.3

During 2012, net cash settlements under OTC contracts were \$75.1 million received and net cash settlements for exchange traded derivatives were \$1.5 billion paid. Net realized losses on derivatives for the year ended December 31, 2012, were \$26.3 million and \$1.7 billion for OTC

contracts and exchange traded contracts, respectively.

We use credit derivatives to reduce our exposure to credit-related events as well as taking credit risk. For every subsidiary or internal portfolio, the net notional amount of credit risk taken using credit derivatives is limited to the amount of U.S. Treasury security investments in the same portfolio. We also place a limit on the amount of earnings volatility that these instruments can cause.

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INVESTMENTS

Investments for our general account are managed by our wholly owned asset manager, ING Investment Management LLC, pursuant to investment advisory agreements with affiliates. In addition, our internal treasury group manages our holding company liquidity investments, primarily money market funds.

Investment Strategy

Our investment strategy seeks to achieve sustainable risk-adjusted returns by focusing on principal preservation, disciplined matching of asset characteristics with liability requirements and the diversification of risks. Investment activities are undertaken according to investment policy statements that contain internally established guidelines and risk tolerances and in all cases are required to comply with applicable laws and insurance regulations. Risk tolerances are established for credit risk, credit spread risk, market risk, liquidity risk and concentration risk across issuers, sectors and asset types that seek to mitigate the impact of cash flow variability arising from these risks.

Segmented portfolios are established for groups of products with similar liability characteristics. Our investment portfolio consists largely of high quality fixed maturities and short-term investments, investments in commercial mortgage loans, alternative investments and other instruments, including a small amount of equity holdings. Fixed maturities include publicly issued corporate bonds, government bonds, privately placed notes and bonds, ABS, traditional MBS and various CMO tranches managed in combination with financial derivatives as part of a proprietary strategy known as CMO-B.

We use derivatives for hedging purposes to reduce our exposure to the cash flow variability of assets and liabilities, interest rate risk, credit risk and market risk. In addition, we use credit derivatives to replicate exposure to individual securities or pools of securities as a means of achieving credit exposure similar to bonds of the underlying issuer(s) more efficiently.

Since the height of the financial crisis in 2008, we have pursued a substantial repositioning of the investment portfolio aimed at reducing risk, increasing the stability and predictability of returns and pursuing intentional investment risks that are reliant on our core strengths. The repositioning has resulted in a significant decrease in exposure to structured assets, an improvement in the NAIC designation profile of our remaining structured assets and an increase in exposure to public and private investment grade corporate bonds and U.S. Treasury securities.

Over the 2009-2011 period, we significantly reduced our exposure to Non-Agency RMBS and CMBS securities. The most substantial reduction occurred in the Alt-A Back-Up Facility, in which a full credit risk transfer to the Dutch State was realized on 80% of the approximately \$4.5 billion par Alt A RMBS portfolio. Over the same period, our exposure to Subprime RMBS and CMBS securities was reduced approximately \$2.4 billion and \$4.0 billion, respectively, through sales and impairments. The remaining Subprime and CMBS exposure carries a significantly improved NAIC designation profile. Over the same period, we have reduced exposure to financial institutions by approximately \$2.0 billion, primarily out of a desire to reduce exposure to risk in the portfolio that is highly correlated with our own business model.

Each of these significant reductions in exposure and the repositioning overall represents our attempt at reducing risk, improving the stability and predictability of our investment returns and leveraging our core strengths.

See the Note for *Investments (excluding Consolidated Investment Entities)* in our Consolidated Financial Statements.

Table of Contents**Portfolio Composition**

The following table presents the investment portfolio as of the dates indicated:

(\$ in millions)	As of September 30, 2013		As of December 31, 2012		As of December 31, 2011	
	Carrying Value	%	Carrying Value	%	Carrying Value	%
Fixed maturities available-for-sale, excluding securities pledged	\$ 69,171.4	77.7%	\$ 70,910.3	74.2%	\$ 67,405.6	72.7%
Fixed maturities, at fair value using the fair value option	2,910.2	3.3%	2,771.3	2.8%	3,010.3	3.3%
Equity securities, available-for-sale	279.6	0.3%	340.1	0.4%	353.8	0.4%
Short-term investments ⁽¹⁾	2,547.3	2.9%	5,991.2	6.3%	3,572.7	3.8%
Mortgage loans on real estate	9,015.6	10.1%	8,662.3	9.1%	8,691.1	9.4%
Loan Dutch State obligation					1,792.7	1.9%
Policy loans	2,147.5	2.4%	2,200.3	2.3%	2,263.9	2.4%
Limited partnerships/corporations	390.0	0.4%	465.1	0.5%	599.6	0.6%
Derivatives	1,087.4	1.2%	2,374.5	2.5%	2,660.9	2.9%
Other investments	145.7	0.2%	167.0	0.2%	215.1	0.2%
Securities pledged ⁽²⁾	1,312.6	1.5%	1,605.5	1.7%	2,253.5	2.4%
Total investments	\$ 89,007.3	100.0%	\$ 95,487.6	100.0%	\$ 92,819.2	100.0%

(1) Short-term investments include investments with remaining maturities of one year or less, but greater than 3 months, at the time of purchase.

(2) See Management's Discussion and Analysis of Results of Operations and Financial Condition Liquidity and Capital Resources for information regarding securities pledged.

Fixed Maturities

Total fixed maturities by market sector, including securities pledged, were as presented below as of the dates indicated:

(\$ in millions)	As of September 30, 2013			
	Amortized Cost	% of Total	Fair Value	% of Total
Fixed maturities:				
U.S. Treasuries	\$ 5,518.0	7.8%	\$ 5,742.7	7.8%
U.S. government agencies and authorities	562.7	0.9%	593.7	0.8%
State, municipalities and political subdivisions	274.0	0.4%	285.0	0.4%
U.S. corporate securities	35,818.8	51.4%	37,411.2	51.0%
Foreign securities ⁽¹⁾	15,465.1	22.2%	16,189.0	22.1%
Residential mortgage-backed securities	6,617.6	9.5%	7,302.5	9.9%
Commercial mortgage-backed securities	3,509.3	5.0%	3,867.6	5.3%
Other asset-backed securities	1,965.7	2.8%	2,002.5	2.7%
Total fixed maturities, including securities pledged	\$ 69,731.2	100.0%	\$ 73,394.2	100.0%

(1) Primarily U.S. dollar denominated.

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(\$ in millions)	As of December 31, 2012			
	Amortized Cost	% of Total	Fair Value	% of Total
Fixed maturities:				
U.S. Treasuries	\$ 5,194.3	7.7%	\$ 5,883.7	7.7%
U.S. government agencies and authorities	645.4	1.0%	724.2	1.0%
State, municipalities and political subdivisions	320.2	0.5%	352.8	0.5%
U.S. corporate securities	32,986.1	49.1%	37,163.9	49.4%
Foreign securities ⁽¹⁾	14,391.2	21.4%	15,984.5	21.2%
Residential mortgage-backed securities	6,684.2	9.9%	7,667.0	10.2%
Commercial mortgage-backed securities	4,438.9	6.6%	4,946.4	6.6%
Other asset-backed securities	2,536.4	3.8%	2,564.6	3.4%
Total fixed maturities, including securities pledged	\$ 67,196.7	100.0%	\$ 75,287.1	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

(\$ in millions)	As of December 31, 2011			
	Amortized Cost	% of Total	Fair Value	% of Total
Fixed maturities:				
U.S. Treasuries	\$ 5,283.8	7.9%	\$ 5,972.5	8.2%
U.S. government agencies and authorities	643.1	1.0%	727.8	1.0%
State, municipalities and political subdivisions	375.1	0.6%	393.9	0.5%
U.S. corporate securities	30,486.5	45.5%	33,473.1	46.2%
Foreign securities ⁽¹⁾	14,041.9	21.0%	15,067.4	20.7%
Residential mortgage-backed securities	7,935.0	11.8%	9,048.1	12.5%
Commercial mortgage-backed securities	5,387.1	8.1%	5,485.4	7.5%
Other asset-backed securities	2,727.0	4.1%	2,501.2	3.4%
Total fixed maturities, including securities pledged	\$ 66,879.5	100.0%	\$ 72,669.4	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

As of September 30, 2013, the average duration of our fixed maturities portfolio, including securities pledged, is between 6.5 to 7 years.

Fixed Maturities Credit Quality Ratings

The Securities Valuation Office (SVO) of the NAIC evaluates the fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes and assigns securities to one of six credit quality categories called NAIC designations. An internally developed rating is used as permitted by the NAIC if no rating is available. These designations are generally similar to the credit quality designations of the NAIC acceptable rating organizations (ARO) for marketable fixed maturity securities, called rating agency designations except for certain structured securities as described below. NAIC designations of 1, highest quality and 2, high quality, include fixed maturity securities generally considered investment grade by such rating organizations. NAIC designations 3 through 6 include fixed maturity securities generally considered below investment grade by such rating organizations.

The NAIC adopted revised designation methodologies for non-agency RMBS, or residential mortgage-backed securities, including RMBS backed by subprime mortgage loans reported within ABS, or asset-backed securities, and for CMBS, or commercial mortgage-backed securities. The NAIC's objective with the revised designation methodologies for these structured securities was to increase the accuracy in assessing expected losses and to use the improved assessment to determine a more appropriate capital requirement for such structured securities. The NAIC designations for structured securities, including subprime and Alt-A RMBS, are

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based upon a comparison of the bond's amortized cost to the NAIC's loss expectation for each security. Securities where modeling results in no expected loss in all scenarios are considered to have the highest designation of NAIC 1. A large percentage of our RMBS securities carry a NAIC 1 designation while the ARO rating indicates below investment grade. This is primarily due to the credit and intent impairments recorded by us which reduced the amortized cost on these securities to a level resulting in no expected loss in all scenarios, which corresponds to a NAIC 1 designation. The revised methodologies reduce regulatory reliance on rating agencies and allow for greater regulatory input into the assumptions used to estimate expected losses from such structured securities. In the tables below, we present the rating of structured securities based on ratings from the revised NAIC rating methodologies described above (which may not correspond to rating agency designations). All NAIC designations (e.g., NAIC 1-6) are based on the revised NAIC methodologies.

As a result of time lags between the funding of investments, the finalization of legal documents and the completion of the SVO filing process, the fixed maturity portfolio generally includes securities that have not yet been rated by the SVO as of each balance sheet date, such as private placements. Pending receipt of SVO ratings, the categorization of these securities by NAIC designation is based on the expected ratings indicated by internal analysis.

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

The fixed maturities in our portfolio are generally rated by external rating agencies and, if not externally rated, are rated by us 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.

The following tables present credit quality of fixed maturities, including securities pledged, using NAIC designations as of the dates indicated:

NAIC Quality Designation	As of September 30, 2013						Total Fair Value
	1	2	3	4	5	6	
U.S. Treasuries	\$ 5,742.7	\$	\$	\$	\$	\$	\$ 5,742.7
U.S. Government agencies and authorities	593.7						593.7
State, municipalities and political subdivisions	279.9	4.1	1.0				285.0
U.S. corporate securities	18,041.8	17,507.7	1,552.2	281.9	6.2	21.4	37,411.2
Foreign securities ⁽¹⁾	4,712.6	10,602.5	823.4	33.7		16.8	16,189.0
Residential mortgage-backed securities	6,694.5	119.2	187.6	86.8	64.9	149.5	7,302.5
Commercial mortgage-backed securities	3,812.7	36.9	13.4	4.6			3,867.6
Other asset-backed securities	1,738.1	45.0	157.6	49.9	7.1	4.8	2,002.5
Total fixed maturities	\$ 41,616.0	\$ 28,315.4	\$ 2,735.2	\$ 456.9	\$ 78.2	\$ 192.5	\$ 73,394.2
% of Fair Value	56.7%	38.6%	3.7%	0.6%	0.1%	0.3%	100.0%

- (1) Primarily U.S. dollar denominated.

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(\$ in millions)

As of December 31, 2012

NAIC Quality Designation	1	2	3	4	5	6	Total Fair Value
U.S. Treasuries	\$ 5,883.7	\$	\$	\$	\$	\$	\$ 5,883.7
U.S. government agencies and authorities	724.2						724.2
State, municipalities and political subdivisions	347.5	4.3	1.0				352.8
U.S. corporate securities	17,106.9	18,289.5	1,369.1	344.2	36.3	17.9	37,163.9
Foreign securities ⁽¹⁾	4,429.5	10,533.9	875.1	40.8	105.2		15,984.5
Residential mortgage-backed securities	6,700.3	207.4	252.2	230.3	85.8	191.0	7,667.0
Commercial mortgage-backed securities	4,860.9	67.7	11.8	6.0			4,946.4
Other asset-backed securities	2,144.7	142.3	161.5	78.5	27.5	10.1	2,564.6
Total fixed maturities	\$ 42,197.7	\$ 29,245.1	\$ 2,670.7	\$ 699.8	\$ 254.8	\$ 219.0	\$ 75,287.1
% of Fair Value	56.0%	39.0%	3.5%	0.9%	0.3%	0.3%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

(\$ in millions)

As of December 31, 2011

NAIC Quality Designation	1	2	3	4	5	6	Total Fair Value
U.S. Treasuries	\$ 5,972.5	\$	\$	\$	\$	\$	\$ 5,972.5
U.S. government agencies and authorities	727.8						727.8
State, municipalities and political subdivisions	333.6	4.7	0.9	54.7			393.9
U.S. corporate securities	15,680.3	15,978.0	1,449.2	320.4	45.2		33,473.1
Foreign securities ⁽¹⁾	4,185.6	9,754.3	968.9	63.0	95.5	0.1	15,067.4
Residential mortgage-backed securities	8,060.8	197.8	300.6	125.8	223.0	140.1	9,048.1
Commercial mortgage-backed securities	5,090.8	140.3	195.9	36.3		22.1	5,485.4
Other asset-backed securities	2,228.3	80.8	130.2	29.5	26.3	6.1	2,501.2
Total fixed maturities	\$ 42,279.7	\$ 26,155.9	\$ 3,045.7	\$ 629.7	\$ 390.0	\$ 168.4	\$ 72,669.4
% of Fair Value	58.2%	36.0%	4.2%	0.9%	0.5%	0.2%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

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As of September 30, 2013, the weighted average quality rating of our fixed maturities portfolio was A. The following tables present credit quality of fixed maturities, including securities pledged, using ARO ratings as of the dates indicated:

(\$ in millions)

ARO Quality Ratings	As of September 30, 2013						Total Fair Value
	AAA	AA	A	BBB	BB	B and Below	
U.S. Treasuries	\$ 5,742.7	\$	\$	\$	\$	\$	\$ 5,742.7
U.S. Government agencies and authorities	587.9	2.9	2.9				593.7
State, municipalities and political subdivisions	60.3	185.5	34.1	4.1	1.0		285.0
U.S. corporate securities	758.4	2,080.9	15,607.1	17,125.8	1,568.4	270.6	37,411.2
Foreign securities ⁽¹⁾	85.7	1,379.2	3,653.1	10,413.5	615.5	42.0	16,189.0
Residential mortgage-backed securities	5,888.4	38.0	61.5	184.2	89.5	1,040.9	7,302.5
Commercial mortgage-backed securities	1,477.6	794.2	427.3	605.2	348.2	215.1	3,867.6
Other asset-backed securities	1,255.2	37.6	91.9	50.6	60.0	507.2	2,002.5
Total fixed maturities	\$ 15,856.2	\$ 4,518.3	\$ 19,877.9	\$ 28,383.4	\$ 2,682.6	\$ 2,075.8	\$ 73,394.2
% of Fair Value	21.5%	6.2%	27.1%	38.7%	3.7%	2.8%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

(\$ in millions)

ARO Quality Ratings	As of December 31, 2012						Total Fair Value
	AAA	AA	A	BBB	BB	B and Below	
U.S. Treasuries	\$ 5,883.7	\$	\$	\$	\$	\$	\$ 5,883.7
U.S. government agencies and authorities	718.2	2.9	3.1				724.2
State, municipalities and political subdivisions	107.1	202.9	37.5	4.3	1.0		352.8
U.S. corporate securities	753.3	1,909.8	14,920.7	17,801.5	1,419.5	359.1	37,163.9
Foreign securities ⁽¹⁾	75.3	1,014.1	3,602.9	10,500.8	728.0	63.4	15,984.5
Residential mortgage-backed securities	5,843.5	61.3	166.2	172.4	121.6	1,302.0	7,667.0
Commercial mortgage-backed securities	1,882.2	851.7	555.1	881.0	483.7	292.7	4,946.4
Other asset-backed securities	1,489.2	24.4	129.1	85.1	111.3	725.5	2,564.6
Total fixed maturities	\$ 16,752.5	\$ 4,067.1	\$ 19,414.6	\$ 29,445.1	\$ 2,865.1	\$ 2,742.7	\$ 75,287.1
% of Fair Value	22.3%	5.4%	25.8%	39.1%	3.8%	3.6%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

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(\$ in millions)

As of December 31, 2011

ARO Quality Ratings	AAA	AA	A	BBB	BB	B and Below	Total Fair Value
U.S. Treasuries	\$ 5,972.5	\$	\$	\$	\$	\$	\$ 5,972.5
U.S. government agencies and authorities	722.4	2.9	2.5				727.8
State, municipalities and political subdivisions	106.4	195.6	31.6	4.7	0.9	54.7	393.9
U.S. corporate securities	714.6	2,045.1	13,268.3	15,653.3	1,464.8	327.0	33,473.1
Foreign securities ⁽¹⁾	43.4	1,021.9	3,479.9	9,690.9	727.9	103.4	15,067.4
Residential mortgage-backed securities	7,118.8	68.3	290.7	70.4	83.0	1,416.9	9,048.1
Commercial mortgage-backed securities	2,591.5	553.1	907.1	740.3	577.1	116.3	5,485.4
Other asset-backed securities	1,361.2	59.4	118.0	144.1	144.9	673.6	2,501.2
Total fixed maturities	\$ 18,630.8	\$ 3,946.3	\$ 18,098.1	\$ 26,303.7	\$ 2,998.6	\$ 2,691.9	\$ 72,669.4
% of Fair Value	25.6%	5.4%	24.9%	36.2%	4.1%	3.8%	100.0%

⁽¹⁾ Primarily U.S. dollar denominated.

Fixed maturities rated BB and below may have speculative characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity of the issuer to make principal and interest payments than is the case with higher rated fixed maturities.

The amortized cost and fair value of fixed maturities, including securities pledged, as of September 30, 2013 and December 31, 2012 and 2011, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called, or prepaid. MBS and Other ABS are shown separately because they are not due at a single maturity date.

(\$ in millions)

	As of September 30, 2013		As of December 31, 2012		As of December 31, 2011	
	Amortized		Amortized		Amortized	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Due to mature:						
One year or less	\$ 2,314.3	\$ 2,423.9	\$ 2,820.9	\$ 2,918.1	\$ 2,815.1	\$ 2,885.5
After one year through five years	15,201.6	16,036.2	14,380.3	15,353.4	13,850.8	14,543.9
After five years through ten years	19,660.3	20,113.5	17,372.7	19,179.7	16,512.4	17,753.2
After ten years	20,435.4	21,648.0	18,963.3	22,657.9	17,652.1	20,452.1
Mortgage-backed securities	10,126.9	11,170.1	11,123.1	12,613.4	13,322.1	14,533.5
Other asset-backed securities	1,965.7	2,002.5	2,536.4	2,564.6	2,727.0	2,501.2
Fixed maturities, including securities pledged	\$ 69,731.2	\$ 73,394.2	\$ 67,196.7	\$ 75,287.1	\$ 66,879.5	\$ 72,669.4

As of September 30, 2013 and December 31, 2012, we 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 our consolidated shareholders' equity. As of December 31, 2011, we did not have any investments in a single issuer, other than obligations of the U.S. government and government agencies and the Dutch State (the Dutch State loan obligation), with a carrying value in excess of 10% of our consolidated shareholder's equity.

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Unrealized Capital Losses

Unrealized capital losses (including noncredit impairments), along with the fair value of fixed maturities, including securities pledged, by market sector and duration were as presented below as of the dates indicated:

(\$ in millions)

As of September 30, 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	
	Unrealized Capital		Unrealized Capital		Unrealized Capital		Unrealized Capital	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasuries	\$ 2,109.3	\$ 50.7	\$ 43.8	\$ 8.1	\$	\$	\$ 2,153.1	\$ 58.8
U.S. Government agencies and authorities	57.0	0.7					57.0	0.7
U.S. corporate, state and municipalities	9,214.3	502.6	930.4	111.5	291.3	38.7	10,436.0	652.8
Foreign	3,118.3	181.7	231.2	26.9	170.7	19.1	3,520.2	227.7
Residential mortgage-backed	1,445.8	32.3	241.6	7.2	368.7	42.0	2,056.1	81.5
Commercial mortgage-backed	24.2	0.5	2.0		18.3	2.1	44.5	2.6
Other asset-backed	224.8	3.0	20.2		293.6	41.9	538.6	44.9
Total	\$ 16,193.7	\$ 771.5	\$ 1,469.2	\$ 153.7	\$ 1,142.6	\$ 143.8	\$ 18,805.5	\$ 1,069.0

(\$ in millions)

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	
	Unrealized Capital		Unrealized Capital		Unrealized Capital		Unrealized Capital	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasuries	\$ 451.2	\$ 1.8	\$	\$	\$	\$	\$ 451.2	\$ 1.8
U.S. Government agencies and authorities								
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

(\$ in millions)

As of December 31, 2011

	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	
	Unrealized Capital		Unrealized Capital		Unrealized Capital		Unrealized Capital	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasuries	\$	\$	\$	\$	\$	\$	\$	\$

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U.S. Government agencies and
authorities

U.S. corporate, state and municipalities	1,812.9	55.7	173.2	10.4	393.4	45.3	2,379.5	111.4
Foreign	1,177.6	66.2	80.2	7.3	655.8	71.9	1,913.6	145.4
Residential mortgage-backed	426.6	5.1	388.3	16.1	865.1	219.6	1,680.0	240.8
Commercial mortgage-backed	338.3	6.4	1,131.6	87.6	241.4	55.2	1,711.3	149.2
Other asset-backed	306.9	5.3	165.8	42.7	668.5	222.7	1,141.2	270.7

Total	\$ 4,062.3	\$ 138.7	\$ 1,939.1	\$ 164.1	\$ 2,824.2	\$ 614.7	\$ 8,825.6	\$ 917.5
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Of the unrealized capital losses aged more than twelve months, the average market value of the related fixed maturities was 88.8%, 88.3% and 82.1% of the average book value as of September 30, 2013, December 31, 2012 and December 31, 2011, respectively.

Gross unrealized losses on fixed maturities, including securities pledged, increased \$776.3 million and decreased \$624.8 million as of September 30, 2013 and December 31, 2012, respectively. The increase in gross unrealized losses was primarily due to increasing interest rates and widening spreads.

As of September 30, 2013 we held one fixed maturity with unrealized capital losses in excess of \$10.0 million. The unrealized capital losses on this fixed maturity equaled \$13.3 million, or 1.2% of the total unrealized losses. As of December 31, 2012 we held one fixed maturity with unrealized capital losses in excess of \$10.0 million. The unrealized capital losses on this fixed maturity equaled \$13.6 million, or 4.7% of the total unrealized losses. As of December 31, 2011 we held five fixed maturities with unrealized capital losses in excess of \$10.0 million. The unrealized capital losses on these fixed maturities equaled \$63.6 million, or 6.9% of the total unrealized losses.

CMO-B Portfolio

As part of our broadly diversified investment portfolio, we have a core holding in a proprietary mortgage derivatives strategy known as CMO-B, which invests in a variety of CMO securities in combination with interest rate derivatives in targeting a specific type of exposure to the U.S. residential mortgage market. Because of their relative complexity and generally small natural buyer base, we believe certain types of CMO securities are consistently priced below their intrinsic value, thereby providing a source of potential return for investors in this strategy.

The CMO securities that are part of our CMO-B portfolio are either notional or principal securities, backed by the interest and principal components, respectively, of mortgages secured by single-family residential real estate. There are many variations of these two types of securities including interest only and principal only securities, as well as inverse-floating rate (principal) securities and inverse interest only securities, all of which are part of our CMO-B portfolio. This strategy has been in place for nearly two decades and thus far has been a significant source of investment income while exhibiting relatively low volatility and correlation compared to the other asset types in the investment portfolio, although we cannot predict whether favorable returns will continue in future periods.

To protect against the potential for credit loss associated with financially troubled borrowers, investments in our CMO-B portfolio are primarily in CMO securities backed by one of the government sponsored entities: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) or Government National Mortgage Association (Ginnie Mae).

Because the timing of the receipt of the underlying cash flow is highly dependent on the level and direction of interest rates, our CMO-B portfolio also has exposure to both interest rate and convexity risk. The exposure to interest rate risk (the potential for changes in value that results from changes in the general level of interest rates) is managed to a defined target duration using interest rate swaps. The exposure to convexity risk (the potential for changes in value that result from changes in duration caused by changes in interest rates) is dynamically hedged using interest rate swaps and, at times, interest rate swaptions.

Prepayment risk represents the potential for adverse changes in portfolio value resulting from changes in residential mortgage prepayment speed (actual and projected), which in turn depends on a number of factors, including conditions in both credit markets and housing markets. Changes in the prepayment behavior of homeowners represent both a risk and potential source of return for our CMO-B portfolio. As a result, we seek to invest in securities that are broadly diversified by collateral type to take advantage of the uncorrelated prepayment experiences of homeowners with unique characteristics that influence their ability or desire to prepay their mortgage. We choose collateral types and individual securities based on an in-depth quantitative analysis of prepayment incentives across all available borrower types.

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The following table shows fixed maturities balances held in the CMO-B portfolio by NAIC rating as of the dates indicated:

Designation	As of September 30,			As of December 31, 2012			As of December 31, 2011		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
1	\$ 2,515.5	\$ 3,071.4	92.2%	\$ 2,526.4	\$ 3,323.1	91.0%	\$ 3,157.4	\$ 4,214.1	91.6%
2	6.3	9.5	0.3%	5.1	6.9	0.2%	6.6	12.0	0.3%
3	11.9	22.4	0.7%	11.6	25.0	0.7%	8.2	12.9	0.3%
4	13.8	21.0	0.6%	32.4	46.0	1.3%	36.5	46.2	1.0%
5	39.1	59.3	1.8%	40.1	59.6	1.6%	121.2	174.6	3.8%
6	87.9	147.9	4.4%	108.9	188.6	5.2%	42.0	140.7	3.0%
	\$ 2,674.5	\$ 3,331.5	100.0%	\$ 2,724.5	\$ 3,649.2	100.0%	\$ 3,371.9	\$ 4,600.5	100.0%

For CMO securities where we elected the FVO, amortized cost represents the market values. For details on the NAIC designation methodology, please see Fixed Maturities Credit Quality-Ratings above.

The following table presents the notional amounts and fair values of interest rate derivatives used in our CMO-B portfolio as of the dates indicated:

Derivatives non-qualifying for hedge accounting:	As of September 30, 2013			As of December 31, 2012			As of December 31, 2011		
	Notional Amount	Assets Fair Value	Liability Fair Value	Notional Amount	Assets Fair Value	Liability Fair Value	Notional Amount	Assets Fair Value	Liability Fair Value

Derivatives non-qualifying for hedge accounting:

Interest Rate Contracts	\$ 29,972.1	\$ 586.5	\$ 630.6	\$ 34,634.2	\$ 773.1	\$ 1,005.8	\$ 33,204.1	\$ 770.2	\$ 1,024.3
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The following table presents our CMO-B fixed maturity securities balances and tranche type as of the dates indicated:

Tranche Type	As of September 30,			As of December 31, 2012			As of December 31, 2011		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
Inverse Floater	\$ 874.5	\$ 1,229.6	37.0%	\$ 1,008.6	\$ 1,518.6	41.7%	\$ 1,386.5	\$ 2,001.2	43.5%
Interest Only (IO)	308.1	350.5	10.5%	225.5	264.4	7.2%	259.7	290.6	6.3%
Inverse Interest Only	1,096.6	1,349.7	40.5%	1,196.7	1,565.6	42.9%	1,339.6	1,913.3	41.6%
Principal Only (PO)	339.2	343.3	10.3%	205.4	211.2	5.8%	246.9	252.6	5.5%
Floater	49.9	51.1	1.5%	77.4	78.2	2.1%	120.6	120.7	2.6%
Other	6.2	7.3	0.2%	10.9	11.2	0.3%	18.6	22.1	0.5%
Total	\$ 2,674.5	\$ 3,331.5	100.0%	\$ 2,724.5	\$ 3,649.2	100.0%	\$ 3,371.9	\$ 4,600.5	100.0%

For the year ended December 31, 2012, we sold approximately \$509.0 million of IO and Inverse IO securities within the CMO-B strategy primarily to release required capital and improve the capital efficiency of the strategy going forward for certain portfolios and recognized a pre-tax gain of \$129.3 million.

Generally, a continued increase in valuations as well as muted prepayments, despite low interest rates, have led to strong performance for our CMO-B portfolio in recent years. Based on fundamental prepayment analysis, we have been able to increase the allocation to notional securities in a manner that was diversified by borrower and mortgage characteristics without unduly increasing portfolio risk because the underlying drivers of prepayment behavior across collateral type are varied.

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A rebound in home prices and an anticipated increased availability of housing-related credit in 2013 have lowered IO and Inverse IO valuations modestly in the nine months ended September 30, 2013. To the extent these conditions persist in the coming quarters, we expect prepayment speeds may increase and the results of our CMO-B portfolio would likely underperform those of recent periods.

The following table shows returns for our CMO-B portfolio for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Net investment income (loss)	\$ 602.2	\$ 834.4	\$ 1,059.3	\$ 1,158.5	\$ 1,261.4
Net realized capital gains (losses) ⁽¹⁾	(491.4)	(68.3)	(185.8)	(294.9)	(243.3)
Total income (pre-tax)	\$ 110.8	\$ 766.1	\$ 873.5	\$ 863.6	\$ 1,018.1

⁽¹⁾ Net realized capital gains (losses) also include derivatives interest settlements, fair value adjustments and realized gains (losses) on standalone derivatives contracts that are in the CMO-B portfolio.

In defining operating earnings before income taxes and non-operating earnings for our CMO-B portfolio, certain recharacterizations are recognized. As indicated in footnote (1) above, derivatives activity including net coupon settlement on interest rate swaps is included as Net realized capital gains (losses). Since these swaps are hedging securities whose coupon payments are reflected as net investment income (loss) (operating earnings), it is appropriate to represent the net swap coupons as operating earnings before income taxes rather than non-operating earnings. Also included in Net realized capital gains (losses) is the premium amortization and the change in fair value for securities designated under the FVO, whereas the coupon for these securities is included in net investment income (loss). In order to present the economics of these fair value securities in a similar manner to those of an available for sale security, the premium amortization is reclassified from Net realized capital gains (losses) (or non-operating earnings) to operating earnings.

After adjusting for the two items referenced immediately above, the following table presents operating earnings before income taxes and non-operating earnings for our CMO-B portfolio for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Operating earnings before income taxes	\$ 243.9	\$ 398.9	\$ 498.0	\$ 517.7	\$ 566.8
Realized gains/losses including OTTI	\$ (1.0)	\$ 157.9	154.4	19.4	19.6
Fair value adjustments	(132.1)	209.3	221.1	326.5	431.7
Non-operating earnings	\$ (133.1)	\$ 367.2	\$ 375.5	\$ 345.9	\$ 451.3
Income before income taxes	\$ 110.8	\$ 766.1	\$ 873.5	\$ 863.6	\$ 1,018.1

Subprime and Alt-A Mortgage Exposure

The performance of pre-2008 vintage subprime and Alt-A mortgage collateral has exhibited sustained signs of recovery, after struggling through a multi-year correction in nationwide home values. While collateral losses continue to be realized, serious delinquencies are trending lower and other measures of performance, like prepayments and severities, have also shown signs of improvement. Reflecting these fundamental improvements, related bond prices and sector liquidity have increased substantially through most of 2012 and into this year. This momentum has been helped by improvement in the US housing market and improvement in U.S. unemployment levels. In managing our risk exposure to subprime and Alt-A mortgages, we take into account collateral performance and structural characteristics associated with our various positions.

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We do not originate or purchase subprime or Alt-A whole-loan mortgages. Subprime lending is the origination of loans to customers with weaker credit profiles. We define 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.

We have exposure to RMBS, CMBS and ABS. Our 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 were included in Other ABS under Fixed Maturities above. As of September 30, 2013, the fair value, amortized cost, and gross unrealized losses related to our exposure to subprime mortgage-backed securities were \$657.7 million, \$657.5 million, and \$43.0 million, representing 0.9% of total fixed maturities, including securities pledged, based on fair value, respectively. As of December 31, 2012, the fair value, amortized cost, and gross unrealized losses related to our exposure to subprime mortgage-backed securities were \$967.3 million, \$998.0 million, and \$89.1 million, representing 1.3% of total fixed maturities, including securities pledged, based on fair value, respectively. As of December 31, 2011, the fair value, amortized cost, and gross unrealized losses related to our exposure to subprime mortgage-backed securities were \$974.2 million, \$1.2 billion, and \$272.1 million, representing 1.3% of total fixed maturities, including securities pledged, respectively.

The following tables present our 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	
As of September 30, 2013						
	1	61.9%	AAA	0.4%	2007	28.6%
	2	5.1%	AA	1.1%	2006	26.5%
	3	24.0%	A	5.4%	2005 and prior	44.9%
	4	7.6%	BBB	6.0%		100.0%
	5	1.1%	BB and below	87.1%		
	6	0.3%		100.0%		
				100.0%		
As of 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%		
As of December 31, 2011						
	1	78.1%	AAA	2.9%	2007	26.9%
	2	4.7%	AA	1.2%	2006	41.2%
	3	13.4%	A	4.5%	2005 and prior	31.9%
	4	2.7%	BBB	8.8%		100.0%

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5	0.5%	BB and below	82.6%
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6	0.6%		100.0%
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100.0%

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Our exposure to Alt-A mortgages is included in the RMBS line item in the Fixed Maturities table under Fixed Maturities above. As of September 30, 2013, the fair value, amortized cost and gross unrealized losses related to our exposure to Alt-A RMBS aggregated to \$358.8 million, \$326.0 million and \$21.3 million, respectively, representing 0.5% of total fixed maturities, including securities pledged, based on fair value. As of December 31, 2012, the fair value, amortized cost and gross unrealized losses related to our exposure to Alt-A RMBS aggregated to \$411.3 million, \$389.2 million and \$47.9 million, respectively, representing 0.5% of total fixed maturities, including securities pledged, based on fair value. As of December 31, 2011, the fair value, amortized cost, and gross unrealized losses related to our exposure to Alt-A RMBS aggregated to \$410.8 million, \$470.8 million and \$117.6 million, respectively, representing 0.6% of total fixed maturities, including securities pledged.

The following tables present our exposure to Alt-A RMBS by credit quality using NAIC designations, ARO ratings and vintage year as of the dates indicated:

	NAIC Designation		% of Total Alt-A Mortgage-backed Securities		Vintage	
			ARO Ratings			
As of September 30, 2013						
	1	45.1%	AAA	0.1%	2007	21.7%
	2	13.8%	AA	%	2006	26.0%
	3	23.8%	A	1.5%	2005 and prior	52.3%
	4	13.8%	BBB	4.0%		100.0%
	5	2.9%	BB and below	94.4%		
	6	0.6%		100.0%		
						100.0%
As of 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%
As of December 31, 2011						
	1	38.7%	AAA	1.0%	2007	18.8%
	2	11.0%	AA	2.3%	2006	25.3%
	3	16.4%	A	7.5%	2005 and prior	55.9%
	4	24.0%	BBB	3.9%		100.0%
	5	9.0%	BB and below	85.3%		
	6	0.9%		100.0%		
						100.0%

Commercial Mortgage-Backed and Other Asset-backed Securities

CMBS investments represent pools of commercial mortgages that are broadly diversified across property types and geographical areas. Delinquency rates on commercial mortgages increased over the course of 2009 through mid-2012. Since then, the steep pace of increases observed in the early years following the credit crisis has slowed, and, much of the year, we have observed sustained declines in delinquencies of underlying loans. In

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addition, other performance metrics like vacancies, property values and rent levels have shown improvements, although these metrics can differ widely by dimensions such as geographic location and property type. The new issue market for CMBS has continued its recovery from the credit crisis with higher total new issuances in 2013, the fifth straight year of higher new issuances. Total new issuance volume through Q3 is at its highest pace since 2007. Higher primary issuance has contributed to increased credit availability within the commercial real estate market, supportive of continued fundamental improvements for CMBS.

For consumer Other ABS, delinquency and loss rates have exhibited general stability after the credit crisis and done so at levels considered historically low. Relative strength in various credit metrics across multiple types of asset-backed loans have been observed on a sustained basis.

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

	NAIC Designation		% of Total CMBS		Vintage	
			ARO Ratings			
As of September 30, 2013						
	1	98.6%	AAA	38.3%	2008	0.3%
	2	1.0%	AA	20.5%	2007	32.7%
	3	0.3%	A	11.0%	2006	34.6%
	4	0.1%	BBB	15.6%	2005 and prior	32.4%
	5	%	BB and below	14.6%		100.0%
	6	%		100.0%		
				100.0%		
As of 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 December 31, 2011						
	1	92.7%	AAA	47.3%	2008	0.3%
	2	2.6%	AA	10.1%	2007	33.4%
	3	3.6%	A	16.5%	2006	26.5%
	4	0.7%	BBB	13.5%	2005 and prior	39.8%
	5	%	BB and below	12.6%		100.0%
	6	0.4%		100.0%		
				100.0%		

As of September 30, 2013, December 31, 2012 and 2011, the fair value of the Company's Other ABS, excluding subprime exposure, totaled \$1.4 billion, \$1.6 billion and \$1.5 billion, respectively. As of September 30, 2013, December 31, 2012 and 2011, the gross unrealized losses related to Other ABS, excluding subprime exposure, totaled \$2.6 million, \$1.8 million and \$1.3 million, respectively.

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As of September 30, 2013, December 31, 2012 and 2011 Other ABS was also broadly diversified both by type and issuer. As of September 30, 2013, credit card receivables, nonconsolidated collateralized loan

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obligations and automobile receivables comprised 40.8%, 3.6% and 34.8%, respectively, of total Other ABS, excluding subprime exposure. As of December 31, 2012, credit card receivables, nonconsolidated collateralized loan obligations and automobile receivables, comprised 40.5%, 4.1% and 33.3%, respectively, of total Other ABS, excluding subprime exposure. As of December 31, 2011, credit card receivables, nonconsolidated CLO and automobile receivables, comprised 43.1%, 4.6% and 27.9%, respectively, of total Other ABS, excluding subprime exposure.

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

	NAIC Designation		% of Total Other ABS ARO Ratings		Vintage	
As of September 30, 2013						
	1	98.9%	AAA	92.5%	2013	6.6%
	2	0.9%	AA	2.2%	2012	23.5%
	3	%	A	4.2%	2011	9.9%
	4	%	BBB	0.9%	2010	4.8%
	5	%	BB and below	0.2%	2009	2.3%
	6	0.2%		100.0%	2008	4.7%
		100.0%			2007 and prior	48.2%
						100.0%
As of 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	9.5%
					2005 and prior	18.8%
						100.0%
As of December 31, 2011						
	1	96.1%	AAA	86.6%	2011	18.0%
	2	2.3%	AA	3.1%	2010	9.6%
	3	%	A	4.9%	2009	6.4%
	4	0.2%	BBB	3.8%	2008	7.0%
	5	1.4%	BB and below	1.6%	2007	24.8%
	6	%		100.0%	2006	9.5%
		100%			2005 and prior	24.7%
						100%

Troubled Debt Restructuring

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We invest 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 restructuring 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. We consider the amount, timing and extent of the concession granted in determining

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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 September 30, 2013, we did not have any new private placement troubled debt restructurings and had 21 new commercial mortgage loan troubled debt restructurings with pre-modification and post-modification carrying value of \$91.0 million. Of these 21 commercial mortgage loans, 20 comprise a portfolio of cross-defaulted, cross-collateralized individual loans, which are owned by the same sponsor. Between the date of the troubled debt restructurings and September 30, 2013, these loans have repaid \$4.2 million in principal. As of December 31, 2012, we had one private placement troubled debt restructurings with a pre-modification carrying value of \$1.2 million, which was written down to zero, and no commercial mortgage loan troubled debt restructurings. As of December 31, 2011, we had two commercial mortgage loans and one private placement troubled debt restructuring with pre-modification and post-modification carrying values of \$55.1 million and \$52.2 million, respectively.

During the nine months ended September 30, 2013, the Company did not have any commercial mortgage loans or private placements modified in a troubled debt restructuring with a subsequent payment default. As of December 31, 2012, the Company did not have any commercial mortgage loans or private placements modified in a troubled debt restructuring with a subsequent payment default. As of December 31, 2011, we had one loan modified in a troubled debt restructuring with a subsequent payment default.

Mortgage Loans on Real Estate

Our mortgage loans on real estate are all commercial mortgage loans held for investment, which totaled \$9.0 billion, \$8.7 billion and \$8.7 billion as of September 30, 2013, December 31, 2012 and 2011, respectively. The carrying value of these loans is reported at amortized cost, less impairment write-downs and allowance for losses.

We diversify our commercial mortgage loan portfolio by geographic region and property type to manage concentration risk. We manage risk when originating commercial mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate. Subsequently, we continuously evaluate all mortgage loans based on relevant current information including a review of loan-specific credit, property characteristics and market trends. Loan performance is continuously monitored on a loan-specific basis throughout the year. Our review includes submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review evaluates whether the properties are performing at a consistent and acceptable level to secure the debt.

We rate all commercial mortgages to quantify the level of risk. We place those loans with higher risk on a watch list and closely monitor these loans for collateral deficiency or other credit events that may lead to a potential loss of principal and/or interest. If we determine the value of any mortgage loan to be OTTI (i.e., when it is probable that we will be unable to collect on all amounts due according to the contractual terms of the loan agreement), the carrying value of the mortgage loan is reduced to either the present value of expected cash flows from the loan, discounted at the loan's effective interest rate, or fair value of the collateral. For those mortgages that are determined to require foreclosure, the carrying value is reduced to the fair value of the underlying collateral, net of estimated costs to obtain and sell at the point of foreclosure. The carrying value of the impaired loans is reduced by establishing an other-than-temporary write-down recorded in Net realized capital gains (losses) in the Consolidated Statements of Operations.

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

(\$ in millions)	As of September 30, 2013	As of December 31, 2012	As of December 31, 2011
Commercial mortgage loans	\$ 9,019.6	\$ 8,666.2	\$ 8,695.5
Collective valuation allowance	(4.0)	(3.9)	(4.4)
Total net commercial mortgage loans	\$ 9,015.6	\$ 8,662.3	\$ 8,691.1

There were no impairments taken on the mortgage loan portfolio for the nine months ended September 30, 2013. There were \$7.7 million and \$9.3 million in impairments taken on the mortgage loan portfolio for the years ended December 31, 2012 and 2011, respectively.

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

(\$ in millions)	As of September 30, 2013	As of December 31, 2012	As of December 31, 2011
Collective valuation allowance for losses, beginning of period	\$ 3.9	\$ 4.4	\$ 7.0
Addition to (decrease of) allowance for losses	0.1	(0.5)	(2.6)
Collective valuation allowance for losses, end of period	\$ 4.0	\$ 3.9	\$ 4.4

Our policy is to recognize interest income until a loan becomes 90 days delinquent or foreclosure proceedings are commenced, at which point interest accrual is discontinued. Interest accrual is not resumed until the loan is brought current.

The following table presents the aging of past due mortgage loans at carrying value as of the dates indicated:

(\$ in millions)	30 days or less past due	31 to 90 days past due	91 to 180 days past due	181 days or more past due	Total
As of September 30, 2013	\$	\$	\$	\$	\$
As of December 31, 2012	\$	\$	\$	\$ 9.0	\$ 9.0
As of December 31, 2011	\$ 1.6	\$	\$	\$ 16.6	\$ 18.2

Loan-to-value (LTV) and debt service coverage (DSC) ratios are measures commonly used to assess the risk and quality of commercial 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. An LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the value of 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 (loss) 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 LTV and DSC ratios as of the dates indicated are as presented below:

(\$ in millions)	As of September 30, 2013 ⁽¹⁾	As of December 31, 2012 ⁽¹⁾	As of December 31, 2011 ⁽¹⁾
Loan-to-Value Ratio:			
0% - 50%	\$ 1,774.8	\$ 1,987.9	\$ 2,535.2
50% - 60%	2,352.5	2,425.2	2,479.4

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60% 70%	4,404.2	3,736.1	2,991.9
70% 80%	468.2	481.7	621.2
80% and above	19.9	35.3	67.8
Total Commercial Mortgage Loans	\$ 9,019.6	\$ 8,666.2	\$ 8,695.5

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

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(\$ in millions)	As of September 30, 2013 ⁽¹⁾	As of December 31, 2012 ⁽¹⁾	As of December 31, 2011 ⁽¹⁾
Debt Service Coverage Ratio:			
Greater than 1.5x	\$ 6,134.2	\$ 5,953.7	\$ 5,710.3
1.25x 1.5x	1,513.4	1,336.3	1,547.2
1.0x 1.25x	997.4	992.7	1,082.2
Less than 1.0x	374.6	374.6	339.1
Commercial mortgage loans secured by land or construction deals		8.9	16.7
Total Commercial Mortgage Loans	\$ 9,019.6	\$ 8,666.2	\$ 8,695.5

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

Other-Than-Temporary Impairments

We evaluate available-for-sale fixed maturities and equity securities for impairment on a regular basis. The assessment of whether impairments have occurred is based on a case-by-case evaluation of the underlying reasons for the decline in estimated fair value. See the *Business, Basis of Presentation and Significant Accounting Policies* Note in our 2012 ING U.S., Inc. Consolidated Financial Statements for the policy used to evaluate whether the investments are other-than-temporarily impaired.

The following table presents our credit-related and intent-related impairments included in the Consolidated Statements of Operations, excluding impairments included in AOCI, by type for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,				Year Ended December 31,				2010	
	2013		2012		2012		2011		2010	
	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities	No. of Impairment Securities
U.S. Treasuries	\$	\$	\$	\$	\$	\$	\$	\$	1.8	1
U.S. corporate		5.1	3	14.3	4	55.2	41	30.7	32	32
Foreign ⁽¹⁾		2.2	5	2.2	5	71.3	61	121.5	31	31
Residential mortgage-backed	9.9	105	13.6	91	25.2	106	37.7	134	73.4	128
Commercial mortgage-backed	0.4	3	1.7	1	1.7	1	133.7	26	59.5	15
Other asset-backed	8.6	7	1.8	6	2.6	7	195.5	122	589.9	107
Equity	3.0	2							0.5	4
Mortgage loans on real estate					7.7	2	9.3	7	13.5	11
Other assets ⁽²⁾	0.7	1	1.4	1	1.4	1				
Total	\$ 22.6	118	\$ 25.8	107	\$ 55.1	126	\$ 502.7	391	\$ 890.8	329

⁽¹⁾ Primarily U.S. dollar denominated.

⁽²⁾ Includes loss on real estate owned that is classified as Other assets on the Consolidated Balance Sheets.

The above table includes \$14.4 million of write-downs related to credit impairments for the nine months ended September 30, 2013, in OTTI, which are recognized in the Condensed Consolidated Statements of Operations. The remaining \$8.2 million in write-downs, are related to intent impairments.

The above table include \$21.4 million of write-downs related to credit impairments for the nine months ended September 30, 2012, in OTTI, which are recognized in the Condensed Consolidated Statements of Operations. The remaining \$4.4 million in write-downs are related to intent impairments.

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The above table includes \$47.3 million of write-downs related to credit impairments for the year ended December 31, 2012 in OTTI, which were recognized in the Consolidated Statements of Operations. The remaining \$7.8 million in write-downs are related to intent impairments.

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The above table includes \$72.5 million of write-downs related to credit impairments for the year ended December 31, 2011 in OTTI losses, which were recognized in the Consolidated Statements of Operations. The remaining \$430.2 million in write-downs were related to intent impairments.

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

(\$ in millions)	Nine Months Ended September 30,				Years Ended December 31,					
	2013		2012		2012		2011		2010	
	Impairment	No. of Securities	Impairment	No. of Securities	Impairment	No. of Securities	Impairment	No. of Securities	Impairment	No. of Securities
U.S. Treasuries	\$		\$		\$		\$		\$	
U.S. corporate			1.0	2	1.1	2	55.2	40	28.2	31
Foreign ⁽¹⁾			1.5	4	1.5	4	59.0	56	75.0	26
Residential mortgage-backed	0.5	6			3.3	10	7.9	27	20.6	23
Commercial mortgage-backed	0.4	3	1.7	1	1.7	1	124.3	26	31.7	9
Other asset-backed	7.3	2	0.2	1	0.2	1	183.8	118	393.8	64
Total	\$ 8.2	11	\$ 4.4	8	\$ 7.8	18	\$ 430.2	267	551.1	154

⁽¹⁾ Primarily U.S. dollar denominated.

As part of our investment strategy, we 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 our previous intent to continue holding a security. Accordingly, these factors may lead us to record additional intent-related capital losses.

The fair value of the fixed maturities with OTTI as of September 30, 2013, December 31, 2012 and 2011 was \$7.1 billion, \$9.0 billion and \$9.3 billion, respectively.

During the nine months ended September 30, 2013, the primary source of credit-related OTTI was write-downs recorded in the RMBS sector on securities collateralized by Alt-A residential mortgages.

Net Investment Income

Net investment income was as presented below for the periods indicated:

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Fixed maturities	\$ 2,967.9	\$ 3,179.2	\$ 4,184.0	\$ 4,402.1	\$ 4,374.3
Equity securities, available-for-sale	6.5	14.5	17.7	27.3	30.1
Mortgage loans on real estate	362.2	376.8	500.0	500.0	496.7
Policy loans	89.1	91.5	121.5	125.6	135.5
Short-term investments and cash equivalents	2.7	3.9	5.4	6.7	(3.5)
Other ⁽¹⁾	107.6	(17.2)	(123.3)	(80.8)	(25.4)
Gross investment income	3,536.0	3,648.7	4,705.3	4,980.9	5,007.7
Less: investment expenses	3.5	6.2	7.4	12.1	20.7
Net investment income	\$ 3,532.5	\$ 3,642.5	\$ 4,697.9	\$ 4,968.8	\$ 4,987.0

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- ⁽¹⁾ In the nine months ending September 30, 2013, includes distributions of cash and securities of \$128.2 million in conjunction with a bankruptcy settlement for a prime broker who held assets on behalf of a limited partnership previously written down to realizable value.

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During the nine months ended September 30, 2013, net investment income decreased \$110.0 million from \$3,642.5 million to \$3,532.5 million primarily due to lower investment income in our Retirement Solutions and Insurance Solutions businesses as a result of portfolio restructuring in the second and third quarters of 2012, lower average volumes in the Annuity segment, as well as a decline in average assets in our Closed Block Institutional Spread Products. Partially offsetting the overall decline is net investment income from Lehman Recovery/LIHTC in the current period and a loss on sale of certain alternative investments in the prior period. The decline in the volumes of the Annuities segment is a result of the continuing run-off of MYGAs. The decline in the assets of the Closed Block Institutional Spread Products segment is due to the continued run-off of this business.

During the year ended December 31, 2012, net investment income decreased \$270.9 million from \$4,968.8 million to \$4,697.9 million, partially due to a \$91.9 million loss related to the sale of certain alternative investments. Further decreases were due to lower investment income resulting from investment portfolio changes to improve capital, such as the sale of CMO-B assets, a decline in average assets in our Closed Block Institutional Spread Products segment and due to lapses in MYGAs. The decline in the assets of the Closed Block Institutional Spread Products during the year ended December 31, 2012 is due to the continued run-off of this business. Certain MYGAs, mostly sold in 2002, have reached the end of their current guarantee period in 2012. Most of these MYGAs have high crediting rates and the supporting assets generate returns below the targets set when the contracts were issued, negatively impacting 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 are lower than the credited rates during the initial term. The run-off of these MYGA contracts enhanced the margin of our Annuities segment during 2012. These decreases were partially offset by an increase in assets in our Retirement segment driven by positive net flows, including customer transfers from variable separate accounts as well as improved performance of funds and partnership income from our Investment Management segment.

The net decrease in investment income for the year ended December 31, 2011 was primarily due to a decline in the value of alternative investments and LIHTC partially offset by reduced investment expense. Within the fixed maturities investments, investment income increased in corporate securities and declined in CMBS as positions were reduced and reinvested into investment grade corporate securities. In addition, the increased income earned on corporate securities was also offset by a decline in earnings on certain CMO securities.

The decrease in net investment income for the year ended December 31, 2010 was generally due to reduction in average investment yields due to portfolio restructuring and declining interest rates. The decline in net investment income primarily related to fixed maturities as a portion of MBS and ABS securities have paid down or have been sold without reinvestment. The decline in net investment income was partially offset by an increase in corporate securities as this was the asset class where reinvestment has occurred. The decrease was also partially offset by the increase in other investment income which was primarily the result of increased investment income of alternative investments due to improved market conditions.

Net Realized Capital Gains (Losses)

Net realized capital gains (losses) are consistent with 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 generated from changes in fair value of embedded derivatives within product guarantees and fixed maturities, changes in fair value of fixed maturity securities 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 methodology.

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

(\$ in millions)	Nine Months Ended September 30,		Year Ended December 31,		
	2013	2012	2012	2011	2010
Fixed maturities, available-for-sale, including securities pledged	\$ 36.3	\$ 367.2	\$ 391.7	\$ 56.4	\$ (340.4)
Fixed maturities, at fair value option	(396.6)	(168.4)	(278.8)	(92.0)	(63.6)
Equity securities, available-for-sale	(1.9)	1.8	4.2	18.6	9.6
Derivatives	(2,449.7)	(1,439.6)	(1,712.4)	418.6	(1,243.5)
Embedded derivatives fixed maturities	(89.6)	(11.8)	(15.7)	16.1	48.3
Embedded derivatives product guarantees	944.4	349.4	337.3	(1,945.1)	(72.7)
Other investments	(0.7)	4.8	(7.1)	(4.0)	(15.7)
Net realized capital gains (losses)	\$ (1,957.8)	\$ (896.6)	\$ (1,280.8)	\$ (1,531.4)	\$ (1,678.0)

During the nine months ended September 30, 2013, net realized capital losses increased by \$1,061.2 million from a loss of \$896.6 million to a loss of \$1,957.8 million primarily due to changes in fair value of derivatives from the CBVA segment liability hedges, lower net realized investment gains, and changes in fair value of guaranteed benefit derivatives due to nonperformance risk in our CBVA segment. In addition, losses resulting from market value changes in the derivative associated with business reinsured are entirely offset by the corresponding *interest credited and other benefits to contract owners/policyholders*. The increased losses, discussed in further detail below, were partially offset by changes in fair value of guaranteed benefit derivatives and improved results on the CHO program.

Changes in fair value of derivatives from the CBVA segment liability hedges resulted in an increase in losses of \$1,198.3 million, from a loss of \$1,183.4 to a loss of \$2,381.7, primarily as a result of rising interest rates. The hedge program in the CBVA segment focuses on protecting regulatory and rating agency capital from equity market movements rather than mitigating earnings volatility. Lower net realized investment gains of \$525.9 million, as a result of net realized gains of \$38.4 million in the current period compared to gains of \$564.3 million in the prior period, were primarily driven changes in fair value adjustments on our CMO-B portfolio and lower gains on the sale of securities, partially offset by derivative mark to market adjustments. Changes in the fair value of guaranteed benefit derivatives due to nonperformance risk in our CBVA segment resulted in an increase in net realized capital losses of \$180.6 million, from a loss of \$42.2 million to a loss of \$222.8 million.

Higher losses in the current period are partially offset by gains from changes in fair value of guaranteed benefit derivatives and lower losses on our CHO program in our CBVA segment. Gains on guaranteed benefit derivatives, excluding nonperformance risk in our CBVA Segment increased \$735.6 million, from \$452.4 million to \$1,188.0 million, driven by higher equity market growth, rising interest rates and favorable changes in volatility in the current period compared to the prior period. Results on our CHO program improved by \$124.7 million, from a loss of \$369.5 million to a loss of \$244.8 million, as a result of lower average notional amounts for hedging the associated underlying risk.

During the year ended December 31, 2012, net realized capital losses decreased \$250.6 million from \$1,531.4 million to \$1,280.8 million, primarily due to higher net realized investments gains as well as favorable derivative results in our Retirement Solutions business, offset by changes in fair value of guaranteed benefit derivatives due to nonperformance risk and higher losses on derivatives from the CBVA segment liability hedges and CHO program. Higher net realized investment gains were mostly due to a \$447.6 million reduction in OTTI in 2012 compared to 2011. The favorable derivative results in our Retirement Solutions business in 2012 were driven by \$566.1 million in higher gains on guaranteed benefit derivatives, excluding nonperformance risk within our Retirement Solutions business. The gains in 2012 on guaranteed benefit derivatives were mostly due to a

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reduction in expected future guaranteed interest rates on certain Stabilizer contracts, compared to losses in 2011 due to declining interest rates.

Derivatives

We use derivatives for a variety of hedging purposes as further described below. We also have embedded derivatives within fixed maturities instruments and certain annuity products with guarantees. See *Business, Basis of Presentation and Significant Accounting Policies* Note in the 2012 ING U.S., Inc. Consolidated Financial Statements for further information. For a discussion of our variable annuity guarantee hedging, variable annuity capital hedge overlay program and our fixed indexed annuity hedging, see Management's Discussion and Analysis of Results of Operations and Financial Condition Market Risk Related to Equity Market Prices .

Invested Asset and Credit Hedging

Interest rate caps and interest rate swaps are used to manage the interest rate risk in our fixed maturities portfolio. Interest rate swaps include forward starting swaps which are used for anticipated purchases of fixed maturities. They represent contracts that require the exchange of cash flows at regular interim periods, typically monthly or quarterly.

Foreign exchange swaps are used to reduce the risk of a change in the value, yield, or cash flow with respect to invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows for U.S. dollar cash flows at regular interim periods, typically quarterly or semiannually.

Certain forwards are acquired to hedge certain CMO assets held by us against movements in interest rates, particularly mortgage rates. On the settlement date, we will either receive a payment (interest rate decreases on purchased forwards or interest rate rises on sold forwards) or will be required to make a payment (interest rate rises on purchased forwards or interest rate decreases on sold forwards).

CDS are used to reduce the credit loss exposure with respect to certain assets that we own, or to assume credit exposure on certain assets that we do not own. Payments are made to or received from the counterparty at specified intervals and amounts for the purchase or sale of credit protection. In the event of a default on the underlying credit exposure, we will either receive an additional payment (purchased credit protection) or will be required to make an additional payment (sold credit protection) equal to par minus recovery value of the swap contract.

Sale of Certain Alternative Investments

On June 4, 2012, certain insurance company subsidiaries of ours entered into an agreement to sell certain general account private equity limited partnership investment interest holdings (sale of certain alternative investments) with a carrying value of \$812.2 million as of March 31, 2012 included in Assets related to consolidated investment entities. These assets were sold to a group of private equity funds that are managed by Pomona Management LLC, also a subsidiary of ours. The transaction resulted in a net pre-tax loss of \$91.9 million in the second quarter of 2012. The transaction closed in two tranches with the first tranche having closed on June 29, 2012 and the second tranche closed on October 29, 2012. As of June 30, 2012, the fair value of the alternative investments in the second tranche was reduced to \$412.5 million, which represented the sale price of the remaining alternative investments involved in this transaction. We sold these assets as part of our periodic portfolio and capital management review.

European Exposures

We closely monitor our exposures to European sovereign debt in general, with a primary focus on our exposure to the sovereign debt of Greece, Ireland, Italy, Portugal and Spain (which we refer to as peripheral

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Europe), as these countries have applied for support from the European Financial Stability Facility or received support from the European Central Bank via government bond purchases in the secondary market.

The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. Furthermore, it is our view that the risk among European sovereigns and financial institutions warrants specific scrutiny, in addition to our customary surveillance and risk monitoring, given how highly correlated these sectors of the region have become.

We quantify and allocate our exposure to the region, as described in the table below, by attempting to identify all aspects of the region or country risk to which we are exposed. Among the factors we consider are the nationality of the issuer, the nationality of the issuer's ultimate parent, the corporate and economic relationship between the issuer and its parent, as well as the political, legal and economic environment in which each functions. By undertaking this assessment, we believe that we develop a more accurate assessment of the actual geographic risk, with a more integrated understanding of all contributing factors to the full risk profile of the issuer.

In the normal course of our ongoing risk and portfolio management process, we closely monitor compliance with a credit limit hierarchy designed to minimize overly concentrated risk exposures by geography, sector and issuer. This framework takes into account various factors such as internal and external ratings, capital efficiency and liquidity and is overseen by a combination of Investment and Corporate Risk Management, as well as insurance portfolio managers focused specifically on managing the investment risk embedded in our portfolio.

As of September 30, 2013, we had \$833.1 million of exposure to peripheral Europe, which consisted of a broadly diversified portfolio of credit-related investments solely in the industrial and utility sectors. We had no fixed maturities or equity securities exposure to peripheral European sovereigns or to financial institutions based in peripheral Europe. Peripheral European exposure included non-sovereign exposure in Italy of \$263.5 million, Ireland of \$320.9 million, Spain of \$238.9 million, and Portugal of \$9.8 million. We had no exposure to Greece. As of September 30, 2013, we had \$3.1 million of derivative assets exposure to financial institutions based in peripheral Europe. For purposes of calculating the derivative assets exposure, we have aggregated exposure to single name and portfolio product CDS, as well as all non-CDS derivative exposure for which it either has counterparty or direct credit exposure to a company whose country of risk is in scope.

Among the remaining \$7.7 billion of total non-peripheral European exposure, we had a portfolio of credit-related assets similarly diversified by country and sector across developed and developing Europe. As of September 30, 2013 our sovereign exposure was \$283.2 million, which consisted of fixed maturities. We also had \$937.1 million in net exposure to non-peripheral financial institutions with a concentration in the United Kingdom of \$345.2 million, and Switzerland of \$180.6 million. The balance of \$6.5 billion was invested across non-peripheral, non-financial institutions.

In addition to aggregate concentration to the United Kingdom of \$3.1 billion and the Netherlands of \$1.4 billion, we had significant non-peripheral European total country exposures in Switzerland of \$716.3 million, Germany of \$579.3 million, France of \$540.2 million and Belgium of \$380.7 million. We place additional scrutiny on our financial exposure in the United Kingdom, France and Switzerland given our concern for the potential for volatility to spread through the European banking system. We believe the primary risk results from market value fluctuations resulting from spread volatility and the secondary risk is default risk, should the European crisis worsen or fail to be resolved.

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The following table presents our European exposures at fair value and amortized cost as of September 30, 2013:

(\$ in millions)	Fixed Maturities and Equity Securities				Loan and Receivables		Derivative Assets			Net Non-US Funded at September 30, 2013 ⁽¹⁾	
	Sovereign	Financial Institutions	Non-Financial Institutions	Total (Fair Value)	Total (Amortized Cost)	Sovereign	Financial Institutions	Non-Financial Institutions	Less: Margin & Collateral		
Ireland	\$	\$	\$ 317.8	\$ 317.8	\$ 302.7	\$	\$ 3.1	\$	\$	\$ 3.1	\$ 320.9
Italy			263.5	263.5	253.5						263.5
Portugal			9.8	9.8	7.7						9.8
Spain			238.9	238.9	230.2						238.9
Total Peripheral Europe	\$	\$	\$ 830.0	\$ 830.0	\$ 794.1	\$	\$ 3.1	\$	\$	\$ 3.1	\$ 833.1
Austria	\$	\$	\$ 15.9	\$ 15.9	\$ 15.0	\$	\$	\$	\$	\$	\$ 15.9
Belgium	37.0		343.7	380.7	332.8						380.7
Bulgaria	5.9			5.9	5.7						5.9
Croatia	26.9			26.9	25.6						26.9
Czech Republic			9.9	9.9	10.1						