Unum Group
Form DEF 14A
April 11, 2013
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Unum Group

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Table of Contents

April 11, 2013

Dear Fellow Shareholder:

As members of your Board of Directors, our primary focus is on creating long-term value for our shareholders. We accomplish that in a number of ways, from setting a clear strategic course for the company, to helping management develop sound operating and financial plans, to assuring that management executes those plans in a responsible manner.

Unum s vision is to be the leading provider of employee benefits products and services that help employers manage their businesses and employees protect their livelihoods. In 2012, we continued to make steady progress toward this vision, delivering on our plan commitments and maintaining our record of consistently returning capital to our shareholders through dividend increases and share repurchases. Focus and discipline have served us well in the past, and we believe that will continue to be the case in the future.

We were generally pleased with the solid financial and operating results the company produced in 2012. We continued to perform well across most of the company and showed improvement in those areas that had been below expectations. While we still face challenges, we are confident that we are well-positioned to respond to those challenges and seize the opportunities that lie ahead. We were disappointed with the stock performance in 2012, but we are encouraged by the market s recent recognition of the company s steady performance and positioning for the future.

2012 Performance highlights[(1)]

We reported pre-tax operating income of $1.24 billion and after-tax operating income of $887.5 million on operating revenues of $10.46 billion and operating earnings per share of $3.15, a 5.7% increase;

We profitably grew premium (or revenue), while generating above average returns on equity in our operating businesses; and

We continued our record of consistently returning capital to shareholders through dividend increases and repurchasing stock, which combined with our solid operating performance led to growth in earnings and book value per share.

Corporate governance

Corporate governance is very important to this Board of Directors. Transparency, accountability, integrity, and sound risk management form the foundation of our culture at Unum. We are pleased that our corporate citizenship efforts have been recognized by several independent organizations, including being named one of *Forbes* 100 Most Trustworthy Companies, a Corporate Leader in Political Disclosure and Accountability by the Center for Political Accountability, one of *Newsweek s* Top 50 Green Companies, and one of the Best Places to Work in Insurance by *Business Insurance*.

Listening carefully to our shareholders is also an important part of our culture. Your continued feedback is invaluable to us as we work to fulfill our role as directors. Participation in our Annual Meeting is one of the important ways you can provide feedback to us. We also regularly solicit feedback from shareholders on key issues, and, as recent changes to our compensation program attest, strive to make changes as a result of listening to you.

During the year, we conducted an outreach program to a number of institutional investors and proxy advisory firms to solicit input regarding our executive compensation programs and other governance matters. While shareholders generally approved of our overall executive compensation program, they suggested a number of ways to enhance our compensation elements and disclosures. Based on this feedback, we adjusted the mix and some of the goals in our long-term incentive plan, provided a more detailed explanation of the rationale behind our compensation decisions, and enhanced the disclosure of our performance metrics, all of which are more fully described in the accompanying proxy statement.

We remain pleased with our overall operating and financial performance, and we are confident that we are continuing to do all the things necessary to create value for our shareholders.

On behalf of our employees and the entire leadership team, we would like to thank you for your continued support of Unum.

E. Michael Caulfield	Pamela H. Godwin	Ronald E. Goldsberry
Kevin T. Kabat	Timothy F. Keaney	Thomas Kinser
Gloria Larson	A. S. MacMillan, Jr.	Edward J. Muhl
Michael J. Passarella	William J. Ryan	Thomas R. Watjen

(1) In analyzing performance, the company sometimes uses non-GAAP financial measures that differ from what is reported under GAAP. Refer to Appendix C for reconciliations of the non-GAAP financial measures used in this letter, including operating income, operating revenue and operating earnings per share, to the most directly comparable GAAP measures.

Table of Contents

April 11, 2013

Dear Fellow Shareholder:

On behalf of the Board of Directors and all of our employees, I am pleased to invite you to Unum Group s 2013 annual meeting of shareholders on Thursday, May 23, 2013. The meeting will be held at 10:00 a.m. Eastern Time at our offices located at 2211 Congress Street in Portland, Maine.

At the meeting, we will be electing four directors and seeking adoption of an amendment and restatement of our certificate of incorporation to declassify the Board of Directors. We will also be considering an advisory vote to approve executive compensation, the approval of an annual incentive plan, and the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

Finally, we will review our business over the last year. We once again delivered on our commitments to customers, shareholders and all the stakeholders that are so important to our company. We grew the businesses we targeted for growth, generated solid profitability in our core businesses and maintained a solid financial foundation.

Whether or not you attend the meeting, your vote is important to us. To ensure that your shares are represented, please vote soon. You may vote by proxy over the Internet, by phone, or by mailing a proxy card if you have received a paper copy of this proxy statement. We will provide a live webcast of the meeting from our investor relations website at *www.investors.unum.com*.

Thank you for your support of Unum. We look forward to seeing you at the meeting.

Sincerely,

Thomas R. Watjen

President and Chief Executive Officer

Table of Contents

Table of Contents

The 2013 annual meeting of shareholders of Unum Group will be held:

Date:	Thursday, May 23, 2013
Time	10:00 a.m. Eastern Time
Place:	Unum Group
	2211 Congress Street
	Portland, Maine 04122

The items of business are:

To elect four directors named in the proxy statement, each for a three-year term expiring in 2016;

To adopt an Amended and Restated Certificate of Incorporation to declassify the Board of Directors;

To conduct an advisory vote to approve executive compensation;

To approve the company s Annual Incentive Plan;

To ratify the appointment of Ernst & Young LLP as the company s independent registered public accounting firm for 2013; and

To transact other business that may properly come before the meeting.

Shareholders of record of the company s common stock (NYSE: UNM) at the close of business on March 25, 2013 are entitled to vote at the meeting and any adjournments or postponements of the meeting.

Susan N. Roth

Vice President, Transactions, SEC and Corporate Secretary

April 11, 2013

Important Notice Regarding Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 23, 2013: The proxy statement and annual report to shareholders are available at *www.envisionreports.com/unm*.

Table of Contents

Unum Group (we , Unum or the company) is furnishing proxy materials, including this proxy statement, in connection with the solicitation of proxies on behalf of the Board of Directors to be voted at the 2013 annual meeting of shareholders (Annual Meeting) and at any adjournment or postponement thereof. Our proxy materials are first being mailed and made available electronically to shareholders on or about April 11, 2013.

Table of Contents

This summary is intended to highlight certain key information contained in this proxy statement that, we believe, will assist you in reviewing the items of business to be voted on at the Annual Meeting. As it is only a summary, we encourage you to review the full proxy statement and our Annual Report on Form 10-K for more complete information about these topics.

Performance Highlights

Last year was another successful one for Unum as we continued to deliver solid operating results across much of the company, despite what remained a difficult economic environment. Especially challenging were persistently low interest rates which have hampered our investment returns. Highlights for 2012 include:[(1)]

- Pre-tax operating income of $1.24 billion and after-tax operating income of $887.5 million, based on operating revenue of $10.46 billion;

- Operating earnings per share growth of 5.7% in 2012, the 7th consecutive year of operating earnings per share growth, with a return on equity that has remained above the industry average;

- Maintaining a solid investment portfolio and delivering strong investment results in spite of a low interest rate environment;

- Repurchasing $500 million in stock and increasing dividends by approximately 24%;

- Maintaining a strong capital position and receiving rating upgrades from two rating organizations during 2012; and

- Growing our book value per share (ex-AOCI) by 12%.

Our total shareholder return (TSR) over the last five years outperformed our industry and Proxy Peer Group, which we believe is an indication of the strength of our business and financial plan. Our short-term return is less favorable, with a one-year TSR of 1.04%. We believe this is a result of a couple of factors. First, many of our peers experienced more significant declines during the financial crisis and may show greater year-over-year returns as they move back to pre-crisis levels. In addition, concerns regarding the low interest rate environment and business performance in a couple of areas also weighed on our share price performance. We continue to feel confident that the company s history of solid operating results and returning value to shareholders will be recognized in the market in fact, we are encouraged by the stock performance during the first quarter of 2013.

(1) In analyzing performance, the company sometimes uses non-GAAP financial measures that differ from what is reported under GAAP. Refer to Appendix C for reconciliations of the non-GAAP financial measures used in this proxy summary, including operating income, operating revenue, operating earnings per share, return on equity and book value per share (excluding accumulated other comprehensive income, or AOCI), to the most directly comparable GAAP measures.

Table of Contents

Compensation Highlights

Our compensation plans are tightly connected and leveraged to performance so even a small shortfall to plan has an impact. On an aggregate basis, the total plan payout for all employees was 6.9% below last year, resulting in compensation payments of $61.2 million versus the $66.4 million paid in 2011. The following table shows named executive officer compensation for 2012 performance and how it changed since last year. The table differs from the Summary Compensation Table on page 63, which includes pay elements that did not directly relate to 2012 performance and therefore were not taken into consideration by the Human Capital Committee as it made its 2012 compensation decisions. The table therefore:

- Excludes the actuarial increase of the present value of pension benefits; and
- Replaces the long-term incentive awards granted in 2012 (based on 2011 performance) with the awards granted in 2013 (based on 2012 performance).

2012 AND 2011 TOTAL COMPENSATION

Executive	Performance Year	Salary	Annual Incentive	Long-Term Incentive	All Other Compensation	Total	Year Over Year Change
Mr. Watjen	2012	$1,100,000	$1,489,125	$5,462,499	$89,164	$8,140,788	-20.1%
	2011	1,100,000	2,000,000	7,000,018	86,551	10,186,569	
Mr. McKenney	2012	678,771	709,316	1,553,813	74,658	3,016,558	6.1% (1)
	2011	662,635	800,132	1,340,635	39,774	2,843,176	
Mr. McCarthy	2012	615,000	738,000	1,460,623	23,626	2,837,249	

	2011	581,846	774,582	1,228,489	47,674	2,632,591	7.8% (1)
Mr. Horn	2012	491,260	336,022	421,080	45,935	1,294,297	-4.7%
	2011	483,423	319,639	516,034	39,112	1,358,208	
Mr. Bishop	2012	413,508	255,341	393,783	19,459	1,082,091	N/A
	2011						

(1) The long-term incentive targets for Messrs. McKenney and McCarthy were increased in early 2012 based on consideration of market data from the appropriate comparator group as well as each individual s target relative to other named executive officers, given their respective levels of responsibility. Assuming the 2011 targets had been in place in 2012, Messrs. McKenney s and McCarthy s year-over-year change would have been 7.6% and 6.1% respectively.

Response to 2012 Say-on-Pay Vote

Last year s advisory vote on executive compensation (or say-on-pay vote) passed with 71% approval, which was lower than the previous year s vote. Although 10 of our 11 largest shareholders supported the say-on-pay vote, the Human Capital Committee and management initiated a review of our executive compensation program. We held discussions with proxy advisory firms as well as many of our institutional investors, and considered specific suggestions for enhancing our compensation plan and related disclosures.

Based on this feedback, the Committee has taken or authorized the following principal actions to be taken in 2013 to better align the interests of shareholders and executives:

Established new performance goals for our long-term incentive plan to reduce overlap with the performance goals for our annual incentive plan;

Introduced performance share units (PSUs) based on three-year, prospective average return on equity and average earnings per share goals, with a modifier tied to relative total shareholder return;

¡ PSU awards were made to the chief executive officer in 2013 and will be implemented for senior vice presidents and above, including our other named executive officers, beginning in 2014;

Enhanced proxy disclosure to provide a more detailed explanation of the rationale behind compensation decisions and a more comprehensive discussion of goals, individual performance and the linkage to compensation; and

Supplemented disclosure of our annual and long-term incentive performance metrics by including threshold, maximum and actual performance levels for each metric.

Voting Items

The following items will be voted on at the Annual Meeting:

VOTING ITEMS	For More Information	Board Recommends
Item 1. Election of directors	Page 86	FOR each nominee
Four directors are seeking re-election for terms expiring in 2016: E. Michael Caulfield Ronald E. Goldsberry Kevin T. Kabat Michael J. Passarella		
Item 2: Adoption of Amended and Restated of Certificate of Incorporation to declassify the Board of Directors	Pages 86-87	FOR
The first step of a 3-year process that will result in annual elections of all directors.		
Item 3: Advisory vote to approve executive compensation	Page 88	FOR

An advisory vote to approve the compensation of our named executive officers.		
Item 4: Approval of the Annual Incentive Plan	Pages 88-91	FOR
A vote to approve a compensation plan which provides our officers and employees with the opportunity to earn cash incentive awards based primarily on our performance each year.		
Item 5: Ratification of appointment of independent registered public accounting firm	Pages 92-93	FOR
A vote to ratify the appointment of Ernst & Young LLP.		

Table of Contents

Below are brief biographies for each of our directors and a description of the directors key qualifications, skills and experiences that contribute to the Board s effectiveness as a whole.

Nominees for Election as Directors with Terms Expiring in 2016

E. Michael Caulfield	Independent Director
	Current term expires in 2013
Director since 2007	
Age 66	Chair of the Finance Committee
	Member of the Audit Committee

Mr. Caulfield served as President of Mercer Human Resource Consulting from September 2005 until September 2006, prior to which he served as Chief Operating Officer from July 2005. He retired from Prudential Insurance Company as Executive Vice President in 2000, after having held a number of executive positions, including Executive Vice President of Financial Management, Chief Executive Officer of Prudential Investments, and President of both Prudential Preferred Financial Services and Prudential Property and Casualty Company. He previously served as a director of our company from August 2004 to July 2005.

Mr. Caulfield has experience in finance, investments, and executive management in both the insurance and broader financial services industry. He also qualifies as an audit committee financial expert as defined in SEC regulations.

Ronald E. Goldsberry	Independent Director
	Current term expires in 2013
Director since 1999	
Age 70	Chair of the Governance Committee
	Member of the Finance Committee

Dr. Goldsberry is an independent contractor to clients in the automotive industry. He served as Chairman of OnStation Corporation from November 1999 until August 2006, and as Chief Executive Officer of OnStation from January to May 2002 and from November 1999 to March 2001. Prior to that time, Dr. Goldsberry served in various capacities with Ford Motor Company, including Global Vice President and General Manager of Global Ford Customer Service Operations, General Manager of the Customer Service Division and General Sales and Marketing Manager for the Parts and Service Division. He was a director of UNUM Corporation from 1993 until its merger with our company in 1999.

Dr. Goldsberry has broad business experience which includes marketing, sales, customer service and international operations. He also brings experience from his prior service on the board and audit committee of another publicly traded company.

Kevin T. Kabat Independent Director

Current term expires in 2013

Director since 2008

Age 56 Member of the Audit Committee

Member of the Human Capital Committee

Mr. Kabat is the Vice Chairman and Chief Executive Officer of Fifth Third Bancorp, where he has held those offices since September 2012 and April 2007, respectively. He is also a director of Fifth Third Bancorp and served as its Chairman from June 2008 to May 2010 and as its President from June 2006 to September 2012. Previously, Mr. Kabat was Executive Vice President of Fifth Third Bancorp from December 2003 and President and Chief Executive Officer of Fifth Third Bank (Michigan) from April 2001. Prior to joining the Fifth Third Bancorp organization, Mr. Kabat served in a number of management and executive positions with Old Kent Financial Corporation, including as its Vice Chairman and President.

Mr. Kabat brings extensive financial and operating experience as a chief executive officer of a major regional bank, and in other executive positions in the financial services industry. He also qualifies as an audit committee financial expert as defined in SEC regulations.

Michael J. Passarella Independent Director

Current term expires in 2013

Director since 2006

Age 71 Chair of the Audit Committee

Member of the Regulatory Compliance Committee

Mr. Passarella was an audit partner of PricewaterhouseCoopers LLP from 1975 until his retirement in 2002. During that time, he served in a number of leadership positions at the firm, including as managing partner of its securities industry practice and as its capital markets industry global audit leader. Mr. Passarella served as a director with NYFIX, Inc. from October 2007, including as Chairman of its Audit Committee from April 2008, until its merger with a subsidiary of NYSE Technologies, Inc. in November 2009.

Mr. Passarella brings significant experience as an audit partner of a national accounting firm. He has also served on the boards and chaired the audit committees of two other publicly traded companies. He also qualifies as an audit committee financial expert as defined in SEC regulations.

Continuing Directors

Pamela H. Godwin Independent Director

Current term expires in 2015

Director since 2004

Age 64 Member of the Finance Committee

Member of the Governance Committee

Ms. Godwin has been President of Change Partners, Inc., a consulting firm specializing in organizational change and growth initiatives, since 2001. From 1999 to 2001, she was President and Chief Operating Officer of the personal lines agency division of GMAC Insurance. Prior to that time, she held a number of executive positions within the financial services industry, including Senior Vice President of customer management for the credit card division of Advanta Corporation, President and Chief Operating Officer of Academy Insurance Group, a unit of Providian Corporation, and Senior Vice President of property/casualty claims at Colonial Penn Group, Inc. Ms. Godwin is also a director of Federal Home Loan Bank of Pittsburgh.

Ms. Godwin brings executive management experience from the insurance industry. Additionally, she has risk-assessment skills from her work as a chartered property/casualty underwriter and experience managing high-risk lines of insurance.

Timothy F. Keaney Independent Director

Current term expires in 2014

Director since 2012

Age 51 Member of the Audit Committee

Member of the Finance Committee

Mr. Keaney is Vice Chairman of BNY Mellon, where he has held this position since October 2010. He also serves as Chief Executive Officer of BNY Mellon Asset Servicing and a member of BNY Mellon s executive committee, which oversees day-to-day operations for that organization. Prior to the merger of The Bank of New York Company, Inc. and Mellon Financial Corporation in 2007, Mr. Keaney was head of The Bank of New York s asset servicing business and head of that company s presence in Europe, with management responsibilities for all business activities in the region. He joined the Bank of New York in 2000 as a Managing Director responsible for depositary receipts. Prior to that, Mr. Keaney was a Senior Vice President of Deutsche Bank.

Mr. Keaney possesses significant operational, investment and finance experience, both domestically and internationally. His work has included lengthy periods of executive leadership service in the United Kingdom, which has given him a deep understanding of many of the challenges and opportunities that we face in that region. He also qualifies as an audit committee financial expert as defined in SEC regulations.

Thomas Kinser	Independent Director
	Current term expires in 2015
Director since 2004	
Age 69	Member of the Audit Committee
	Member of the Human Capital Committee

Mr. Kinser was President, Chief Executive Officer and a director of BlueCross BlueShield of Tennessee from 1994 to 2003. From 1991 to 1994, he was Executive Vice President and Chief Operating Officer of BlueCross BlueShield Association in Chicago. Prior to that time, he held a number of executive positions with BlueCross BlueShield of Georgia, including President and Chief Executive Officer.

Mr. Kinser brings extensive executive management and board experience from the health insurance business. Additionally, he has a keen understanding of the complex regulatory environment in which we operate.

Gloria C. Larson	Independent Director
	Current term expires in 2014
Director since 2004	
Age 62	Chair of the Regulatory Compliance Committee Member of the Governance Committee

Ms. Larson has been the President of Bentley University since July 2007. She previously served as co-chairperson of the Government Practices Group of the law firm Foley Hoag LLP and coordinator for its Administrative Practices Group after joining the firm in 1996. Prior to joining Foley Hoag, she served as Secretary of Economic Affairs and as Secretary of Consumer Affairs and Business Regulation for the Commonwealth of Massachusetts, and prior to that was Deputy Director of Consumer Protection for the Federal Trade Commission.

Ms. Larson has executive management experience as president of a major university. In addition, she brings regulatory insight from her service as a regulator and her experience advising clients in the course of her practice of law. She also has previous service on both public and private companies boards of directors.

Table of Contents

A.S. (Pat) MacMillan, Jr.	Independent Director
	Current term expires in 2015
Director since 1995	
Age 69	Chair of the Human Capital Committee
	Member of the Regulatory Compliance Committee

Mr. MacMillan has served as the Chief Executive Officer of Triaxia Partners, Inc. since 1980. Triaxia s practice areas include organizational strategy and design, as well as team and leadership development. Specific services include management consulting, management training and organizational audits. He is also a trustee of The Maclellan Foundation, Inc., and a director of MetoKote Corporation.

Mr. MacMillan brings management and organizational insight from his consulting practice. He has also served on the boards of public and private companies.

Edward J. Muhl	Independent Director
	Current term expires in 2015
Director since 2005	
Age 68	Member of the Human Capital Committee
	Member of the Regulatory Compliance Committee

Mr. Muhl served as the National Leader of the Insurance Regulatory Advisory Practice of PricewaterhouseCoopers from 2001 until his retirement in June 2005. He was Senior Managing Director of Navigant Consulting, Inc. from 1998 to 2000, which he joined as Executive Vice President in 1997. Prior to that time, Mr. Muhl held important regulatory positions within the insurance industry, including Superintendent of Insurance of the State of New York, Insurance Commissioner of the State of Maryland, and President of the National Association of Insurance Commissioners. He is also a director of Farm Family Insurance Company, and previously served as a director of Syncora Holdings, Ltd. from 2008 to 2009.

Mr. Muhl has 45 years of experience in the insurance industry, including service as a regulator. He has previously served as a director of a publicly traded company and currently serves as a director of a non-publicly traded insurance company.

William J. Ryan	Independent Director
	Current term expires in 2014
Director since 2004	
Age 69	Chairman of the Board of Directors

Mr. Ryan became Chairman of the Board of Directors of our company effective October 1, 2011. He was Chairman, President and Chief Executive officer of TD Banknorth Inc., a banking and financial services company, from March 2005 until March 2007, and continued as its Chairman until November 2009. He was Chairman, President and Chief Executive Officer of Banknorth Group Inc. from 2000 until its merger with TD Banknorth Inc. in March 2005, and prior to that served as President and Chief Executive Officer of People s Heritage Savings Bank. He is also a director of WellPoint, Inc.

Mr. Ryan has experience as a board chairman and chief executive officer of companies in the banking and financial services industry. He currently serves as a director and the chair of the compensation committee of another publicly traded company.

Thomas R. Watjen	Current term expires in 2014
Director since 2002	President and Chief Executive Officer
Age 58	

Mr. Watjen has been President and Chief Executive Officer of Unum since March 2003. He served as Vice Chairman and Chief Operating Officer from May 2002 until March 2003. He became Executive Vice President, Finance in June 1999. Prior to the merger between Unum and Provident, beginning in July 1994, Mr. Watjen served in various roles with Provident. Before joining Unum, Mr. Watjen served as a Managing Director of the insurance practice of the investment banking firm Morgan Stanley & Co. He is also a director of SunTrust Banks, Inc.

Mr. Watjen has executive management and financial experience as chief executive officer of our company as well as his prior positions within the financial services industry. He also serves as a director and the chair of the audit committee of another publicly traded company in the financial services industry.

Director Compensation

The Human Capital Committee reviews director compensation annually and makes recommendations to the Board as appropriate. Directors who are also employees of the company, such as Mr. Watjen, receive no additional compensation for services as directors of the company or any of its subsidiaries.

Benchmarking

With the assistance of its third-party compensation consultant, Pay Governance LLC, the Committee reviews peer group data to understand market practices for director compensation. Our non-employee director compensation is compared to that of companies in two peer groups: (1) the Proxy Peer Group described on page 39 of the Compensation Discussion and Analysis; and (2) a general industry peer group with market capitalizations ranging from $2 billion to $12 billion, which consisted of 201 companies for the review in December 2012. The Committee uses the approximate median of these peer groups as a reference point for setting director compensation. The use of two peer groups provides an indication of director pay levels both within the insurance industry as well as the broader market.

In December 2012, the Committee s consultant provided its annual analysis of non-employee director compensation. While the analysis showed that total non-employee director compensation was approximately 5-14% below market median of the two comparator groups, the Committee decided not to make any change to non-employee director compensation.

For information about fees paid to Pay Governance LLC for director and executive officer compensation consulting services, see page 38 of the Compensation Discussion and Analysis.

Elements of Non-Employee Director Compensation

Non-employee directors receive cash retainers and equity awards as outlined in the following table:

CASH AND EQUITY COMPENSATION TO NON-EMPLOYEE DIRECTORS

All Directors:	Value
Annual cash retainer	$80,000
Annual restricted stock unit award	120,000
Committee Chairs:	
Additional annual cash retainer - Audit Committee	15,000
Additional annual cash retainer - all other Board committees	10,000
Board Chairman:	
Additional annual cash retainer (paid quarterly)	160,000

These amounts are prorated for partial-year service and may be deferred at the election of each director for payment in common stock at a future date. Directors deferring cash compensation receive a number of deferred share rights (each representing the right to one share of common stock) equal to the number of whole shares of common stock that could be purchased for the deferred amount based on the closing price of a share of common stock on the date the cash compensation is payable.

Directors expenses associated with attending Board and committee meetings, or other meetings relating to company business, are paid by the company. Directors are eligible to participate in our employee

Table of Contents

matching gifts program. Under this program, we match up to $7,500 each year for eligible gifts to non-profit organizations.

We do not have a retirement plan for directors. Dr. Goldsberry, who served as a director of UNUM Corporation prior to its merger into our company in 1999, is entitled to receive an annual payment of $27,500 for four years under the UNUM Corporation plan upon his ceasing to be a director.

2012 Compensation

The following table provides details of the compensation of each person who served as a non-employee director during 2012.

NON-EMPLOYEE DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash[(1)]	Stock Awards[(2)]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[(3)]	All Other Compensation[(4)]	Total
E. Michael Caulfield	$90,000	$120,009	$6,040	$7,000	$223,049
Pamela H. Godwin	80,000	120,009	7,245	2,200	209,454
Ronald E. Goldsberry	90,834	120,009	9,899	1,303	222,045
Kevin T. Kabat	79,993	120,009	3,205	-	203,207
Timothy F. Keaney	60,000	90,007	-	-	150,007
Thomas Kinser	80,000	120,009	10,834	500	211,343
Gloria C. Larson	90,000	120,009	18,387	7,500	235,896
A.S. (Pat) MacMillan, Jr.	90,000	120,009	-	-	210,009
Edward J. Muhl	80,000	120,009	-	-	200,009
Michael J. Passarella	95,000	120,009	718	7,500	223,227
William J. Ryan	239,166	120,009	4,407	-	363,582

(1) These amounts include annual and committee retainers which were paid in cash or deferred. The amount of annual compensation deferred was: Mr. Kabat $79,993. Compensation is deferred in the form of deferred share rights.

(2) On May 24, 2012, each non-employee director (other than Mr. Keaney) was granted 5,944 restricted stock units under the Unum Group Stock Incentive Plan of 2012. Upon his election to the Board on August 15, 2012, Mr. Keaney received a prorated grant of 4,630 restricted stock units. The amounts shown are the grant date value of these units. We account for stock-based payments under the requirements of ASC Topic 718. A complete discussion of the assumptions made as well as the financial impact of this type of compensation can be found in Notes 1 and 10 of the Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012.

(3) The amounts shown represent dividend reinvestment earnings on deferred share rights in each director s account.

(4) The amounts shown represent matching gifts, and reimbursement of taxes in the case of Dr. Goldsberry.

Director Stock Ownership and Retention Guidelines

Each non-employee director is expected to own Unum securities with an aggregate value in excess of five times the director s annual cash retainer (or $400,000). Prior to last year s annual meeting of shareholders, the ownership goal was three times the director s annual cash retainer (or $240,000). Directors who continued service on the Board following last year s annual meeting have until May 24, 2014 to meet the increased goal (and until that time they are expected to continue to meet the prior goal), while new directors have five years from the date of their election.

Each non-employee director is also expected to retain Unum securities received as a result of director compensation for at least three years from the time the securities vest, and to retain at least the number of securities necessary to meet his or her ownership goal until retirement from the Board.

The Committee annually reviews each director s stock ownership level. If a director does not reach his or her ownership goal in a timely manner, the Committee will determine whether action is appropriate. As of December 31, 2012, nine of our non-employee directors had met the increased ownership goal. The other two non-employee directors are expected to meet the increased ownership goal within the time period provided for reaching the goal.

Table of Contents

Corporate Governance Guidelines

The Board of Directors has adopted corporate governance guidelines on a number of significant matters, including director selection and independence, director responsibilities, Board leadership and management succession. The corporate governance guidelines are available on our website at *www.unum.com* by clicking Investors and then Corporate Governance. The Governance Committee regularly reviews developments in corporate governance and recommends updates to the corporate governance guidelines and other documents as necessary or appropriate in response to regulatory requirements and evolving practices.

Board Leadership Structure

William J. Ryan, an independent director, serves as Chairman of the Board, and Thomas R. Watjen serves as Chief Executive Officer (CEO). The Board has determined that separation of the Chairman and CEO positions is appropriate at this time because it enables the CEO to devote the significant time and focus necessary to manage our business in the current environment. Our corporate governance guidelines allow the Board to combine the offices of Chairman and CEO when appropriate.

As an independent Chairman, Mr. Ryan is deemed the lead independent director. As such, he presides over executive sessions of the independent directors, facilitates information flow between directors and senior management, consults with the CEO and senior management about schedules, agendas and participants for Board meetings, and performs other duties specified in our corporate governance guidelines. If a non-independent director becomes Chairman, the Board will elect an independent director annually to serve as the lead independent director.

Our independent directors generally meet in executive session at each regularly scheduled Board meeting. Executive sessions enable the independent directors to discuss matters without management present, including management performance, succession planning and Board effectiveness. The independent directors met five times in executive session during 2012.

Director Independence

Our corporate governance guidelines provide that a substantial majority of the Board will be independent. For a director to be considered independent, the Board must determine that the director has no material relationship with our company, and the director must meet the requirements for independence under the listing standards of the New York Stock Exchange (NYSE). The Board has also determined that certain categories of relationships are not considered to be material relationships that would impair a director s independence. These independence standards are listed in our corporate governance guidelines, which are available on our website at *www.unum.com* by clicking Investors and then Corporate Governance. In making independence determinations, the Board considers all relevant facts and circumstances.

The Governance Committee reviews information about the directors relationships and affiliations that might affect their independence and makes recommendations to the Board as to the independence of the directors.

Based on a review of the findings and recommendations of the Governance Committee and applying the standards described above, the Board has determined that each of our directors is independent, with the exception of Thomas R. Watjen, our President and CEO.

Process for Nominating Directors

The Governance Committee is responsible for identifying and evaluating director candidates and recommending to the Board a slate of nominees for election at each annual meeting of shareholders. The Committee has retained a third party search firm to assist with recruitment efforts in preparation for upcoming retirements. This firm identifies candidates who meet the criteria of our search, provides requested background and other relevant information regarding candidates, and coordinates arrangements for interviews as necessary. Nominees may also be suggested by directors, management or shareholders.

Shareholders who wish to nominate director candidates must submit written notice of their nominations to the Corporate Secretary at Unum Group, 1 Fountain Square, Chattanooga, Tennessee 37402 in accordance with the process described on page 98 in the section titled Shareholder proposals and nominations for our 2014 annual meeting. Our policy is to consider candidates recommended by shareholders in the same manner as other candidates.

As specified in our corporate governance guidelines, the following criteria are used in evaluating the candidacy of a prospective nominee:

- Reputation for high ethical conduct, integrity, sound judgment and accountability;
- Current knowledge and experience in one or more core competencies;
- Ability to commit sufficient time to the Board and its committees;
- Collegial effectiveness; and
- Diversity, whether in viewpoints, gender, ethnic background, age, professional experience or other demographics (though no specific diversity policy is applied).

The core competencies sought in any particular candidate depend on the current and future needs of the Board based on an assessment of the composition of the Board and the mix of attributes and qualifications represented. Core competencies include knowledge and experience in finance, investments and accounting, executive management, the insurance or financial services industry, risk oversight, technology, marketing, strategic planning, regulatory compliance and public policy.

In addition to the criteria described above, the Governance Committee considers other specific qualifications that may be desired or required of nominees, including their independence and ability to satisfy Audit Committee or Human Capital Committee requirements. In determining whether to recommend a director for re-election, the Governance Committee also considers the director s interest in continuing to serve, past attendance at meetings, contributions to the Board and committees on which the director serves, and the results of the most recent Board, committee and individual director evaluations.

Limits on Board and Audit Committee Service

No director may serve on more than three public company boards in addition to our Board, and no director may serve on more than two audit committees of public companies in addition to our Audit Committee.

Board Meetings and Attendance

The Board of Directors met 11 times during 2012. Each incumbent director attended at least 75% of the total number of meetings of the Board and the committees on which he or she served during the periods of the director s service in 2012.

Directors are expected to attend annual meetings of shareholders. All directors serving on the Board at the time of our annual meeting in 2012 attended that meeting.

Committees of the Board

The Board of Directors has five standing committees: Audit, Finance, Governance, Human Capital and Regulatory Compliance. Each committee has a charter that is available on our website at *www.unum.com* by clicking Investors and then Corporate Governance. In addition to the duties contained in their respective charters, each committee may be assigned additional tasks by the Board, and each is charged with reporting its activities to the Board.

Below is a list of the current committee members and the number of meetings held during 2012.

BOARD MEMBERS AND COMMITTEES

Name	Term Expires	Audit	Finance	Governance	Human Capital	Regulatory Compliance
E. Michael Caulfield	2013	X	Chair			
Pamela H. Godwin	2015		X	X		
Ronald E. Goldsberry	2013		X	Chair		
Kevin T. Kabat	2013	X			X	
Timothy F. Keaney	2014	X	X			
Thomas Kinser	2015	X			X	
Gloria C. Larson	2014			X		Chair
A.S. (Pat) MacMillan, Jr.	2015				Chair	X
Edward J. Muhl	2015				X	X
Michael J. Passarella	2013	Chair				X
2012 Committee Meetings		11	5	9	12	4

Audit Committee

The Audit Committee assists the Board in oversight of financial statement and disclosure matters, the relationship with our independent auditor, the internal audit function, risk management responsibilities, and compliance with legal and regulatory requirements. A more complete description of the responsibilities of the Audit Committee is included in the Report of the Audit Committee beginning on page 30.

All members of the Audit Committee meet the independence requirements of the SEC, the NYSE and our corporate governance guidelines. The Board has determined that four members of the Audit Committee, Michael J. Passarella, E. Michael Caulfield, Kevin T. Kabat and Timothy F. Keaney, are audit committee financial experts as defined by SEC rules and have accounting or related financial management expertise within the meaning of the listing standards of the NYSE. All members of the Audit Committee have been determined by the Board to be financially literate as required by the NYSE.

Finance Committee

The Finance Committee assists the Board in oversight of our investments, capital and financing plans and activities and related financial matters and the associated risks. Among other responsibilities, the Finance Committee:

- evaluates and recommends to the Board capital and financing plans, activities, requirements and opportunities;
- oversees implementation of and compliance with investment strategies, guidelines and policies;
- reviews, assesses and reports on the impact of various finance activities on our debt ratings; and
- monitors, evaluates and makes recommendations to the Board regarding matters pertaining to our closed block segment, including the long-term care business, that could have a meaningful impact upon any of the matters for which the Committee has oversight responsibility.

All members of the Finance Committee meet the independence requirements of our corporate governance guidelines.

Governance Committee

The Governance Committee assists the Board in implementation and oversight of our corporate governance policies. Among other responsibilities, the Governance Committee:

- oversees compliance with our corporate governance guidelines;
- sets director selection criteria and identifies qualified candidates for the Board;

- oversees the process for Board and committee evaluations; and
- periodically makes recommendations to the Board regarding committee membership.

All members of the Governance Committee meet the independence requirements of the NYSE and our corporate governance guidelines.

Table of Contents

Human Capital Committee

The Human Capital Committee assists the Board in oversight of our compensation and benefit programs and related risks to support business plans, attract and retain key executives and tie compensation to performance. Among other responsibilities, the Human Capital Committee:

- establishes our general compensation philosophy, principles and practices;
- evaluates and approves compensation and benefit plans;
- reviews and approves compensation of the CEO and other senior executives; and
- advises the Board on the Compensation Discussion and Analysis in our proxy statements, including consideration of the most recent say-on-pay vote.

All members of the Human Capital Committee meet the independence requirements of the NYSE and our corporate governance guidelines and are non-employee directors for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 and outside directors for purposes of Section 162(m) of the Internal Revenue Code.

Regulatory Compliance Committee

The Regulatory Compliance Committee assists the Board in its oversight of regulatory, compliance, policy and legal matters and related risks to ensure that we maintain compliance with laws and regulations and the highest levels of integrity. Among other responsibilities, the Regulatory Compliance Committee:

- monitors the effectiveness of our compliance efforts concerning applicable regulatory and legal requirements and internal policy;
- reviews and discusses with management any communication to or from regulators or governmental agencies and any information regarding our compliance with applicable laws or regulations; and
- monitors the investigation and resolution of any significant instances of noncompliance or potential compliance violations.

All members of the Regulatory Compliance Committee meet the independence requirements of our corporate governance guidelines.

The Board s Role in Risk Oversight

The Board has an active role, as a whole and also at the committee level, in overseeing management of the company s risks. The Board is responsible for managing strategic risk and regularly reviews information regarding our capital, liquidity and operations, as well as the risks associated with each. The Board receives an enterprise risk management report at least annually, and usually more frequently. The Audit Committee is responsible for oversight of the company s risk management process, financial risk, operational risk and any other risk not specifically assigned to another committee. A report on the company s risk and risk management is provided to the Audit Committee at least quarterly. The Finance Committee is responsible for oversight of risks associated with investments and related financial matters, including those pertaining to our closed block segment. The Human Capital Committee is responsible for overseeing the management of risks relating to our compensation plans and programs; in connection with this oversight it receives an analysis from enterprise risk management with respect to these risks. The

Table of Contents

Regulatory Compliance Committee oversees management of risks related to regulatory, compliance, policy and legal matters, both current and emerging and whether of a local, state, federal or international nature. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks in addition to the risk information it receives directly.

Compensation Risk

Our enterprise risk management department, in consultation with the Human Capital Committee, has undertaken a risk assessment of our compensation programs and practices. The process included the following steps:

- Review the overall design and philosophy of the incentive compensation programs;
- Review and assess the 2012 annual incentive program and long-term incentive program performance measures for alignment between actual results and achievement payout levels;
- Identify fundamental principles to test, including the SEC s non-exclusive list of situations where compensation programs may have the potential to raise material risks to the company; and
- Assess the incentive programs in light of the company s primary risks (as disclosed in the company s Annual Report on Form 10-K for the fiscal year ended December 31, 2012) and the company s annual financial and capital plans; and
- Assess the effect of any proposed design changes to the 2013 incentive plans.

Based on this assessment, the following conclusions were reached:

- The company s incentive program targets, thresholds, caps, weights and payout curves are effective control mechanisms.
- The incentive plans are balanced and align the long-term interests of stakeholders and management.
- The program s goals are effectively balanced and consistent with the risk levels embedded in the company s financial and capital plans.
- All potential awards are subject to Human Capital Committee discretion and the company has a recoupment policy in place in the event of a material earnings restatement.

Our enterprise risk management department and the Human Capital Committee do not believe the company s compensation programs create risks that are reasonably likely to have a material adverse effect on the company.

Director Retirement Policy

Our bylaws state that no person may serve as a member of the Board beyond the date of the annual meeting of shareholders immediately following his or her 72nd birthday.

Compensation Committee Interlocks and Insider Participation

During fiscal 2012, none of the members of the Human Capital Committee was an officer or employee of the company, and none of our executive officers served as a member of a board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Human Capital Committee.

Related Party Transactions and Policy

The Board has adopted a written policy concerning related party transactions. This policy covers any transaction in which the company was or is to be a participant and the amount involved exceeds $120,000, and in which any related party had or will have a direct or indirect material interest. A related party means any of our directors, director nominees or executive officers, any of their immediate family members, any person known to us to beneficially own more than 5% of our outstanding common stock, and any entity in which any of these persons has an interest as an employee, principal or 10% or greater beneficial owner or other material financial interest.

Prior to entering into a transaction that may be viewed as a related party transaction, the related party must notify our general counsel of the facts and circumstances of the transaction. If the general counsel determines that the proposed transaction is a related party transaction, it is submitted to the disinterested members of the Audit Committee for consideration at the next Committee meeting (or to the chair of the Committee if it is not practical to wait until the next meeting and the chair is not a related party to the transaction). The Committee considers all relevant facts and circumstances, including the benefits to the company, benefits to the related party, and if the related party is an independent director or nominee, the potential effect of entering into the transaction on the director s or nominee s independence, any improper conflict of interest that may exist, the availability of other sources for the products and services, the terms of the transaction, and the terms available from or to unrelated third parties generally.

The transaction may be approved if it is determined in good faith not to be inconsistent with the best interests of the company and shareholders. Certain types of transactions are deemed to be pre-approved by the Audit Committee, including executive officer and director compensation arrangements approved by the Board of Directors or the Human Capital Committee and any transaction between the company and any entity in which a related party has a relationship solely as a director, less than 10% equity holder, or employee (other than executive officer), or all of these relationships.

Transactions with Related Persons

During 2012 and up to the date of this proxy statement, there have been no related party transactions, other than those described above as being deemed pre-approved.

Codes of Conduct and Ethics

The Board has adopted a code of conduct establishing certain business practices and ethics applicable to all of our directors, officers and employees. The Board has also adopted a separate code of ethics applicable to our CEO and certain of our senior financial officers. Both of these codes are available on our website at *www.unum.com* by clicking Investors and then Corporate Conduct and Ethics.

We will provide notice of any waivers of the code of conduct granted to executive officers or directors on our website, and will report to the SEC any waivers of the code of ethics granted to our CEO or certain of our senior financial officers. No waivers have been requested or granted to date, and no requests for waivers are anticipated.

Table of Contents

The Audit Committee operates under a written charter adopted by the Board of Directors. The primary purpose of the Committee is to assist the Board of Directors in its oversight of:

- the integrity of the company s financial statements;
- the effectiveness of the company s internal control over financial reporting;
- the company s compliance with legal and regulatory requirements;
- the qualifications and independence of the company s independent auditor;
- the performance of the company s internal audit function and independent auditor;
- financial risk, operational risk and any other risks the oversight of which is not allocated to another committee of the Board; and
- the company s enterprise risk management program.

Among other responsibilities described elsewhere in this report, the Committee reviews and discusses matters relating to the company s financial and accounting reporting processes; reviews and discusses with management and the independent auditor the company s annual and quarterly financial statements and related disclosures in reports filed with the SEC; pre-approves all audit services and permitted non-audit services to be performed by the company s independent auditor; reviews and, as appropriate, discusses with management and the independent auditor the responsibilities and performance of the internal audit function, including audit findings and management responses; reviews and discusses with management the adequacy and effectiveness of the company s risk management program; and obtains and reviews reports concerning the company s policies and procedures for ensuring compliance with applicable laws, regulations and the company s Code of Conduct.

Management is primarily responsible for the preparation, presentation and integrity of the company s financial statements and for the reporting process, including the establishment and effectiveness of the company s internal control over financial reporting. The company s independent auditor, Ernst & Young LLP, is responsible for performing an independent audit of the financial statements and expressing an opinion on whether they conform to generally accepted accounting principles. The independent auditor also is responsible for auditing the effectiveness of the company s internal control over financial reporting. The independent auditor reports directly to the Committee, which is responsible for the appointment, compensation, retention and oversight of the work performed by the independent auditor.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the company s audited financial statements for the year ended December 31, 2012, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Committee reviewed with the independent auditor its judgments of the quality and acceptability of the company s accounting principles. The Committee discussed with the independent auditor the matters required to be discussed by the Statement on Auditing Standard No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Committee received the written disclosures and the letter from the independent auditor required by applicable requirements of the PCAOB regarding the auditor s communications with the Committee concerning independence. The Committee also discussed with the independent auditor matters relating to its independence, including consideration of whether the independent auditor s provision of non-audit services to the company is compatible with the auditor s independence.

The Committee discussed with the company s internal auditors and independent auditor, and received regular status reports from them concerning, the overall scope and plans for their respective audits. The Committee met with the internal auditors and independent auditor, with and without management present, to discuss the results of their examinations, their evaluations of the effectiveness of the company s internal control over financial reporting and the overall quality of the company s financial reporting.

In evaluating the performance of the company s independent auditor, the Committee took into consideration a number of factors, including the professional qualifications of the firm and the lead audit partner, the quality and candor of the firm s communications with the Committee and the company, and evidence supporting the firm s independence, objectivity, and professional skepticism. Based on this evaluation, the Committee appointed Ernst & Young LLP as the company s independent auditor for 2013. Although the Committee has sole authority to appoint the independent auditor, the Committee recommended that the Board of Directors seek shareholder ratification of the appointment at the Annual Meeting.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board approved, that the company s audited financial statements for the year ended December 31, 2012 be included in the company s Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

Michael J. Passarella, Chair

E. Michael Caulfield

Kevin T. Kabat

Timothy F. Keaney

Thomas Kinser

Table of Contents

In this section, we provide an overview of our compensation philosophy and processes and explain how the Human Capital Committee of our Board (the Committee) arrived at its compensation decisions for the below named executive officers (NEOs), all of whom are included in the 2012 Summary Compensation Table on page 63:

- Thomas R. Watjen, President and Chief Executive Officer
- Richard P. McKenney, Executive Vice President and Chief Financial Officer
- Kevin P. McCarthy, Executive Vice President and Chief Operating Officer; President and Chief Executive Officer, Unum US
- Randall C. Horn, Executive Vice President, President and Chief Executive Officer, Colonial Life
- Liston Bishop III, Executive Vice President and General Counsel

Business and Performance Review

Our Business

We are a leading provider of financial protection benefits in the United States and United Kingdom. Our products, which are primarily offered through the workplace, include disability, life, accident and critical illness insurance and help protect millions of working people and their families from the financial hardships that can occur in the event of illness, injury or loss of life. In 2012, we paid more than $6 billion in benefits to hundreds of thousands of customers who faced illness, injury or loss of life.

Our business operations are divided into three divisions selling active products Unum US, Unum UK and Colonial Life and a closed block of business that includes products we service and support but no longer actively sell.

2012 Performance

Overall, 2012 was another successful year for Unum as we continued to deliver solid operating results for our shareholders. We faced a number of external challenges in 2012 as low interest rates continued to hamper our investment returns and the sluggish economic environment pressured our top-line growth. In spite of these and other ongoing challenges, we grew the businesses we targeted for growth, generated solid profitability in our core businesses and maintained a solid financial foundation.

Among the highlights for the year[1]:

- We reported pre-tax operating income of $1.24 billion and after-tax operating income of $887.5 million on operating revenues of $10.46 billion and operating earnings per share of $3.15, a 5.7% increase and the 7th consecutive year of operating earnings per share growth.

- Overall, premiums, which include our Closed Block segment, grew 2.7% year-over-year. Premium in the markets we targeted for growth grew 4.7% in 2012, capping more than two years of steadily improving trends in this area.

- We continued to deliver strong investment results and, through our emphasis on sound risk management, our credit quality remains among the best in the insurance industry.

- We continued to generate a return on equity above the industry average with our active businesses delivering a return of 14.12% and total company ROE of 12.26%.

- Additionally, our brand strengthened, as we maintained strong customer and claimant satisfaction ratings, corporate image and reputation reached its highest level ever, and our visibility among public policy makers grew as we took a more active role in promoting the importance of financial protection benefits offered through the workplace.

Table of Contents

Our corporate citizenship efforts have been recognized by several independent organizations, including being named one of *Forbes* 100 Most Trustworthy Companies, a Corporate Leader in Political Disclosure and Accountability by the Center for Political Accountability, one of *Newsweek s* Top 50 Green Companies, and one of the Best Places to Work in Insurance by *Business Insurance*.

We maintained a strong balance sheet and capital position which closed the year near the high end of all of our capital related targets.

We repurchased $500 million in stock and increased our dividend by about 24%. Since early 2008, we have repurchased approximately $2.2 billion of our shares and increased dividend paid per common share by 73%.

Our consistent operating results and financial position led to ratings upgrades by both S&P and Moody s during the year.

Our book value per share (ex-AOCI) grew 12% to $29.55 at the end of 2012.

SHAREHOLDER AND RATING AGENCY ACTIONS

	Share Repurchases	Dividend Increase	Rating Agency Upgrade
2008	$700 million		S&P
2009		10%	
2010	$356 million	12%	Moody s and Fitch
2011	$620 million	14%	A.M. Best
2012	$500 million	24%	S&P and Moody s

Business Segment Highlights

Within the specific business areas, performance was as follows:

Our Unum US segment, representing 57.8% of our consolidated premium income in 2012, reported record operating income in 2012 with a 3.7% increase driven by growth in premium income and strong risk results and expense management. Premium income increased 3.7% in 2012, despite the challenging economy and competitive environment, and sales increased 7.5%, with growth in each of our product lines and in each of our major market segments. Unum US continued to generate above-market returns across all of its primary business segments, with a return on equity of 13.80%.

(1) In analyzing performance, the company sometimes uses non-GAAP financial measures that differ from what is reported under GAAP. Refer to Appendix C for reconciliations of the non-GAAP financial measures used throughout this document, including operating income, operating revenue, operating earnings per share, return on equity and book value per share (excluding accumulated other comprehensive income, or AOCI), to the most directly comparable GAAP measures.

Unum UK, representing 9.0% of our consolidated premium income in 2012, reported a decrease in operating income of 31.1% in 2012, due primarily to adverse risk results in the group life product line. Premium income grew 2.2% while Unum UK sales decreased 6.1%, primarily driven by lower group life sales as the company took actions to address profitability concerns in this line of business. The Unum UK return on equity for 2012 was 12.22%.

Colonial Life, representing 15.4% of our consolidated premium income in 2012, reported record operating income with a 1.6% increase in 2012. Premium income grew 5.2% in 2012 while sales decreased 1.1% in the year. Consistent with past years, Colonial Life continues to generate solid margins and returns, with a return on equity of 16.75%.

Our investment results remain solid, although our net investment income declined slightly in 2012, primarily due to a decline in yield on invested assets as we continue to invest new cash flows at lower rates. Our asset quality remains strong, with a net unrealized gain on our fixed maturity securities of $7.2 billion at December 31, 2012, compared to $5.8 billion at December 31, 2011.

Total Shareholder Return

We continue to manage the business to create long-term value for our shareholders. As referenced earlier, while underlying business performance in 2012 was strong, the company s stock performance was below that of its peers. Our total shareholder return (TSR) over the last five years outperformed our industry and Proxy Peer Group, which we believe is an indication of the strength of our business and financial plan. Our short-term return is less favorable, with a one-year TSR of 1.04%. We believe this is a result of a couple of factors. First, many companies in Unum s peer group had more significant declines during the financial and economic crisis and may show greater year-over-year returns as they move back to pre-crisis levels. In addition, concerns regarding the low interest rate environment and business performance in a couple of areas also weighed on our share price performance. We continue to feel confident that the company s history of solid operating results and returning value to shareholders will be recognized in the market in fact, we are encouraged by the stock performance during the first quarter of 2013.

Response to 2012 Say-on-Pay Vote

At our 2012 annual meeting of shareholders, the advisory vote on executive compensation passed by a vote of 71%, which was lower than the previous year s vote. Although 10 of our 11 largest shareholders supported the say-on-pay vote, the Committee and management initiated a review of our executive compensation program. We evaluated the reports of proxy advisory firms as well as feedback from our outreach program to institutional investors.

Based on this feedback, the Committee has taken or authorized the following principal actions to be taken in 2013 to better align the interests of shareholders and executives:

- Established new performance goals for our long-term incentive plan to reduce overlap with the performance goals for our annual incentive plan;
- Introduced performance share units (PSUs) based on three-year, prospective average return on equity and average earnings per share goals, with a modifier tied to relative total shareholder return (see 2012 Decisions on Compensation Design beginning on page 49);
  - PSU awards were made to the CEO in 2013 and will be implemented for senior vice presidents and above, including our other NEOs, beginning in 2014;
- Enhanced proxy disclosure to provide a more detailed explanation of the rationale behind compensation decisions and a more comprehensive discussion of goals, individual performance and the linkage to compensation; and
- Supplemented disclosure of our annual and long-term incentive performance metrics by including threshold, maximum and actual performance levels for each metric (see Performance Targets beginning on page 44).

The Committee and the Board have carefully evaluated our executive compensation program and the feedback received from our shareholders, and believe the above actions appropriately respond to shareholders on these important issues.

Compensation Program Structure and Decisions

Our executive compensation philosophy is designed to reward performance that helps us achieve our corporate objectives and attract and retain talented individuals. We do this by:

- Offering a base salary that reflects the competitive market as well as the roles, skills, abilities, experience and performance of employees;
- Providing incentive opportunities for all employees based on the achievement of corporate and individual performance goals; and

Aligning the long-term interests of management and shareholders by offering performance-based equity compensation opportunities and requiring senior executive officers to own shares and retain equity awards for a specified period of time after vesting. This practice also promotes a culture of ownership and accountability in the company.

Table of Contents

Elements of Pay

There are five primary elements of pay in our executive compensation program, which are summarized in the table below.

Those pay elements that are at risk, or contingent on individual or corporate performance are noted in the table below. Our NEOs, as the most senior officers in the company, have a majority of their total compensation at risk. For 2012, 85.4% of Mr. Watjen s compensation was at risk. For the remaining NEOs, 71.3% of their aggregate compensation was at risk.

PAY ELEMENTS

Compensation Element	Objective/Purpose
Annual base salary	To provide a fixed amount of compensation which is reflective of the market for similar jobs as well as individual skills, abilities and performance. Aligns with our compensation philosophy of attracting and retaining talented individuals.
Annual incentive awards *(at risk)*	To motivate executives to achieve short-term corporate financial goals as well as individual objectives. Aligns with our compensation philosophy of rewarding performance in the achievement of short-term corporate objectives.
Long-term incentive awards *(at risk)*	To motivate long-term performance and align the interests of management and shareholders. Aligns with our compensation philosophy of rewarding long-term performance and attracting and retaining talented individuals.
Retirement and workplace benefits	To provide a competitive program which addresses health, welfare and retirement needs of executives and other employees. Aligns with our compensation philosophy of attracting and

	retaining talented individuals.
Perquisites and other personal benefits	Most perquisites were eliminated as of January 1, 2008. The limited perquisites we currently offer are in support of a specific business purpose or a contractual arrangement.

Roles of the Committee, CEO and Consultants

The Committee, CEO and compensation consultant each have important roles in our compensation program. The Committee, with input from the CEO and compensation consultant, exercises its own independent judgment to:

- Evaluate, design and administer a compensation program for executive officers that appropriately links pay, company and individual performance, and the creation of shareholder value;
- Review the performance of the CEO, with input from the full Board, and determine his compensation; and
- Determine compensation for each of the other NEOs.

The CEO provides input to the Committee on compensation issues but does not participate in any decisions related to his own compensation. He provides to the Committee:

- A self-assessment outlining his own performance for the year;
- Performance assessments and compensation recommendations for executives who report to him, which includes all of the NEOs; and
- His perspective on the business environment and the company s performance.

Pay Governance LLC was retained by the Committee as its compensation consultant in 2012 to provide objective, expert analyses, independent advice and information on executive and director compensation. A senior representative of the compensation consultant generally attends Committee meetings, participates in executive sessions of the Committee without management present and communicates directly with Committee members outside of meetings. Management interacts with the compensation consultant only when doing so on behalf of the Committee or as it relates to proposals the Committee will review for approval.

The Committee has adopted a policy requiring that its compensation consultant be independent. During 2012, the Committee assessed the independence of Pay Governance LLC, taking into account the following factors:

- Compliance with the Committee s independence policy;
- Other services, if any, provided to the company by the consultant;
- The amount of fees paid by the company to the consultant as a percentage of its total revenues;
- Any business or personal relationships between the consultant (including its representatives) and the company s directors or senior officers; and
- The policies and procedures the consultant has in place to prevent conflicts of interest, which includes a prohibition against stock ownership in the company.

Pay Governance LLC has attested to its independence and does not provide any services to the company other than those related to director and executive compensation consulting. Fees paid to Pay Governance LLC for such services provided in 2012 totaled $260,047. Based on its assessment, the Committee concluded that the compensation consultant is independent under the Committee s policy and that the compensation consultant s work has not raised any conflict of interest.

In addition, the company s finance, human resources and legal staff, including the chief financial officer and the general counsel, support the Committee in its work. Employees from these departments discuss various executive compensation topics with the Committee and its compensation consultant, including how compensation plans fit in with other programs and business objectives. Although these staff members may make recommendations, the final decision on all executive compensation matters rests solely with the Committee.

Compensation Benchmarking

The Committee compares the compensation of our named executive officers to the median pay of executives in similar positions at peer companies. By targeting each element to the approximate median of the appropriate comparator group, we ensure that the balance among the elements is competitive, while at the same time allowing company and individual performance to determine a majority of the compensation received by our NEOs. Overall, these benchmarking comparisons are used as points of reference and are secondary to the primary factors considered by the Committee when making compensation decisions: company performance; individual performance; the executive s level of responsibility; the creation of shareholder value; our executive compensation philosophy; and the results of the most recent shareholder say-on-pay vote.

The two sources used by the Committee for benchmarking executive compensation are:

- For CEO and CFO compensation, a proxy peer group comprised of insurance and financial services companies that are either our business competitors or primary competitors for talent (Proxy Peer Group). This group is also a reference for compensation programs and practices. The composition of this group is reviewed annually by the Committee.

- For the compensation of our other NEOs, the Towers Watson Diversified Insurance Study of Executive Compensation (Diversified Insurance Study). This source is used because responsibilities of our NEOs may not be directly comparable with those of named executives at other companies in the Proxy Peer Group.

As part of its review of the Proxy Peer Group in 2012, the Committee requested detailed analysis to understand how sensitive compensation is to the size of companies within the peer group. The two largest and two smallest peers (as defined by their average ranking within the peer group on assets, market capitalization and revenues) were excluded. Regression analysis showed that (1) excluding these peers would have no impact on the compensation medians or Unum s relative ranking within the group, (2) there was a low correlation between asset size and CEO compensation and, (3) though more closely correlated to CEO compensation, market capitalization can be a volatile measure, which could imply greater year-over-year variability in compensation than is actually occurring in the market. Based on the analysis, the Committee decided to make no changes to the Proxy Peer Group. Unum continues to approximate the median of peer assets, market capitalization and revenue.

The following table lists the companies in the Proxy Peer Group and the Diversified Insurance Study.

PROXY PEER GROUP(1)(2)		**DIVERSIFIED INSURANCE STUDY(1)**	
Aetna	Lincoln Financial	Aegon USA	Massachusetts Mutual
Aflac	Marsh & McLennan	Aflac	Metlife
Aon	Metlife	AIG	Nationwide
Assurant	Principal Financial	Allstate	New York Life
Cigna	Protective Life	American United Life	Northwestern Mutual
CNO Financial	Prudential Financial	AXA Group	Pacific Life
Genworth Financial	Stancorp Financial	Cigna	Phoenix Companies
Hartford Financial Services	Torchmark	CNO Financial	Principal Financial
Humana		Genworth Financial	Prudential Financial
		Guardian Life	Securian Financial
		Hartford Financial Services	Sun Life Financial
		ING	Thrivent Financial
		John Hancock	TIAA-CREFF
		Lincoln Financial	USAA

(1) For compensation decisions made in early 2012, benchmarking comparisons were made to the 2011 Diversified Insurance Study of Executive Compensation and the 2011 Proxy Peer Group. Although Unum participates in the Diversified Insurance Study, we are excluded from this table. CNO Financial was a new participant in the DIS Survey for 2011, increasing the number of participants from 28 in 2010 to 29 in 2011.

(2) The Proxy Peer Group includes both property and casualty insurers and life and health insurers, with Unum being slightly above the peer median for assets and slightly below the peer median for revenue for the year ended December 31, 2011. Unum is not part of the Proxy Peer Group.

Individual Performance Assessments

The Committee uses individual performance assessments as a factor in its determination of compensation for each NEO. Individual performance is measured against the six leadership criteria listed in the table below and can be used to adjust earned awards between 0% and 125%.

Evaluation Criteria

In evaluating how effectively each NEO met the leadership criteria, the Committee considers:

- Company performance;
- The CEO s performance assessments of the other NEOs. For each individual, this includes a self assessment and a 360 evaluation of performance by a combination of the CEO, peers, direct reports and other partners; and
- A Board assessment of each NEO against stated goals in the areas listed in the table below.

LEADERSHIP CRITERIA	BOARD ASSESSMENT GOAL AREAS
Delivers results	Strategic planning
Builds organizational talent	Demonstrated performance
Makes effective decisions	Building and sustaining a high-functioning organization and team
Creates business and enterprise value	Humility and ego maturity
Engages employees in the corporate vision	Statesmanship
Adheres to the company s values	Balance of putting the company first with appropriate self-care and resilience
	Ability to balance complex competing factors
	Commitment to enterprise as well as business unit

2012 Performance Assessment and Highlights

The named executive officers   performance plans for 2012 included the following common performance goals with specific areas of focus for each goal. In addition, plans included goals specifically related to the executives   respective business areas.

2012 COMMON PERFORMANCE GOALS

1. Achieve the business and financial objectives the Board approved for the company, which includes the following areas of focus:
   - Positioning each business to leverage current market positions and opportunities
   - Appropriately redeploying the company   s excess capital
   - Continuing to consider and develop additional centers of excellence
2. Deepen the management talent and employee engagement throughout the company:
   - Strengthen the CEO and senior executive team succession plan
   - Build organizational depth throughout the Company
   - Continue to take actions to assure that our workforce diversity matches that of our key stakeholders
3. Continue to develop the culture and values of the company at all levels which includes:
   - Ethics and compliance
   - Social responsibility
   - Risk management
4. Further enhance the image and reputation of the company:
   - Including with regulators, media, and public policy makers

Based on the above criteria, the Committee assessed the individual performance of our NEOs and awarded each an individual performance percentage. These percentages were used in calculations for annual and long-term incentive awards described later in this section.

Individual performance highlights for each NEO, and their awarded performance percentage, are included below:

Thomas R. Watjen, President and CEO

In assessing Mr. Watjen s performance for 2012, the Committee noted that he:

- Achieved most of the company s business and financial objectives, the exceptions being in Unum UK and the Closed Block, which did not meet their objectives for the year.
- Maintained a strong balance sheet and capital position which has lead to rating upgrades and allowed the company to once again this year raise its dividend and repurchase a meaningful amount of stock to consistently create value for shareholders.
- Made significant progress in strengthening and deepening the leadership team throughout the company.
- Continued to develop the company culture and values at all levels, including ethics and compliance, risk management and social responsibility, while also enhancing the image and reputation of the company.

Given these accomplishments, the Committee awarded Mr. Watjen an individual performance percentage of 95% for his annual incentive award and 115% for his long-term incentive award. The Committee awarded a greater percentage in Mr. Watjen s long-term incentive award based on the factors noted above as well as Mr. Watjen s decision-making and strategic positioning of the company. The ratings are lower this year primarily because of the shortfall in performance in Unum UK and the Closed Block. However, the Committee noted how quickly Mr. Watjen addressed business areas that were underperforming.

Richard P. McKenney, CFO

In assessing Mr. McKenney s performance for 2012, the Committee noted that he:

- Achieved most of the company s financial, operational, and organizational objectives, the exceptions being in Unum UK and the Closed Block, which did not meet their objectives for the year.
- Effectively balanced operating and financial goals while maintaining a strong capital base that positions the company well for the longer term and also positions it to regularly return capital to shareholders through dividend increases and repurchasing its shares.
- Further developed talent, both within the finance organization as well as across the enterprise.
- Broadened his operational knowledge and deepened his connections within the businesses, and, as a result, he has continued to contribute at a very high level.

Given these accomplishments, the Committee awarded Mr. McKenney an individual performance percentage of 110% for his annual incentive award and 120% for his long-term incentive award. The Committee awarded a greater percentage in Mr. McKenney s long-term incentive award based on the factors noted above as well as his disciplined assessment of corporate development opportunities, strong capital management strategy, the investment performance in a difficult environment and the overall strength of the investment portfolio. His annual incentive is slightly lower than last year because of the underperformance in Unum UK and the Closed Block.

Kevin P. McCarthy, COO and President and CEO of Unum US

In assessing Mr. McCarthy s performance for 2012, the Committee noted that he:

- Led Unum US to another solid year with strong performance in nearly all financial and operational areas. Unum US enjoyed record before-tax operating income in 2012.
- In his role as chief operating officer and chair of the company operating committee, made significant contributions across the company.
- Continued to take an active role in developing talent throughout the company and assuring that we are better utilizing our talent at all levels around the company.
- Through the company operating committee has enhanced operating effectiveness by adopting process improvements, sharing best practices, and creating centers of excellence.

Given these accomplishments, the Committee awarded Mr. McCarthy an individual performance percentage of 120% for his annual incentive award and 125% for his long-term incentive award. The Committee awarded a greater percentage in Mr. McCarthy s long-term incentive award based on the additional consideration of his leadership role in exporting talent across the company and the strategic guidance he provided. His annual incentive is slightly lower than last year because of underperformance in the Closed Block.

Randall C. Horn, President and CEO of Colonial Life

In assessing Mr. Horn s performance for 2012, the Committee noted that he:

- Led Colonial Life to solid financial results, generally achieving its objectives including strong margins and returns on equity; the one exception was sales growth, which was below expectations.
- Continued to deliver exceptional service results and customer retention of business at Colonial Life, resulting in strong premium growth for the year.
- Strengthened his leadership team and made significant progress developing talent throughout the organization.
- Contributed to improvements throughout the company through his role on the company operating committee, which has led to the implementation of several centers of excellence initiatives at Colonial Life.

Given these accomplishments, the Committee awarded Mr. Horn an individual performance percentage of 90% for both his annual and long-term incentive awards. This was slightly lower than last year primarily due to the sales shortfall.

Liston Bishop III, Executive Vice President and General Counsel

In assessing Mr. Bishop s performance for 2012, the Committee noted that he:

- Made significant progress redefining the corporate law department to better support business requirements.
- Provided important guidance and counsel to the Board, the CEO, and the executive leadership team.

Set a strong tone at the top on important issues such as ethics, compliance, corporate governance, and customer privacy protection.

Worked across the businesses to positively impact hiring, organizational issues, and professional development in areas critical to our legal, compliance, and audit functions.

Given these accomplishments, the Committee awarded Mr. Bishop an individual performance percentage of 100% for both his annual and long-term incentive awards. These levels are consistent with those of last year.

Performance Targets

Each year, the Committee sets targets for several performance measures that are used to calculate annual and long-term incentive awards. Performance measures and their respective targets are established for the company as a whole as well as for each of our business units, and weightings are assigned to each performance measure based on its relative importance to the company or business unit.

Incentive Funding Performance Requirement

Our annual and long-term incentive plans are not funded unless the company achieves a specified level of performance. We apply an incentive funding performance requirement because we believe employees and officers should receive incentive awards only after our shareholders and creditors are paid. Additionally, the company expects that meeting this incentive funding performance requirement will allow the company to deduct the incentive payments under Section 162(m) of the Internal Revenue Code.

For 2012, the performance requirement established by the Committee to fund the annual and long-term incentive plans was $433 million, or two times the sum of dividends to shareholders and after-tax interest expense on recourse debt. Funds used to attain the performance requirement were derived from statutory after-tax operating earnings and other sources of cash flow available from the company s insurance and non-insurance subsidiaries. The company successfully achieved the 2012 performance requirement for funding the annual and long-term incentive plans.

Annual Incentive Targets

The Committee established performance targets as part of our annual incentive program. The following table outlines these targets for annual incentives awarded for 2012 performance and how the company performed against those targets in 2012.

Table of Contents

2012 ANNUAL INCENTIVE AWARD PERFORMANCE TARGETS ($s/£s in millions)

Performance Measure	Component Weighting	Threshold[1]	Target	Maximum	Actual
Unum Group					
After-tax operating income[2]	40%	$721.9	$902.4	$1,037.8	$887.5
Business area composite[3]	40%	80%	100%	115%	95%
Return on equity[4]	20%	9.91%	12.38%	14.24%	12.26%
Unum US and Closed Block					
Before-tax operating income[5]	40%	$758.4	$948.0	$1,090.2	$942.6
Earned premium	20%	$5,190.7	$5,767.4	$6,632.5	$5,827.0
Sales	15%	$605.4	$756.7	$983.7	$766.5
Service[6]	15%	90%	100%	130%	114%
Operating expense ratio	10%	18.85%	18.05%	17.25%	17.82%
Colonial Life					

Before-tax operating income(5)	40%	$219.4	$274.2	$315.3	$274.3
Earned premium	20%	$1,073.5	$1,192.8	$1,371.7	$1,194.5
Sales	15%	$316.2	$395.2	$513.8	$361.9
Service(6)	15%	90%	100%	130%	101%
Operating expense ratio	10%	16.75%	15.95%	15.15%	16.01%
Unum UK					
Before-tax operating income(5)	40%	£98.0	£122.5	£140.9	£82.9
Earned premium	20%	£386.8	£429.8	£494.3	£438.1
Sales	15%	£50.2	£62.7	£81.5	£59.5
Service(6)	15%	90%	100%	130%	102%
Operating expense ratio	10%	21.48%	20.68%	19.88%	20.06%
Investments					
Net Investment Income(7)	50%	$2,429.9	$2,554.9	$2,679.9	$2,548.5
Avoided Losses (8)	25%	-$100.0	$4.3	$150.0	-$0.5
Market Composite(9)	25%	83%	110%	175%	132%

(1) At the threshold and below, there is no payout for a performance measure.

(2) After-tax operating income is defined as net income adjusted to exclude after-tax net realized investment gains or losses and after-tax non-operating retirement-related gains or losses.

(3) The business area composite component weighting for Unum Group includes a weighted average of the overall incentive plan results for Unum US at 40%, Unum UK at 25%, Colonial Life at 25% and Investments at 10%.

(4) Return on equity is calculated by taking after-tax operating income and dividing it by the average of beginning and end of year stockholders equity adjusted to exclude the net unrealized gain or loss on securities and the net gain on cash flow hedges.

(5) Before-tax operating income is defined as net income adjusted to exclude net realized investment gains or losses, non-operating retirement-related gains or losses, and income tax.

(6) Service is based on the average of several service metrics for policyholders, producers and claimants.

(7) Net investment income reflects the impact of investment results on after-tax operating income. Net investment income excludes interest on policy loans, investment income on floating rate securities backing floating rate debt, investment income on index-linked securities which support claim reserves that provide for index-linked claim payments, variances to plan for asset levels and specified portions of miscellaneous net investment income, and includes investment income related to investments managed by Unum supporting reserves related to a block of individual disability business assumed through a modified coinsurance agreement.

(8) Avoided losses is calculated by multiplying an industry standard weighted default rate by Unum s total credit exposure and comparing to Unum s actual investment losses.

(9) Market composite consists of comparing the average of three targets: (1) credit spreads on purchases to a specified benchmark, (2) yields on purchases to a specified benchmark, and (3) realized investment losses to a specified peer group.

Each performance target has been selected because the Committee believes it is an appropriate driver of long-term shareholder value:

- The growth and competitiveness of the company are measured using sales, earned premium and revenue targets;
- Profitability achievement is measured using after-tax operating income for Unum Group and pre-tax operating income for Unum US, Colonial Life and Unum UK;
- Capital management effectiveness is measured using return on equity; and
- Effective and efficient customer service is measured using the service and operating expense ratio targets.

A business area performance composite measure is also included in our annual incentive targets to better align our corporate staff functions, which provide support to each of our business units, with the results generated in those units.

Depending on their role in the company, our NEOs annual incentive awards are tied in various ways to the performance of Unum Group and its business units. The annual incentive awards of Messrs. Watjen, McKenney and Bishop are based entirely on Unum Group performance. For Mr. McCarthy, given the change in his role in early 2012, 50% of his award is based on Unum Group performance and 50% is based on Unum US performance. For Mr. Horn, 25% of his award is based on Unum Group performance and 75% is based on Colonial Life performance.

Long-Term Incentive Targets

Consistent with the disclosure we have provided in prior years, the grant of long-term incentive is not actually made until after the performance for a particular year is evaluated. For example, the performance share units, performance-based restricted stock units and stock options for 2012 performance were granted in 2013. This means that the amounts reported in the Summary Compensation table on page 63 are for 2011 performance and the most recent Committee decisions and long-term incentive awards based on performance in 2012 will be reported in the Summary Compensation table of next year s proxy statement. For this reason, we include the targets for both of these awards in the tables below and the award calculations for both years are outlined in the Long-Term Incentive Awards section beginning on page 53.

Table of Contents

The Committee established performance targets as part of our long-term incentive program. The following table outlines these targets for long-term incentives awarded in 2013 (for 2012 performance), how each target represents a driver of shareholder value and how the company performed against those targets:

2013 LONG-TERM INCENTIVE FOR 2012 PERFORMANCE AWARD TARGETS ($s in millions)

Corporate Performance Factors	Driver of Shareholder Value	Component Weighting				
Unum Group			**Threshold**	**Target**	**Maximum**	**Actual**
After-tax operating earnings	Profitability	40%	$721.9	$902.4	$1,037.8	$887.5
Return on equity	Capital Management Effectiveness	40%	9.91%	12.38%	14.24%	12.26%
Operating Revenue	Long-Term Growth	20%	$9,362.3	$10,402.6	$11,963.0	$10,459.2

As discussed above, the long-term incentive awards reported in the Summary Compensation Table on page 63 were decisions that the Committee made in February 2012, based on performance during 2011. The following table outlines the targets for 2011 and how each represents a driver of shareholder value.

2012 LONG-TERM INCENTIVE FOR 2011 PERFORMANCE AWARD TARGETS ($s in millions)

Corporate Performance Factors	Driver of Shareholder Value	Component Weighting	
Unum Group			**Target**
After-tax operating earnings(1)	Profitability	40%	$897.9
Return on equity(1)	Capital Management Effectiveness	40%	10.87%
Operating Revenue	Long-Term Growth	20%	$10,226.3

(1) As reported in our 2012 proxy statement, for long-term incentives awarded in 2012 for 2011 performance, the Committee excluded the impact of the following items not included in the 2011 financial plan:

(a) The variance in foreign currency exchange rates from those assumed in the 2011 financial plan;

(b) The after-tax charge of $561.2 million as a result of the company s completion of its strategic review of its long-term care business;

(c) The after-tax charge of $119.3 million to strengthen reserves in the individual disability closed block;

(d) An income tax benefit of $41.3 million due to a final settlement with the IRS with respect to our appeal of audit adjustments for the tax years 1996 to 2004; and

(e) An income tax charge of $18.6 million related to the repatriation of £150.0 million of dividends from our U.K. subsidiaries

The Committee believes these performance targets represent long-term drivers of shareholder value:

Value creation is measured on the basis of growth, profitability and effective capital management;

Long-term growth is measured using overall company revenue as the target; and

Capital management effectiveness is measured using return on equity.

For our long-term incentive program, all of our NEOs awards are based entirely on the long-term performance targets of Unum Group.

Items Excluded from Determining Company Performance

When setting the performance measures and weightings for 2012, the Committee determined that certain items not included in the 2012 financial plan would be excluded from the calculation of the company s performance for the purposes of both the annual and long-term incentive plans should they occur. These items were:

- Unplanned adjustments resulting from accounting policy changes, legal or regulatory rule or law changes;
- The impact of any unplanned acquisitions, divestitures, or block reinsurance transactions;
- Unplanned adjustments to the closed block of business;
- The effect of any unplanned regulatory, legal or tax settlements;
- The effect of unplanned changes to strategic asset allocation;
- Unplanned debt issuance, repurchasing or retirement; or stock repurchase or issuance;
- The effect of differences between actual currency exchange rates versus exchange rates assumed in the financial plan;
- Unplanned fees or assessments, including tax assessments, from new legislation; and
- The effect on revenue from unplanned variances from floating rate securities and index-linked securities.

The Committee adjusted targets for the impact of the following items on our 2012 financial results that were not included in the 2012 financial plan from which the targets were initially derived:

- Unplanned debt issuance;
- The effect of differences between actual foreign currency exchange rates versus exchange rates assumed in the financial plan; and
- The effect on revenue from unplanned variances from floating rate securities and index-linked securities.

In addition, 2012 targets have been adjusted to align with our reporting of after-tax operating income. In 2012, the company modified its reporting to exclude net periodic benefit costs for pensions and other postretirement benefit plans which the company considers to be non-operating. This change was made after the adoption of plan targets by the Committee and had an insignificant impact on plan achievements.

Each year, the Committee undertakes an overall assessment of the results while also maintaining the discretion to make final pool adjustments within the total dollars available. Any adjustments are based on a review of the actual achievement for each performance measure compared to the targets listed on pages 45 and 47, as well as a qualitative assessment of results. For 2012, the Committee made small adjustments to each business unit s performance which slightly reduced the aggregate payout. These adjustments were based on several factors including: the impact of Unum UK s before-tax operating income results on the company s overall performance, and moving to more consistent service metrics across the company. The resulting plan achievement levels were as follows:

PLAN ACHIEVEMENT LEVELS			
Plan	**2012**	**2011**	**Change**
Unum Group	95%	105%	-10%
Unum US	105%	107%	-2%
Unum UK	65%	100%	-35%
Colonial Life	95%	81%	14%
Investments	105%	110%	-5%
Long-Term Incentive	95%	112%	-17%

These percentages were used in calculations for annual and long-term incentive awards described later in this section.

Compensation Decisions

2012 Decisions on Incentive Compensation Design

During 2012, in response to the say-on-pay voting results and specific feedback from our shareholders, management and the Committee conducted a review of our executive compensation program. The following key principles were part of the review:

- Changes should be adopted for executives with responsibility for setting and delivering Unum s business strategy;
- Sustained or growing equity ownership among our executives continues to be a key objective;
- The long-term incentive plan should be keyed to long-term financial goals that drive shareholder value; and
- Total shareholder return as measured against competitors for capital should be a factor in the final long-term incentive earned.

Incentive Program Changes

As a result of this review, the Committee decided to reduce overlap among performance goal measures for our annual and long-term incentive plans. Average earnings per share and average return on equity performance measures, each weighted equally, were established for the long-term incentive plan. These goals were selected because they are considered drivers of long-term shareholder value. Although a small amount of overlap remains since the annual incentive plan includes a return on equity performance measure (weighted at 20%), the Committee believes that this overlap is appropriate.

The Committee also decided to change the mix of the long-term incentive awards for senior vice presidents and above, which includes the NEOs, transitioning to a mix of 50% performance share units (PSUs) and 50% performance-based restricted stock units (PBRSUs). The senior vice presidents currently receive 100% PBRSUs while the named executive officers and other executive vice presidents receive 75% PBRSUs and 25% stock options. The new mix of 50% PSUs and 50% PBRSUs is aligned with the practices of our Proxy Peer Group and meets the key principles defined by the Committee. The

PSUs will vest based on the achievement of three-year, prospective average earnings per share and average return on equity goals, and achievement will be modified (+/- 20%) based on Unum s total shareholder return relative to ten members of our Proxy Peer Group. These ten companies (Aflac, Assurant, Hartford Financial, Lincoln Financial, MetLife, Principal Financial, Protective Life, Prudential Financial, Stancorp and Torchmark) were selected because they are considered to be direct business competitors of Unum. The PBRSUs will vest ratably over three years.

As a result of the move to PSUs with vesting based on prospective three-year goals, beginning in 2014 we will no longer use a one-year corporate performance multiplier in calculating the amount of the long-term incentive award to be divided among PSUs and PBRSUs. However, because the long-term incentive plan must be funded before an award may be granted and funding is contingent upon achieving a performance requirement, as described on page 44, we believe all long-term incentive awards will continue to be performance-based.

For the February 2013 grant, the Committee decided to operate the long-term incentive plan as a hybrid, changing the mix of the CEO s award to 50% PBRSUs and 50% PSUs but continuing to use the corporate performance multiplier (based on 2012 performance) to determine the grant amount. For the remaining executives, the change in mix was communicated in early 2013 with implementation to be phased in for the awards in 2014 and 2015. This will allow participants time to adjust to and plan for the change and offsets a portion of the reduction in cash flow as a result of this change (i.e., moving from annual ratable vesting to three-year cliff vesting). For all NEOs other than the CEO, the mix of their 2013 long-term incentive awards continued to be 75% PBRSUs and 25% stock options.

Performance Contingent Adjustments to CEO Incentive Targets

In February 2012, the Committee increased Mr. Watjen s annual incentive target to 200% of salary from 150% and his long-term incentive target to $6 million from $5 million to better align with competitive levels. This was reported in our 2012 proxy statement. After the filing of our proxy, the Committee received feedback suggesting that there should be a more direct link between Mr. Watjen s 2012 incentive targets and shareholder return. In May 2012, the Committee, with Mr. Watjen s full support, added an additional performance condition to the application of the new incentive targets. The increases to Mr. Watjen s annual and long-term incentive targets for 2012 performance would only be applied if both the company s 1- and 3-year total shareholder returns (TSRs) for the periods ending on December 31, 2012 exceeded the medians of the comparable 1- and 3-year TSRs of our Proxy Peer Group. The company fell short of these goals for 2012; therefore, the increased targets were not applied in calculating Mr. Watjen s incentive compensation as outlined on pages 53 and 55.

On the following page is a graphical representation of how Mr. Watjen s annual and long-term incentive awards in 2013 were calculated. The awards included performance hurdles which had to be met for an award of either annual or long-term incentive to be made, additional hurdles to determine his annual and long-term incentive targets and a third set of hurdles to determine the size of the long-term incentive grant. Additionally, for the 50% which was paid in PSUs, there are additional hurdles (i.e., three-year goals with a TSR modifier) which will determine the amount of vesting, if any.

Annual Base Salary

Salaries for our NEOs are established based on their position, skills, experience, responsibility and performance. Competitiveness of salary levels is assessed annually relative to the approximate median of salaries in the marketplace for similar executive positions. Increases may be considered for factors such as changes in responsibilities, individual performance and/or changes in the competitive marketplace.

At its February 2012 meeting, the Committee approved several changes to base salary for NEOs. In making these adjustments, the Committee considered market data, individual performance, responsibilities and tenure for each NEO. Along with input from the CEO, the Committee approved the following base salaries with any increase noted in parentheses. Effective March 1, 2012: Mr. Watjen

$1,100,000 (no change); Mr. McKenney $681,500 (2.5%); Mr. Horn $492,500 (1.5%) and Mr. Bishop $414,500 (1.5%). On January 1, 2012, Mr. McCarthy assumed the additional responsibilities of chief operating officer and received an increase in base salary to $615,000 (5.1%), which included a merit increase.

At its February 2013 meeting, the Committee approved the following changes to base salary for NEOs, effective March 1, 2013: Mr. Watjen $1,122,000 (2.0%); Mr. McKenney $700,000 (2.7%); Mr. McCarthy $630,000 (2.4%); Mr. Horn $500,000 (1.5%) and Mr. Bishop $421,000 (1.6%). These adjustments were made after consideration of company and individual performance during 2012, each executive s responsibilities and tenure, and market data.

Annual Incentive Awards

Our annual incentive awards reward performance based on the achievement of both company and individual performance, which the Committee believes aligns compensation with the objectives of shareholders. The Management Incentive Compensation Plan of 2008, under which 2012 annual incentive awards were granted, includes:

- Eligibility for all non-sales employees to receive an annual incentive;
- An Executive Officer Incentive Plan in which our NEOs participate; and
- A process for the Committee to establish an objective performance measure at the beginning of each year that provides funding for incentive payments. This goal must be achieved before participants are eligible to receive an award. If the goal is not achieved, the plan is not funded.

The decision making process to determine annual incentive awards is as follows:

(1) The Committee exercises discretion as to the final percentage considering all performance factors, including, but not limited to, the quality of financial results. For details on adjustments for 2012, see page 48.

(2) Individual performance may range from 0% to 125%.

Once the performance threshold is met, specific awards for our NEOs are arrived at by:

- Determining individual annual incentive targets, which are set as a percentage of each individual s base salary. In establishing the target, the Committee considers market data from the appropriate peer group as well as each individual s target relative to other NEOs, given their respective levels of responsibility;

Calculating company and business unit performance percentages by comparing actual results to the performance targets listed on page 45. The Committee may also take into account other factors, including economic considerations as well as non-financial goals;

Establishing an individual performance percentage (from 0% to 125%) via the individual assessment process described beginning on page 40; and

Multiplying company and business unit performance by individual performance and the NEO s annual incentive target. The maximum award that an individual may receive under our plan is $8 million.

The table below describes the annual incentive awards made by the Committee to our NEOs for 2012 performance.

ANNUAL INCENTIVE PAID IN 2013

Executive	2012 Incentive Target (%)	Target Bonus Reduction for Below Median TSR	2012 Incentive Target (%)		Eligible Earnings ($)		Company Perfor-mance (%)		Individual Perfor-mance (%)		2012 Annual Incentive Paid ($)	Year over Year Change %
Mr. Watjen(1)	200%	-50%	150%	X	$1,100,000	X	95.0%	X	95%	=	$1,489,125	-25.5%
Mr. McKenney(1)			100%	X	678,771	X	95.0%	X	110%	=	709,316	-11.4%
Mr. McCarthy(2)			100%	X	615,000	X	100.0%	X	120%	=	738,000	-4.7%
Mr. Horn(3)			80%	X	491,260	X	95.0%	X	90%	=	336,022	5.1%
Mr. Bishop(1)			65%	X	413,508	X	95.0%	X	100%	=	255,341	-8.1%

(1) Company performance for Messrs. Watjen, McKenney and Bishop was based on Unum Group achievement of 95%.

(2) Company performance for Mr. McCarthy was weighted with 50% based on Unum US and 50% based on Unum Group performance. Unum US achievement was 105% and Unum Group achievement was 95%, which when weighted, resulted in an achievement of 100%.

(3) Company performance for Mr. Horn was weighted with 75% based on Colonial Life and 25% based on Unum Group performance. Colonial Life achievement was 95% and Unum Group achievement was 95%, which when weighted, resulted in an achievement of 95%.

In addition to determining the annual incentive awards shown above for 2012 performance, at its February 2013 meeting, the Committee set individual targets for 2013 annual incentive awards for each NEO. The targets were set based on consideration of each NEO s current target, the approximate median of the comparison group and each individual s target relative to other NEOs, given their respective levels of responsibility. Based on its review, the Committee did not make any changes to annual incentive targets for 2013.

Long-Term Incentive Awards

Our long-term incentive plan aligns the long-term interests of management and shareholders by tying a substantial portion of executive compensation directly to the company s stock price. The awards, which are a combination of performance-based restricted stock units and performance share units for the CEO and a combination of stock options and performance-based restricted stock units for the other NEOs, are granted under the Stock Incentive Plan of 2012. Our long-term incentive award mix is based on a review of peer practices and ensures that a portion of each executive s compensation is tied to the increase of our stock price over the long term.

Performance-based restricted stock units, which are valued in terms of company stock, do not include any actual stock issued at the time of grant. Instead, company stock is issued only when the grant is settled. During the restricted period, dividends are not paid in the form of cash but rather as additional restricted stock units. In addition, there are no shareholder voting rights unless and until the award is settled in shares.

Performance share units are notional units that will track the value of Unum s share price over the three-year performance period, and vest contingent upon the achievement of predetermined performance metrics.

As described under Incentive Program Changes beginning on page 49, for the February 2013 grant the Committee decided to operate the long-term incentive plan as a hybrid. The mix of the CEO s award was changed to 50% PBRSUs and 50% PSUs, while other NEOs continued to receive 75% PBRSUs and 25% stock options. In addition, the corporate performance multiplier (based on 2012 performance) was used to determine the grant amount.

The decision-making process to determine long-term incentive awards is as follows:

(1) The Committee exercises discretion as to the final percentage considering all performance factors, including, but not limited to, the quality of financial results. For details on adjustments for 2012, see page 48.

(2) Individual performance may range from 0% to 125%.

As outlined in the diagram above, once the performance threshold is met, the awards for our NEOs were determined by:

Determining individual long-term incentive targets for each NEO, which are set at the beginning of each year, by considering the market data from the appropriate comparator group as well as each individual s target relative to other NEOs, given their respective levels of responsibility. The long-term incentive targets are set as a dollar amount for Mr. Watjen and as a percentage of base salary for other NEOs;

Calculating company and business unit performance percentages by comparing actual results to the performance targets listed on page 47. The Committee may also take into account other factors, including economic considerations as well as non-financial goals;

Establishing an individual performance percentage (from 0% to 125%) via the individual assessment process described beginning on page 40; and

Multiplying company and business unit performance by individual performance and the NEO s long-term incentive target. The maximum award that each NEO could receive for 2012 was 300% of target.

Once the award value was determined, it was delivered as described below:

The CEO s award is divided evenly between performance-based restricted stock units (50%) and performance share units (50%);

The awards for all other NEOs are granted as 75% performance-based restricted stock units and 25% stock options; and

The performance-based restricted stock unit and stock option awards vest based on the NEOs continued service over a three-year period. The CEO s performance share units vest dependent upon three year goals for return on equity and earnings per share, modified by relative total shareholder return as described above.

Based on 2012 performance, the Committee approved grants of performance-based restricted stock units, performance share units and stock options, as applicable, for the NEOs as outlined below.

LONG-TERM INCENTIVE GRANTED IN 2013 (Based on Performance in 2012)

Executive	2012 Long-Term Incentive Target[1]	Target Bonus Reduction for Below Median TSR	2012 Long-Term Incentive Target		Com-pany Perfor-mance		Individual Perfor-mance		2012 Long-Term Incentive Granted[2]	Change from Feb. 2012 Grant
Mr. Watjen	$6,000,000	-$1,000,000	$5,000,000	X	95%	X	115%	=	$5,462,500	-22.0%
Mr. McKenney[3]	200%		1,363,000	X	95%	X	120%	=	1,553,820	15.9%

Mr. McCarthy(3)	200%	1,230,000	X	95%	X	125%	=	1,460,625	18.9%
Mr. Horn	100%	492,500	X	95%	X	90%	=	421,088	-18.4%
Mr. Bishop	100%	414,500	X	95%	X	100%	=	393,775	-13.9%

(1) Mr. Watjen s target is set as a dollar amount vs. a percentage of salary for the other NEOs.

(2) The 2012 long-term incentive was granted in February 2013 based on performance in 2012. The fair market value of the long-term incentive grant differs slightly based on the rounding of shares:

Executive	FMV at Grant	Performance Share Units Granted (Feb. 2013)	Restricted Stock Units Granted (Feb. 2013)	Stock Options Granted (Feb. 2013)
Mr. Watjen	$5,462,499	113,945	113,944	-
Mr. McKenney	1,553,813	-	48,056	39,760
Mr. McCarthy	1,460,623	-	45,174	37,375
Mr. Horn	421,080	-	13,023	10,775
Mr. Bishop	393,783	-	12,179	10,076

Table of Contents

Of the 50% portion of Mr. Watjen s long-term incentive award that was paid in performance-based restricted stock units, 50% will be settled in stock and 50% will be settled in cash upon vesting. This change was made in February 2010 by the Committee to reflect the fact that Mr. Watjen had a very significant ownership position in the company and it was in the best interest of the company to reduce the amount of additional equity issued.

(3) The long-term incentive targets for Messrs. McKenney and McCarthy were increased in early 2012 based on consideration of market data from the appropriate comparator group as well as each individual s target relative to other NEOs, given their respective levels of responsibility. The Committee increased their targets from 150% to 200%. Assuming the same targets had been in place in 2012, Messrs. McKenney s and McCarthy s year-over-year change would have been 7.6% and 6.1% respectively.

The long-term incentive awards reported in the Summary Compensation Table on page 63 were decisions that the Committee made in February 2012, based on performance during 2011. The Committee used the same process described above in determining these awards. They were calculated as shown in the table below.

LONG-TERM INCENTIVE GRANTED IN 2012 (Based on Performance in 2011)

Executive	2011 Long-Term Incentive Target[(1)]	2011 Long-Term Incentive Target		Company Performance		Individual Performance		2011 Long-Term Incentive Granted[(2)]
Mr. Watjen	455%	$5,000,000	X	112%	X	125%	=	$7,000,000
Mr. McKenney	150%	997,500	X	112%	X	120%	=	1,340,640
Mr. McCarthy	150%	877,500	X	112%	X	125%	=	1,228,500
Mr. Horn	100%	485,000	X	112%	X	95%	=	516,040
	100%	408,500	X	112%	X	100%	=	457,520

Mr. Bishop

(1) Mr. Watjen s target is set as a dollar amount vs. a percentage of salary. The percentage shown has been calculated as the approximate percentage of his salary.

(2) The 2011 long-term incentive was granted in February 2012 based on performance in 2011. The fair market value of the long-term incentive grant differs slightly based on the rounding of shares:

Executive	FMV at Grant	Restricted Stock Units Granted (Feb. 2012)	Stock Options Granted (Feb. 2012)
Mr. Watjen	$7,000,018	224,840	178,937
Mr. McKenney	1,340,635	43,061	34,270
Mr. McCarthy	1,228,489	39,459	31,403
Mr. Horn	516,034	16,575	13,191
Mr. Bishop	457,529	14,696	11,695

Of the 75% portion of Mr. Watjen s long-term incentive award that was paid in performance-based restricted stock units, 50% will be settled in stock and 50% will be settled in cash upon vesting.

The Committee set individual long-term incentive targets for 2013 at the February meeting for each NEO. These targets did not change from the 2012 targets. This includes the target for Mr. Watjen which will remain at $5 million unless both the company s 1-year and 3-year total shareholder returns (TSRs) for the periods ending on December 31, 2013 exceed the respective medians of the comparable 1-year and 3-year TSRs of the company s Proxy Peer Group. If both the 1-year and 3-year TSRs exceed the respective proxy peer group medians, Mr. Watjen s long-term incentive target will be $6 million.

Retirement and Workplace Benefits

We provide a benefits package for employees, including all NEOs, and their dependents, portions of which are paid for, in whole or in part, by the employee.

Among the retirement benefits we offer are:

Pension plans. We sponsor a tax-qualified, defined benefit pension plan, and for employees whose benefits under the tax-qualified plans are limited by the Internal Revenue Service, a non-qualified pension plan. Base pay and annual incentives are counted toward the defined benefit pension plans, but long-term incentives are not. Since 2000, the CEO also has had a supplemental executive retirement plan under the terms of his employment agreement, and is the only active employee covered under the plan. For a complete description of pension benefits for our NEOs, see page 70.

401(k). We provide a tax-qualified 401(k) retirement plan for all regular US employees who are scheduled to work at least 1,000 hours per year. This plan provides funded, tax-qualified benefits up to the limits on compensation and benefits under the Internal Revenue Code. Unum provides up to a 4% company match for those employees who contribute to the plan and have completed one year of service.

The workplace benefits we offer include: life, health, dental, vision and disability insurance; dependent and healthcare reimbursement accounts; tuition reimbursement; an employee stock purchase plan; paid time off; holidays; and a matching gifts program for charitable contributions.

In April 2000, the company purchased corporate owned life insurance (COLI) on all officers who gave their approval. In the event of death while still employed, the company provides a death benefit to the officer s beneficiary in the amount of $200,000. Of the NEOs, Messrs. Bishop, Horn and McKenney were not employees of the company at that time, and therefore are not covered under a COLI policy.

Perquisites and Other Personal Benefits

The company provides a limited number of perquisites, which are described below:

A tax gross-up is provided for non-resident state taxes when any employee travels to other company locations outside of their primary state of employment and incurs state income tax based on another state s law. Due to the frequency of travel between Unum s corporate offices and other locations, NEOs often incur non-resident state taxes in multiple states.

Use of the corporate aircraft for personal travel is provided to the CEO as part of company policy. As such, Mr. Watjen is entitled to a company paid benefit of up to 40 hours of personal use of the corporate aircraft. Since June 2009, Mr. Watjen has voluntarily elected to discontinue the company paid benefit. In addition, he has entered into a time-sharing agreement where he reimburses the company for the costs of the aircraft for personal use. He continues to use the time-sharing agreement to reimburse the company for all personal travel on the corporate aircraft. During 2012, he made payments to the company of $75,129 for 29.2 hours of personal usage. This amount has not been included in the Summary Compensation Table since there is no incremental cost to the company.

A tax gross-up is provided to employees who incur income on company-sponsored events where attendance is expected. The company hosts a limited number of events each year to recognize the contributions of various employees. These functions serve specific business purposes and in some cases, the attendance of an NEO and his spouse or guest is expected. When this occurs, the company attributes income to the NEO for this when required under Internal Revenue Service regulations.

For more information, see the All Other Compensation table on page 64.

Executive Compensation Summary

The following Total Compensation table provides an overview of compensation awarded to our NEOs for both 2012 and 2011 performance. It differs from the Summary Compensation Table required by the Securities and Exchange Commission in several ways. Specifically, the Total Compensation table:

Excludes the actuarial increase in the present value of pension benefits that is included in the Summary Compensation Table. This amount is not in the Committee s control;

Replaces the long-term incentive awards granted in 2012 based on 2011 performance with the awards granted in 2013 based on 2012 performance (see Long-Term Incentive Awards beginning on page 53 for additional details); and

Includes the year-over-year change in total compensation from the Committee s perspective in making compensation decisions.

The Total Compensation table is not a substitute for the required Summary Compensation Table found on page 63.

2012 AND 2011 TOTAL COMPENSATION

Executive	Performance Year	Salary	Annual Incentive	Long-Term Incentive	All Other Compensation	Total	Year Over Year Change
Mr. Watjen	2012	$1,100,000	$1,489,125	$5,462,499	$89,164	$8,140,788	-20.1%
	2011	1,100,000	2,000,000	7,000,018	86,551	10,186,569	
Mr. McKenney	2012	678,771	709,316	1,553,813	74,658	3,016,558	6.1% [(1)]
	2011	662,635	800,132	1,340,635	39,774	2,843,176	

Mr. McCarthy	2012	615,000	738,000	1,460,623	23,626	2,837,249	7.8% (1)
	2011	581,846	774,582	1,228,489	47,674	2,632,591	
Mr. Horn	2012	491,260	336,022	421,080	45,935	1,294,297	-4.7%
	2011	483,423	319,639	516,034	39,112	1,358,208	
Mr. Bishop	2012	413,508	255,341	393,783	19,459	1,082,091	N/A
	2011						

(1) The long-term incentive targets for Messrs. McKenney and McCarthy were increased in early 2012 based on consideration of market data from the appropriate comparator group as well as each individual s target relative to other NEOs, given their respective levels of responsibility. Assuming the 2011 targets had been in place in 2012, Messrs. McKenney s and McCarthy s year-over-year change would have been 7.6% and 6.1% respectively.

Compensation Contracts and Agreements

Unum has the following compensation contracts and agreements with NEOs.

Employment Agreements

Mr. Watjen is the only NEO covered under an employment agreement. The agreement currently extends through December 16, 2014, and is subject to automatic one-year extensions unless either party gives the required notice of its intention not to renew. Under the agreement, Mr. Watjen is entitled to the following compensation:

- Base salary of $1,100,000;
- Target annual incentive of no less than 150% of his base salary, excluding any special or supplemental bonuses that may be awarded;
- Eligibility for annual equity grants and/or cash-based awards as determined by the Committee;
- Participation in all saving, retirement, health and welfare benefit programs generally available to our other senior executive officers;
- Minimum annual retirement benefit equal to 2.5% of his final average earnings multiplied by his years of service up to 20 years;
- Post-retirement welfare benefit coverage for a period of three years following the date of termination; and
- A lump-sum payment representing the increase in present value of his retirement benefit as if he had accumulated three additional years of age and service.

The agreement further stipulates that Mr. Watjen would be prohibited from using or divulging confidential information and from competing with us or soliciting any officer at the level of vice president or above for a period of 18 months after his termination. These non-competition and non-solicitation covenants would be terminated upon a change in control.

Mr. Watjen also entered into an aircraft time-sharing agreement with the company in 2007. Details about that agreement can be found on page 57.

Severance Benefits

The company provides severance benefits to all employees in the event of involuntary termination, other than for death, disability or cause. Mr. Watjen s severance benefits are provided under his employment agreement and are outlined beginning on page 74. The remaining NEOs are covered under our Separation Pay Plan for Executive Vice Presidents. In general, we provide severance in order to give our employees competitive benefits with respect to the possibility of an involuntary termination of their employment.

When termination of employment is accompanied by severance payments, the former executive is required to release all claims he or she may have against the company. The release contains restrictions on the former executive with respect to confidentiality, solicitation of company employees, competition, and disparagement. The company also agrees to indemnify the former executive for certain actions taken on behalf of the company during his or her employment.

Change in Control Agreements

Each of the NEOs, other than Mr. Watjen, is covered by a change in control agreement with the company. These agreements provide an enhanced severance benefit in the event of a termination following a change in control. This ensures that shareholders have the benefit of our NEOs focused attention during the critical time before and after a major corporate transaction despite the uncertainty with respect to their future employment. These benefits are defined for Mr. Watjen under his employment agreement and for the other NEOs in Change in Control Severance Agreements.

Details about these agreements can be found in the Terminations Related to a Change in Control section beginning on page 74.

While these agreements include a modified excise tax gross-up provision, the company decided in May 2010 not to enter into any new or materially amended agreements with executive officers for excise tax gross-up provisions with respect to payments contingent upon a change in control.

Compensation Policies and Practices

Unum has a number of compensation policies and stated practices with respect to compensation. These are detailed in this section.

Equity Grant Practices

Equity grants awarded under the long-term incentive program are approved at the February meeting of the Committee, which typically occurs 2-3 weeks after the company s annual earnings are released to the public. The date the equity grant is approved is considered the grant date and is also the date upon which the stock price is based.

Stock Ownership and Retention Requirements

Ensuring that senior executives have a significant ownership stake in the company aligns the long-term interests of management and shareholders and promotes a culture of ownership. We require certain senior executives including each NEO to:

- Hold a multiple of the executive s base salary in Unum shares throughout employment; and
- Retain a fixed percentage of the net shares (shares after tax withholding) received as compensation for a specified period of time. These retention requirements apply to shares acquired upon the exercise of options and the vesting of performance-based restricted stock units and performance share units. Exceptions to this requirement may be made only by the Board of Directors.

The following table presents Unum s stock ownership and retention guidelines for our NEOs. Newly promoted or newly hired executives have five years to achieve the ownership guidelines. Not meeting the guidelines may impact future equity grants. All of our NEOs exceeded the guidelines as of December 31, 2012.

STOCK OWNERSHIP AND RETENTION REQUIREMENTS (as of December 31, 2012)

Executive	Common Stock[1]	Restricted Stock Units[2]	Total Current Ownership	Ownership as % of Salary Owned	Ownership as % of Salary Required	Retention Requirements Retention %[3]	Retention Requirements Holding Period[4]
Mr. Watjen	$15,503,800	$4,310,240	$19,814,040	18x	6x	75%	3 years
Mr. McKenney	2,680,067	1,672,420	4,352,487	6.4x	3x	60%	1 year
Mr. McCarthy	3,047,382	1,618,588	4,665,970	7.6x	3x	60%	1 year
Mr. Horn	1,964,117	715,812	2,679,929	5.4x	3x	60%	1 year
Mr. Bishop	762,074	587,769	1,349,843	3.3x	3x	60%	1 year

(1) Amount includes shares held in certificate form, brokerage accounts and 401(k) accounts. Shares were valued using a closing stock price of $20.82 on December 31, 2012, the last business day of the year.

(2) Shares/units were valued using a closing stock price of $20.82 on December 31, 2012, the last trading day of the year. Performance-based restricted stock units will vest over the next three years (see the Vesting Schedule for Unvested Restricted Stock Units table on page 69 for vesting schedule).

(3) Retention percentage is the net percentage of shares to be held after the payment of taxes. Retention requirements apply to shares acquired upon the exercise of options and the vesting of performance-based restricted stock units and performance share units.

(4) After this holding period, the executive would then be able to sell the shares as long as his ownership guideline is met or would be reached in the time period allotted.

Hedging and Insider Trading Policies

We have a policy that no director or executive officer, which includes our NEOs, may purchase or sell options, puts, calls, straddles, equity swaps or other derivatives that are directly linked to Unum stock.

In addition, we have an insider trading policy, which prohibits each of our directors, executive officers (including NEOs) and employees from buying or selling Unum stock while in possession of material nonpublic information about the company and from conveying any such information to others. Under this policy, additional trading restrictions apply to our named executive officers and other corporate insiders, who are generally permitted to buy or sell Unum stock only during predetermined window periods following earnings announcements, and only after they have pre-cleared the transactions with our General Counsel or his designee. Also under this policy, no corporate insider may make short sales of Unum stock, and no director or executive officer may pledge Unum stock as security for a loan.

Recoupment Policy

If the company makes a material restatement of its financial results, then the Board will, to the extent permitted by applicable law, seek recoupment of performance-based compensation paid to certain senior officers if it determines that:

The senior officer has committed or engaged in fraud or willful misconduct that resulted, either directly or indirectly, in the need to make such restatement; and

Table of Contents

Such performance-based compensation paid or awarded to the senior officer would have been a lesser amount if calculated using the restated financial results.

The amount of performance-based compensation to be recouped will be determined by the Board after taking into account the relevant facts and circumstances. Performance-based compensation includes annual cash incentive awards, bonuses and all forms of equity compensation. The company s right to recoup compensation is in addition to other remedies that may be available to us under applicable law.

The Dodd-Frank Act, which contemplates an expansion of the reach of recoupment policies, was enacted into law in July 2010. Once the Securities and Exchange Commission provides rules and administrative guidance on requirements of this legislation, the Committee will review the SEC rules and implement any necessary changes to our current recoupment policy at that time.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code places a limit of $1 million per year on the amount of deductible compensation paid all named executive officers other than the CFO, unless the compensation satisfies the performance-based compensation exception to Section 162(m).

The current annual incentive payout and long-term incentive grants are designed to be deductible under Section 162(m). From time to time, the Committee may pay compensation that is not deductible under Section 162(m) if it determines that paying such compensation is needed in order to attract, retain or provide incentive to our NEOs.

We account for stock-based payments under the requirements of ASC Topic 718. A complete discussion of the assumptions made as well as the financial impact of this type of compensation can be found in Notes 1 and 10 of the Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012. Each year, the company provides a report to the Committee of the expense for stock-based payments. Additionally, in the event the Committee is considering new equity-based compensation programs or changes to existing programs, the accounting implications of the program or change are presented and discussed as part of the decision process.

The Human Capital Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the company s Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

A.S. (Pat) MacMillan, Jr., Chair

Kevin T. Kabat

Thomas Kinser

Edward J. Muhl

Table of Contents

2012 Summary Compensation Table

SUMMARY COMPENSATION TABLE[1]

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value & Non-qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Thomas R. Watjen President and Chief Executive Officer, and a Director	2012	$ 1,100,000		$ 5,250,014 (2)	$ 1,750,004 (3)	$1,489,125 (4)	$4,133,000 (5)	$89,164 (6)	13,811,307
	2011	1,100,000		4,352,362	1,450,790	2,000,000	3,244,000	86,551	12,233,703
	2010	1,100,000		4,174,494	1,391,500	1,851,300	2,892,000	75,486	11,484,780
Richard P. McKenney Executive Vice President and Chief Financial Officer	2012	678,771		1,005,474 (2)	335,161 (3)	709,316 (4)	177,000 (5)	74,658 (6)	2,980,380
	2011	662,635		916,627	305,543	800,132	100,000	39,774	2,824,711
	2010	650,000		731,248	243,746	729,300	70,000	31,023	2,455,317
Kevin P. McCarthy Executive Vice President and Chief Operating Officer; President and Chief Executive Officer, Unum US	2012	615,000		921,368 (2)	307,121 (3)	738,000 (4)	1,604,312 (5)	23,626 (6)	4,209,427
	2011	581,846		866,045	288,675	774,582	1,071,122	47,674	3,629,944
	2010	565,000		873,986	291,332	757,453	1,017,308	47,380	3,552,459
Randall C. Horn Executive Vice President, President and Chief Executive Officer, Colonial Life	2012	491,260		387,026 (2)	129,008 (3)	336,022 (4)	224,000 (5)	45,935 (6)	1,613,251
	2011	483,423		388,303	129,441	319,639	193,000	39,112	1,552,918

	2010	475,000	431,060	143,691	353,400	181,000	47,616	1,631,767
Liston Bishop III Executive Vice President and General Counsel	2012	413,508	343,152 (2)	114,377 (3)	255,341 (4)	112,000 (5)	19,459 (6)	1,257,837
	2011							
	2010							

Table of Contents

Compensation Tables

(1) The above table includes pay elements that the Committee did not consider in making compensation decisions related to 2012 performance. For an overview of these differences, see the Executive Compensation Summary on page 58.

(2) The grant date fair value of stock awards for performance-based restricted stock units on February 21, 2012 was calculated in accordance with FASB ASC Topic 718 as the number of units multiplied by the closing market price of $23.35 on the grant date. This amount represents 75% of the long-term incentive granted to each named executive for performance in 2011. For Mr. Watjen, this amount will be 50% stock settled and 50% cash settled upon vesting.

(3) This amount represents 25% of the long-term incentive granted to each named executive on February 21, 2012 for performance in 2011. The weighted average grant date fair value of options granted during 2012, 2011 and 2010 calculated in accordance with FASB ASC Topic 718 was $9.78, $11.73 and $9.04, respectively. We estimated the fair value on the date of grant using the Black-Scholes valuation model. The assumptions used to estimate the fair value of the 2012, 2011 and 2010 grants are set forth in Note 10 of our Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012.

(4) Amounts reflect the annual incentive awards granted in February 2013 for performance in 2012. These are discussed in further detail beginning on page 52 under the Annual Incentive Awards heading.

(5) The amounts shown reflect the actuarial increase in present value since December 31, 2011 of the named executive officer s benefits under all pension plans established by the company. The amounts were determined using interest rate and mortality rate assumptions consistent with those set forth in Note 8 of our Consolidated Financial Statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012, except as otherwise provided in footnote 1 to the Pension Benefits table on page 72. The increase in the pension value of Mr. Watjen is based on an increase in his service and pay as well as changes in the actuarial pension assumptions, particularly the discount rate. Approximately $1.9 million of the increase (46%) was due solely to the reduction in the assumed discount rate. The amount reported for Mr. McCarthy also includes the amount of above-market interest that exceeds 120% of the applicable federal long-term rate prescribed under section 1274(d) of the Internal Revenue Code. During 2012, that amount was $2,312.

(6) All Other Compensation amounts are included within the following table:

2012 ALL OTHER COMPENSATION

	Mr. Watjen	Mr. McKenney	Mr. McCarthy	Mr. Horn	Mr. Bishop
Tax Reimbursement Payments[(a)]	$14,040	$18,383	$1,979	$19,165	$28
Employee and Spouse/Guest Attendance at Company Business Functions[(b)]	30,921	22,743	3,615	26,520	-
Total Perquisites	$44,961	$41,126	$5,594	$45,685	$28
Matching Gifts Program[(c)]	-	$7,500	$7,500	$250	$7,500
Matching Contributions Under our 401(k) Retirement Plan[(d)]	10,000	10,000	10,000	-	10,000

Non-Resident State Taxes[e]	34,203	16,032	532	-	1,931
Total All Other Compensation	$89,164	$74,658	$23,626	$45,935	$19,459

(a) The amounts shown in this row represent tax payments made by Unum on behalf of each named executive officer relating to other items in this table.

(b) Spouses or guests sometimes accompany the named executive officer at company business functions. When their attendance is expected, a gross up payment is provided. Where applicable, these payments have been included under Tax Reimbursement Payments. Additionally, when these trips included travel on the corporate aircraft, the incremental cost was calculated to determine amounts to be included. For purposes of compensation disclosure, the use of company aircraft is valued using an incremental cost that takes into account fuel costs, landing fees, parking, weather monitoring and maintenance fees per hour of flight. Crew travel expenses are included based on

Table of Contents

the actual amount incurred for a particular trip. Fixed costs that do not change based on usage, such as pilot salaries and depreciation of the aircraft, are excluded.

(c) Amounts represent matching gifts made on behalf of the named executive officer to qualified non-profit organizations and educational institutions. The Matching Gifts Program is available to all full-time employees and non-employee directors and will match eligible gifts from a minimum of $50 to an aggregate maximum gift of $7,500 per employee/non-employee director, per calendar year.

(d) Matching contributions under Unum s 401(k) Retirement Plan are provided to all eligible employees participating in the plan as described on page 57. For each participant who contributed at least 5%, the company ensured the participant received the maximum company match of 4%.

(e) Many of our employees are required to travel to other company locations outside of their primary state of employment. While working in a state other than their primary state of employment, employees may be required to pay state income taxes to that state if days worked or earnings exceed an amount specified in state law. When this happens, we pay the state income tax on behalf of the employee and gross up the income amount for FICA and Medicare taxes.

Table of Contents

Compensation Tables

2012 Grants of Plan-Based Awards

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Max ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold ($)	Target ($)	Max ($)	All Other Stock Awards (Number of Shares of Stock or Units) (#)	All Other Option Awards (Number of Securities Underlying Options) (#)[5]	Exercise or Base Price of Option Awards ($)/SH[6]	Grant Date Fair Value of Stock and Option Awards ($)[7][8]
		412,500	1,650,000	3,300,000							
Mr. Watjen[2][3]	02/21/12							224,840 [4]			5,250,014
	02/21/12								178,937 [5]	23.35	1,750,004
		170,375	681,500	1,363,000							
Mr. McKenney	02/21/12							43,061 [4]			1,005,474
	02/21/12								34,270 [5]	23.35	335,161
		153,750	615,000	1,230,000							
Mr. McCarthy[2]	02/21/12							39,459 [4]			921,368
	02/21/12								31,403 [5]	23.35	307,121
		98,500	394,000	788,000							
Mr. Horn	02/21/12							16,575 [4]			387,026
	02/21/12								13,191 [5]	23.35	129,008
		67,356	269,425	538,850							
Mr. Bishop[2]	02/21/12							14,696 [4]			343,152
	02/21/12								11,695 [5]	23.35	114,377

(1) These amounts reflect the threshold, target and maximum award under the annual incentive plan. The threshold is the minimum level, which is 25% of the amount shown in the Target column. Target amounts are based on the individuals earnings for 2012 and their annual incentive target. The maximum award is 200% of such target.

(2) Messrs. Watjen s, McCarthy s and Bishop s stock option and performance-based restricted stock unit grants are no longer subject to risk of forfeiture because they meet the age and years of service requirement for retirement eligibility. Messrs. Watjen s, McCarthy s and Bishop s grants will continue to vest ratably over three years on each anniversary of the grant date. If Messrs. Watjen, McCarthy or Bishop were to retire, any unvested stock options and performance-based restricted stock units would vest immediately upon retirement and the performance-based restricted stock units would be distributed no sooner than six months after the retirement date per Internal Revenue Code Section 409A.

(3) As described on page 50, Mr. Watjen s target was determined based on whether both the company s 1- and 3-year total shareholder returns (TSRs) for the periods ending on December 31, 2012 exceeded the medians of the comparable 1- and 3-year TSRs of our Proxy Peer Group. The company failed to attain these goals for 2012; therefore, his target is shown at $1,650,000 (150%) in the table above instead of $2,200,000 (200%).

(4) This grant of performance-based restricted stock units was made on February 21, 2012 based on 2011 company and individual performance and vests ratably over three years. This award was granted under the Stock Incentive Plan of

2007. Details are provided in the Long-Term Incentive Granted in 2012 table on page 56. For Mr. Watjen, 50% of these shares will be stock settled and 50% will be cash settled upon vesting.

(5) These options were granted on February 21, 2012 based on 2011 company and individual performance and vest ratably over three years. Details are provided in the Long-Term Incentive Granted in 2012 table on page 56.

(6) The amount shown is the closing market price on February 21, 2012.

(7) The grant date fair value of stock awards for performance-based restricted stock units on February 21, 2012 was calculated as the number of units multiplied by the closing market price of $23.35 on the grant date.

(8) The grant date fair value of options granted on February 21, 2012 calculated in accordance with FASB ASC Topic 718 was $9.78. The fair value on the date of grant was estimated using the Black-Scholes valuation model. The following assumptions were used to value the 2012 grant:
(a) Expected volatility of 52%, based on our historical daily stock prices;
(b) Expected life of 6.0 years, based on historical average years to exercise;
(c) Expected dividend yield of 1.80%, based on the dividend rate at the date of grant; and
(d) Risk-free rate of 1.13%, based on the yield of treasury bonds at the date of grant.

Table of Contents

Compensation Tables

2012 Outstanding Equity Awards at Fiscal Year-End

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options**	**Number of Securities Underlying Unexercised Options**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested[1]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested**
	(# Exercisable)	(# Unexercisable)	(#)	($)		(#)	($)	(#)	($)
Mr.	-	-	-	-	-	414,048	8,620,479	-	-
	166,100	-	-	21.680	2/23/15	-	-	-	-
Watjen	331,519	-	-	23.740	2/21/16	-	-	-	-
	239,796	-	-	11.370	2/24/17	-	-	-	-
	102,618	51,309	-	20.780	2/25/18	-	-	-	-
	41,227	82,455	-	-26.290	2/22/19	-	-	-	-
	-	178,937	-	23.350	2/21/20	-	-	-	-
Mr.	-	-	-	-	-	80,328	1,672,429	-	-
McKenney	17,975	8,988	-	20.780	2/25/18	-	-	-	-
	8,682	17,366	-	26.290	2/22/19	-	-	-	-
	-	34,270	-	23.350	2/21/20	-	-	-	-
Mr.	-	-	-	-	-	77,742	1,618,588	-	-
McCarthy	52,969	-	-	23.740	2/21/16	-	-	-	-

	22,854	-	-	11.370	2/24/17	-	-	-	-
	21,484	10,743	-	20.780	2/25/18	-	-	-	-
	8,203	16,407	-	26.290	2/22/19	-	-	-	-
	-	31,403	-	23.350	2/21/20	-	-	-	-
Mr. Horn	-	-	-	-	-	34,381	715,812	-	-
	29,623	-	-	23.740	2/21/16	-	-	-	-
	33,624	-	-	11.370	2/24/17	-	-	-	-
	10,596	5,299	-	20.780	2/25/18	-	-	-	-
	3,678	7,357	-	26.290	2/22/19	-	-	-	-
	-	13,191	-	23.350	2/21/20	-	-	-	-
Mr. Bishop	-	-	-	-	-	28,231	587,769	-	-
	26,697	-	-	11.370	2/24/17	-	-	-	-
	8,030	4,016	-	20.780	2/25/18	-	-	-	-
	2,787	5,576	-	26.290	2/22/19	-	-	-	-
	-	11,695	-	23.350	2/21/20	-	-	-	-

(1) Represents the aggregate value of performance-based restricted stock units (including dividend equivalents) shown in the Number of Shares or Units of Stock That Have Not Vested column based on the closing price on December 31, 2012 of $20.82, the last trading day of the year.

Vesting Schedule for Unvested Restricted Stock Units

VESTING SCHEDULE FOR UNVESTED RESTRICTED STOCK UNITS

		Number of Restricted Shares/Units Vesting[1]				
Vesting Date	**Grant Date**	**Mr. Watjen[2]**	**Mr. McKenney**	**Mr. McCarthy[2]**	**Mr. Horn**	**Mr. Bishop[2]**
February 21, 2013	2/21/12	76,344	14,622	13,398	5,629	4,990
February 22, 2013	2/22/11	57,214	12,051	11,385	5,104	3,868
February 25, 2013	2/25/10	70,542	12,357	14,769	7,284	5,521
February 21, 2014	2/21/12	76,346	14,623	13,399	5,629	4,990
February 22, 2014	2/22/11	57,233	12,051	11,388	5,106	3,870
February 21, 2015	2/21/12	76,369	14,624	13,403	5,629	4,992
Total		**414,048**	**80,328**	**77,742**	**34,381**	**28,231**

(1) These performance-based restricted stock units include dividend equivalents earned through year-end 2012.

(2) Messrs. Watjen s, McCarthy s and Bishop s performance-based restricted stock unit grants are no longer subject to risk of forfeiture because they meet the age and years of service requirement for retirement eligibility. Messrs. Watjen s, McCarthy s and Bishop s grants will continue to vest ratably over three years on each anniversary of the grant date. If Messrs. Watjen, McCarthy or Bishop were to retire, any unvested performance-based restricted stock units would vest immediately upon retirement and would be distributed no sooner than six months after the retirement date per Internal Revenue Code Section 409A.

2012 Option Exercises and Stock Vested

OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards[1]	
Name	**Number of Shares Acquired on Exercise** (#)	**Value Realized on Exercise** ($)	**Number of Shares Acquired on Vesting[2]** (#)	**Value Realized on Vesting[3]** ($)
Mr. Watjen	-	-	161,366	$ 3,743,283
Mr. McKenney	-	-	85,369	1,720,267
Mr. McCarthy	-	-	63,914	1,444,725
Mr. Horn	-	-	25,996	603,081
Mr. Bishop	-	-	20,201	468,650

(1) Reflects the performance-based restricted stock units that vested during 2012.

(2) Includes the total number of unrestricted shares acquired upon the vesting of performance-based restricted stock units. A portion of these shares were withheld to cover taxes due upon vesting.

(3) Amount calculated includes performance-based restricted stock units acquired multiplied by the closing price on the vesting date.

Table of Contents

Unum has provided for post-employment compensation in a number of ways. These are detailed in this section.

Pension Benefits

We maintain three defined benefit plans in the United States, as defined in the table below:

DEFINED BENEFIT PLANS	
Plan Name	**Purpose**
Unum Group Pension Plan (Qualified Plan)	Provides funded, tax-qualified benefits up to the limits on compensation and benefits under the Internal Revenue Code. The Qualified Plan was designed to provide tax-qualified pension benefits for most employees.
Unum Group Supplemental Pension Plan (Excess Plan)	Provides unfunded, non-qualified benefits for compensation that exceeds the IRS limits in the Qualified Plan.
Unum Group Senior Executive Retirement Plan (SERP)	Mr. Watjen is the only active employee covered. Provides unfunded, non-qualified benefits that are offset by benefits under the Qualified Plan and the Excess Plan. The SERP supplements the pension benefits that are provided under the Qualified and Excess Plans and was designed to provide competitive retirement benefits to Mr. Watjen.

Plan Descriptions

Following are details of how each of our plan benefits is calculated. These formulas incorporate base pay received in each plan year during which the employee accrues credited service and payments received from the regular annual incentive plan and any field or sales compensation plans. Not included are other bonuses, long-term incentive awards, commissions, prize awards or allowances for incidentals.

<u>Qualified Plan</u>

In calculating the basic pension benefits in our Qualified Plan, three criteria are used:

QUALIFIED PLAN CRITERIA	
Criteria	**Definition**

Credited service	A measure of the time individuals are employed at the company. One year of credited service is granted for each plan year in which 1,000 hours of employment are completed.
Highest average earnings	The average of the highest 5 years of compensation (whether or not consecutive) during the last 10 years of employment.
Social Security covered compensation	The average of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which an employee attains or will attain his or her Social Security retirement age.

The basic benefit is provided as an annual single life annuity and is calculated as follows:

(1) Can range from 3%, if the sum of an employee s age and years of credited service is less than 30, to 8%, if the sum equals or exceeds 95.

(2) Equal to 9.0 for retirement at age 65 and increased by 0.2 for each whole year retirement occurs prior to age 65.

All benefits are indexed on the first day of each plan year following the participant s date of termination using the National Average Wage rate of increase published by the Social Security Administration in the preceding year (minimum of 2.75% and maximum of 5%).

Benefits provided under the Qualified Plan are based on pensionable earnings (which are described below) up to a compensation limit of $250,000 under the Internal Revenue Code. In addition, benefits may not exceed $200,000 (payable as a single life annuity beginning at any age from 62 through Social Security Normal Retirement Age) under the Internal Revenue Code.

Excess Plan

The Excess Plan takes into account pension benefits outside of the current Qualified Plan and is calculated as follows:

Mr. McCarthy was a member of pension plans maintained by our predecessor company, UNUM Corporation, and accrues an additional benefit for his 21 years of service prior to 2000.

SERP

The SERP is provided as a single life annuity beginning on the first day of the month following retirement. The benefit is calculated as follows:

Mr. Watjen is presently the only NEO covered under the SERP. This coverage is required under the terms of his employment agreement.

Table of Contents

Retirement Age

Participants in the pension plans outlined above are eligible to retire as early as age 55. Under the Qualified and Excess plans, participants may retire early at age 55 with 5 years of vesting service. However, if a participant begins receiving a benefit prior to the normal retirement age of 65, the normal retirement benefit will be reduced based on the applicable early reduction factors defined in the plan.

Under the SERP, Mr. Watjen is eligible for an unreduced pension at age 60, and the amount of his unreduced pension is shown in the Pension Benefits table below. If he terminates employment and commences his benefit prior to age 60, the single life annuity will be reduced by 5% per year.

Current Value of Pension Benefits

Pension benefits payable to each NEO are summarized in the following table:

PENSION BENEFITS

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefits ($)[1]	Payments During Last Fiscal Year ($)
Mr. Watjen	Qualified	18.50	$547,000	$
	Excess	18.50	7,307,000	
	SERP	18.50	10,389,000	
Mr. McKenney	Qualified	3.42	56,000	
	Excess	3.42	304,000	

Mr. McCarthy	Qualified	34.00	1,122,000
	Excess	34.00	5,308,000
Mr. Horn	Qualified	9.00	262,000
	Excess	9.00	740,000
Mr. Bishop	Qualified	4.25	132,000
	Excess	4.25	252,000

(1) The Present Value of Accumulated Benefits is based upon a measurement date of December 31, 2012. Accordingly, all calculations utilize credited service and pensionable earnings as of the same date. The results shown are estimates only and actual benefits will be based upon data, pay, service, form of benefit elected and age at the time of retirement. The primary assumptions used in the calculations are based on the measurement date ASC 715 assumptions. Specifically, the accumulated benefit value calculations utilize a rate of 4.50% to discount expected future plan benefit payments to the measurement date, an annual increase in Social Security Wage Base of 3.5% to index the Qualified and Excess Plan benefits from the measurement date to commencement date and a post commencement life expectancy assumption based upon the RP-2000 Combined Healthy Participant Mortality Table projected 5 years past the measurement date with Projection Scale AA. Other assumptions used in the calculations are based on our understanding of the disclosure regulations. In particular, participants are assumed to commence benefits at their unreduced retirement age in each of the plans: age 65 in the Qualified and Excess plans and age 60 in the SERP. Also, no turnover (e.g. death, disability, termination, retirement) is assumed prior to retirement age.

Lump sum distributions are only available under the plan to vested employees who have a present value of future pension benefits of $10,000 or less. None of the NEOs are eligible for lump sum distributions from the Qualified or Excess plans, or the SERP. Based on current benefit levels, pension payouts for NEOs will be paid in the form of a monthly annuity.

Nonqualified Deferred Compensation

We do not have any active nonqualified programs that allow for deferrals of compensation by our NEOs. However, Mr. McCarthy does have balances under two inactive plans that did allow for deferrals of compensation. The last year that compensation deferrals occurred under the plans was 2000.

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
Mr. Watjen					
Mr. McKenney					
Mr. McCarthy[1]			6,846		141,085
Mr. Horn					
Mr. Bishop					

(1) Mr. McCarthy has balances under two inactive deferred compensation plans. The first inactive plan (the former UNUM Corporation Deferred Compensation Plan) earned interest at a rate of 6.64%. The interest rate for this plan is set once each year at the rate which is equivalent to the interest rate Unum receives on the Unum America Consolidated Portfolio (consisting of bonds, commercial mortgage loans and preferred stocks). The amount of above-market interest that exceeds 120% of the rate prescribed under section 1274(d) of the Internal Revenue Code has been included in the Change in Pension Value & Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table on page 63. The second inactive plan (a non-qualified 401(k) plan) includes 100% Unum stock to be paid out in cash. The change in market value and dividends earned is included in the Aggregate Earnings in Last FY amount. The value of the balance is included in the Aggregate Balance at Last FYE amounts.

Table of Contents

Other Post-Employment Payments

The discussion below outlines estimated benefits payable under company policy to NEOs under various termination scenarios.

The following terminology will be used throughout the discussion of various termination scenarios:

DEFINITIONS

Terminology	**Descriptions**
Termination with cause	One of the following factors is present: the failure to substantially perform duties; the willful engagement in illegal conduct or gross misconduct harmful to the company; or the conviction of a felony (or plea of guilty or no contest).
Termination without cause	One of the following factors is present: poor performance, other than for misconduct or cause (as defined above); job elimination; job requalification; or the decision to fill the position with a different resource consistent with the direction of the company.
Resignation for good reason	One or more of the following events have preceded the resignation of the named executive officer: assig