



A Century of Service



StanCorpSM

FINANCIAL GROUP

Positively different.

About StanCorp Financial Group, Inc.

StanCorp Financial Group, Inc., through its wholly owned subsidiaries — Standard Insurance Company and The Standard Life Insurance Company of New York — is a leading provider of employee benefits products and services. StanCorp's subsidiaries serve customers nationwide with group and individual disability insurance and retirement products, and group life and dental insurance with about 29,000 group insurance policies in force covering approximately 7.4 million employees as of December 31, 2005. For more information about StanCorp Financial Group, Inc., visit its Web site at www.stancorpfinaancial.com.

StanCorp Mission

The people of StanCorp Financial Group exceed customers' needs for financial products and services in growing markets where the application of specialized expertise creates potential for superior shareholder returns.

StanCorp Core Purpose

T*o help people achieve financial security so they can confidently pursue their dreams.*

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Financial Highlights

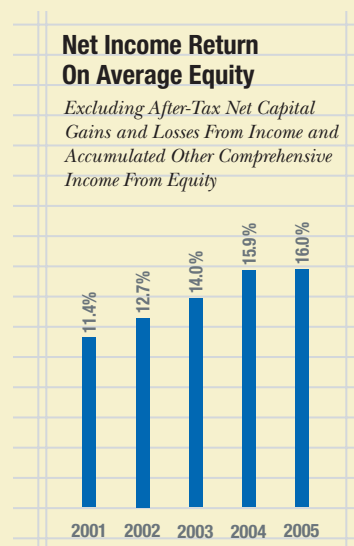
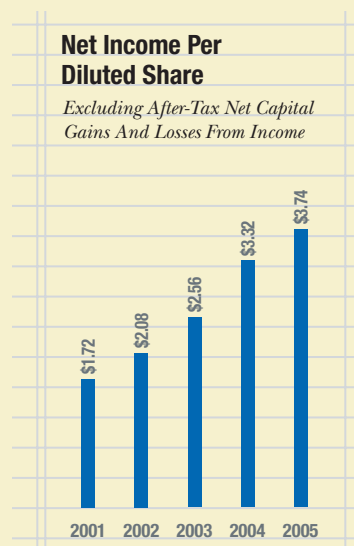
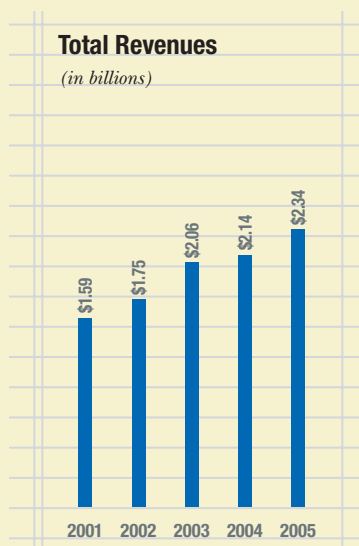
INCOME STATEMENT DATA (Dollars in millions)	2005	2004	CHANGE
Premiums	\$ 1,826.5	\$ 1,654.0	10.4%
Total revenues	2,337.2	2,144.5	9.0
Benefits to policyholders	1,392.3	1,291.2	7.8
Net income	211.1	199.4	5.9
After-tax net capital gains	1.4	7.4	
Net income excluding after-tax net capital gains	209.7	192.0	9.2
Net income return on average equity	15.0%	14.7%	
Net income return on average equity (excluding after-tax net capital gains and accumulated other comprehensive income)	16.0	15.9	
BALANCE SHEET DATA AT DECEMBER 31 (Dollars in millions)			
Invested assets and cash	\$ 7,991.8	\$ 7,482.4	6.8%
Total assets	12,450.7	11,212.0	11.0
Long-term debt	260.1	258.1	0.8
Shareholders' equity	1,413.8	1,401.1	0.9
Shareholders' equity (excluding accumulated other comprehensive income)	1,354.0	1,265.0	7.0
PER COMMON SHARE			
Basic net income	\$ 3.81	\$ 3.49	
Diluted net income	3.76	3.45	
Diluted net income excluding after-tax net capital gains	3.74	3.32	
Book value at year end	25.84	24.63	
Book value at year end (excluding accumulated other comprehensive income)	24.75	22.24	
Market value at year end	49.95	41.25	
SHARES OUTSTANDING			
Basic weighted average shares	55,465,215	57,192,206	
Diluted weighted average shares	56,076,666	57,838,188	
At year end	54,712,936	56,889,678	

STANDARD INSURANCE COMPANY

Financial Strength Ratings

A (Excellent) by A.M. Best – 3rd of 13 rankings
 AA- (Very Strong) by Fitch – 4th of 21 rankings
 A+ (Strong) by Standard and Poor's – 5th of 20 rankings
 A1 (Good) by Moody's – 5th of 21 rankings

As of February 2006



Letter from the CEO

100 years of helping people achieve financial security

As we celebrate our 100th anniversary in 2006, it is my pleasure to reflect briefly on the accomplishments of our Company, both recent and not-so-recent, and to recognize the outstanding people of StanCorp Financial Group, Inc. for their considerable accomplishments on behalf of our many stakeholders.

Our Company was founded in 1906 as Oregon Life Insurance Company. Its purpose was simple – to provide financial security for customers and their families, with an emphasis on integrity, financial strength, and personalized service. The focus on the importance of customers was emphasized in 1929 when the Company adopted a mutual form of governance and changed its name to Oregon Mutual Life Insurance Company. And its success beyond the borders of the state of Oregon was recognized in 1946 when the name was changed to Standard Insurance Company. In 1999, our rapid growth across the nation and a desire to offer a more diverse set of financial products and services led us to form a holding company, StanCorp Financial Group, Inc., which is listed on the New York Stock Exchange. Despite the changes in organizational form, however, our purpose remains little changed – to help people achieve financial security so they can confidently pursue their dreams. And just as before, the emphasis is on integrity, financial strength, and personalized service. We have believed for 100 years, and we continue to believe today, that if we succeed in our primary purpose all of our stakeholders will be well served.

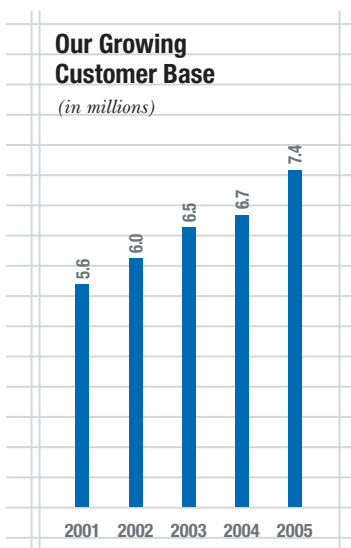


Eric E. Parsons, Chairman, President and Chief Executive Officer

That was certainly the case in 2005. We achieved record earnings in our employee benefits business, our individual insurance business, and our retirement plans business. Despite a challenging interest rate environment, our mortgage loan origination business continued to perform well. Our sales were well

distributed across all fifty states, and we enhanced our market share as the 4th largest provider of group long and short term disability insurance, the 8th largest provider of individual disability insurance, and the 9th largest provider of group life insurance. Our retirement plans assets under management grew 25.4% to more than \$4.2 billion, and mortgage loans managed for unaffiliated investors topped \$1 billion for the first time.

Investors also were well rewarded in 2005. Net income per diluted share, excluding net capital gains and losses, grew 12.7% over the previous year to \$3.74. Over the last five years, this same measure of earnings performance has grown at a compound annual rate of 20.0%. The annual dividend was increased 25%, from \$1.00 per share to \$1.25, and in November our Board of Directors authorized a two-for-one stock split. Investors who purchased our stock at the IPO price in April of



1999 and held it continuously have enjoyed a total compound annual return of 24.7%, compared to 0.7% for the S&P 500 Index.

The communities in which we do business have also benefited. StanCorp and its affiliates have long been active supporters of educational groups, social service providers and arts organizations in our home city of Portland, Oregon and in other cities where we have sales and regional service offices. Perhaps more importantly, our employees are dedicated volunteers for these same organizations and contribute thousands of hours of their time every year to build stronger communities. At the end of 2005 we formed The Standard Charitable Foundation, which we expect will be focused nationally on the needs of children and adults who are impacted by disabilities, medical emergencies and untimely deaths. These are the risks against which many of our products provide protection, but often the proceeds of an insurance policy are not enough. Research, education, counseling and advocacy may all be effective in reducing the occurrence, or in dealing with the outcomes, of these events, and the alignment between our primary mission and the goals of the foundation is clear and compelling.

And last, but most certainly not least, our employees have enjoyed the benefits of our success. We begin, of course, by providing competitive wages and benefits, and a safe and inviting work environment. But as we grow and prosper, we are also committed to creating more challenging and rewarding work assignments for all of our associates. We have excellent training and educational benefits, and in 2005 alone, 284 of our 2,800 employees were promoted to positions of greater responsibility within the Company. I am fortunate to work with an excellent and dedicated group

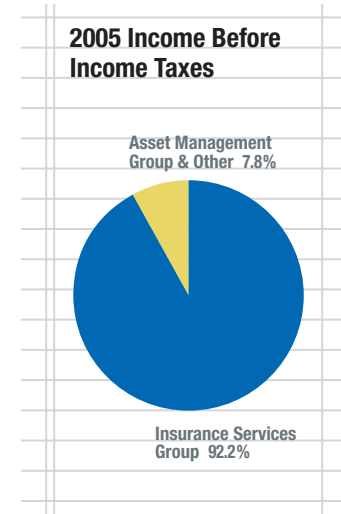
of officers and associates who are responsible for our continuing success.

Looking Forward

As has been the case throughout our first 100 years, we live in a world that is changing, and StanCorp and The Standard are changing, as well. At the beginning of 2006 we reorganized all of our products and services into two operating divisions – the Insurance Services Group led by Senior Vice President Greg Ness and the Asset Management Group led by Senior Vice President Kim Ledbetter.

The Insurance Services Group encompasses all of our core employee benefit offerings, including group life insurance and group disability insurance, together with individual disability insurance. This part of the organization has traditionally provided approximately 90% of our revenues and net income, and will certainly continue to grow and be a key driver of our business for as long as we can foresee. To prepare for continuing growth, we are investing significantly in improved back-office processes and systems that we believe will result in improved customer service at reduced cost, allowing us to continue to compete aggressively in the growing market for employee benefits.

At the same time, we believe that changes in demographics are

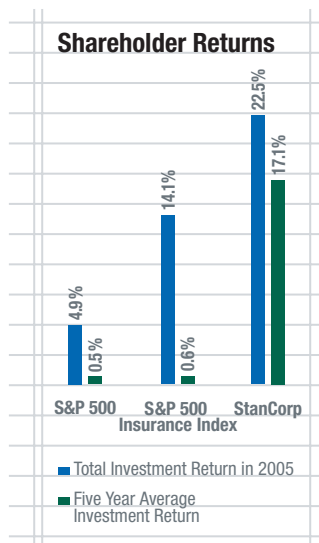


providing us with an opportunity to significantly grow our asset management businesses, as well. Assets under management in our retirement plans business have more than doubled in less than three years, and we believe that by bringing together the management of our retirement plans offerings, individual annuities, and the services of StanCorp Mortgage Investors, StanCorp Investment Advisers and our newly formed StanCorp Trust Company, we can provide a complete package of retirement savings and investment options for our growing base of customers. As the Asset Management Group continues to grow, we believe we can deliver significant benefits to customers and a growing and more diversified earnings base for our investors.

Our success over 100 years would certainly not have been possible without the strong sense of purpose established by our founders and the consistent support of our investors, our employees and the producers who deliver our products and services to our ultimate stakeholders – our customers. To all of you I offer my thanks.

Sincerely,

Eric E. Parsons



Products at a Glance

Effective January 1, 2006, our Individual Disability Insurance business was aligned with the Employee Benefits division into an Insurance Services Group with executive responsibility for both rolling up to Senior Vice President Greg Ness. With our traditional insurance lines of business situated together in a new insurance segment, we can leverage the expertise of our group and individual insurance businesses to become an even stronger competitor in the disability arena. Our market share continues to be in the top ten in both group and individual disability, and we believe this will position us to compete even more effectively in the marketplace.

INSURANCE SERVICES GROUP

Employee Benefits

A leading provider of group insurance products, with about 29,000 group insurance policies in force covering approximately 7.4 million employees.

Group Disability Income Insurance

- Executive Benefits Income Protection
- Long Term Disability (LTD)
- Short Term Disability (STD)
- Small Group LTD and STD
- Statutory Disability Insurance
- STD Administration

Group Life and AD&D

- Group Life
- Accidental Death and Dismemberment (AD&D)
- Small Group Life and AD&D
- Voluntary Group Life

Services Only

- Voluntary LTD and STD

Group Dental

- Incentive
- Indemnity
- Participating Provider Organization
- Small Group Dental
- Voluntary

Individual

A top 10 national provider of disability insurance to individuals.

Disability Insurance

- Individual Income Protection
- Business Overhead Expense Protection
- Buy/Sell Agreement Funding

At the same time, our asset management and accumulation businesses, which previously have been reported in the Individual Insurance and Retirement Plans segments and other, came together in an Asset Management Group under the leadership of Senior Vice President Kim Ledbetter. Although these businesses in total are significantly smaller than our life and disability insurance businesses, our platforms are strong, our products are excellent and the demographics for growth are compelling. We've talked in the past about growing a more diversified company, and this focus on growth and expansion of our asset businesses under Kim Ledbetter's leadership will add significant value to the organization.

ASSET MANAGEMENT GROUP

Retirement Plans

Recognized experts in retirement plan products and services for small and medium-sized employers.

- 401(k) Plans
- 403(b) Plans
- 457 Plans
- Defined Benefit Plans
- Money Purchase Pension Plans
- Profit Sharing Plans
- Non-qualified Deferred Compensation Plans

Individual Annuities

A full line of immediate and deferred fixed-rate annuities.

- Single Premium Deferred Annuities
- Single Premium Immediate Annuities
- Flexible Premium Deferred Annuities
- Individual Retirement Annuities
- 403(b) Tax-Sheltered Annuities

Commercial Mortgage Loans

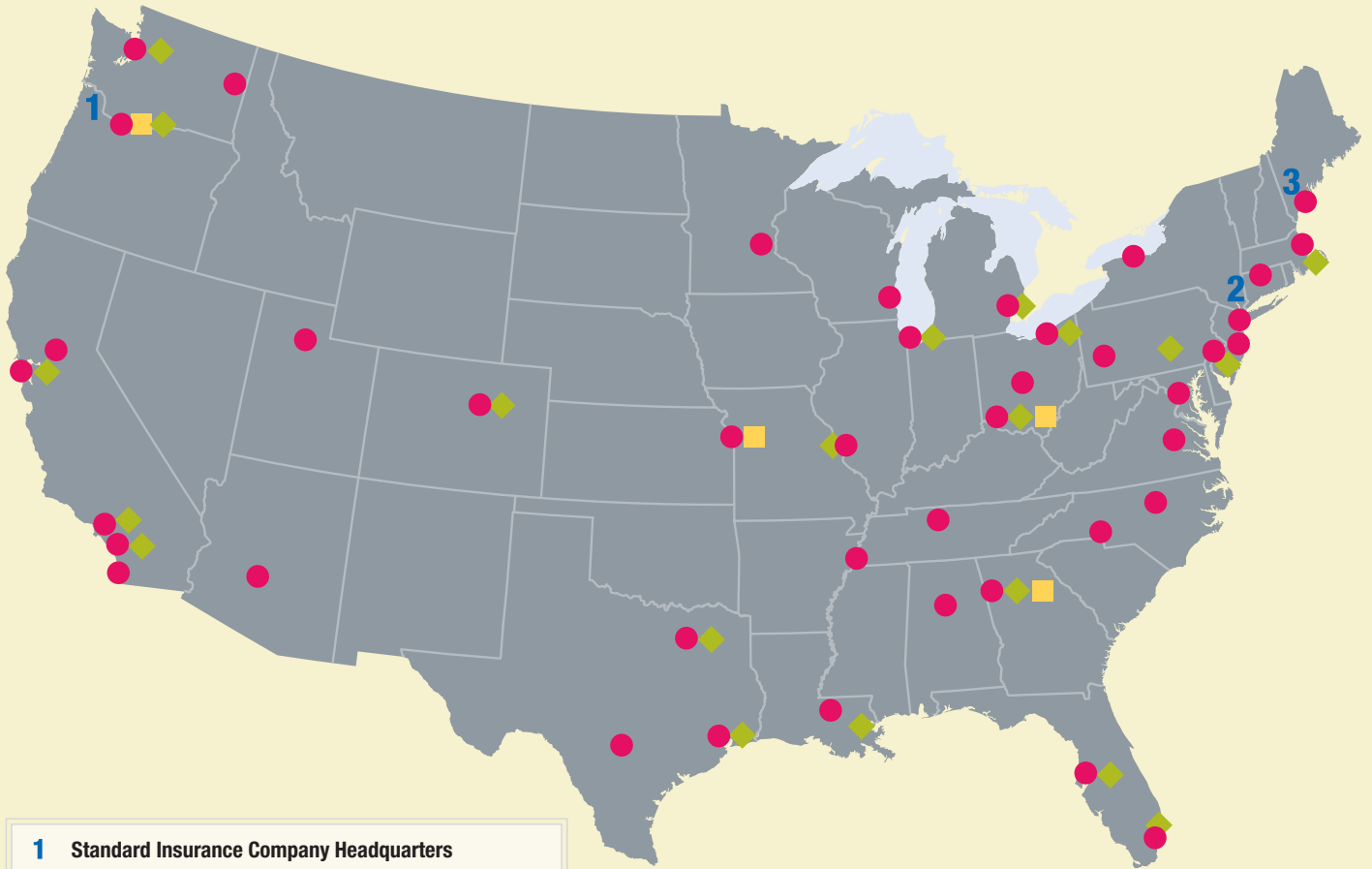
A recognized expert in originating and servicing small fixed-rate commercial mortgage loans.

- Investment portfolios for StanCorp insurance subsidiaries
- Origination and servicing fee income from commercial mortgage loans sold to third party investors

Investment Adviser

StanCorp Investment Advisers is a Securities and Exchange Commission registered investment adviser providing:

- Investment advisory services for StanCorp insurance subsidiaries,
- Performance analysis, fund selection support and other services for our retirement plan clients, and
- Financial planning, mutual fund portfolio construction, fund monitoring and selection and ongoing portfolio management for individual investors.



- 1** Standard Insurance Company Headquarters
- 2** The Standard Life Insurance Company of New York
- 3** Eastern Underwriting and Customer Service Office
- ◆ Retirement Plans Offices
- Employee Benefits Offices
- Individual Insurance Offices

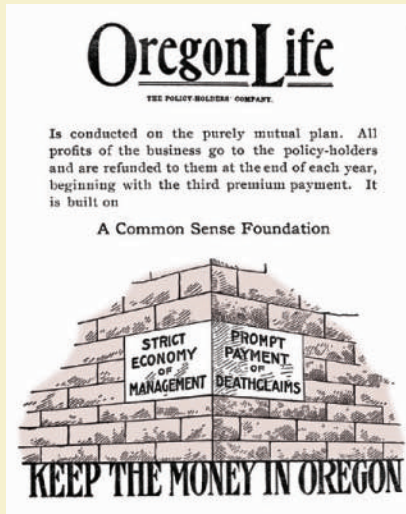
<p>Employee Benefits Sales and Service Offices (800) 521-8780</p>	<p>Retirement Plans Sales and Service Offices (877) 805-1127</p>	<p>StanCorp Mortgage Investors (971) 321-6100</p>
<p>Individual Disability Sales and Marketing (800) 992-4446</p>	<p>Individual Annuities Sales and Marketing (800) 378-4578</p>	<p>StanCorp Investment Advisers (800) 378-5742</p>
		<p>StanCorp Trust Company (971) 321-7661</p>

A Century of Service

StanCorp Financial Group, Inc. traces its origins to Oregon Life Insurance Company, founded in 1906. In 1946, reflecting its expansion beyond the Pacific Northwest, the Company changed its name to Standard Insurance Company. In 1999, Standard Insurance Company changed from a mutual company to a stock company in order to serve more customers with a broader array of products and services. Today, StanCorp Financial Group is the holding company for a group of companies providing insurance and investment products to over 7 million customers.



1906 Company Founder Leo Samuel, 1847-1916 Leo Samuel organized 81 guarantors and secured \$100,000 to form Oregon Life Insurance Company in February 1906. Roses flourished outside the Samuel home in Portland. A rose grower, who let passersby snip blooms, Mr. Samuel promoted calling Portland "The City of Roses."



1920s Early Company Advertisements In early advertising the Company emphasized that buying insurance from Oregon Life Insurance Company assured that Oregonians kept their money in the state.

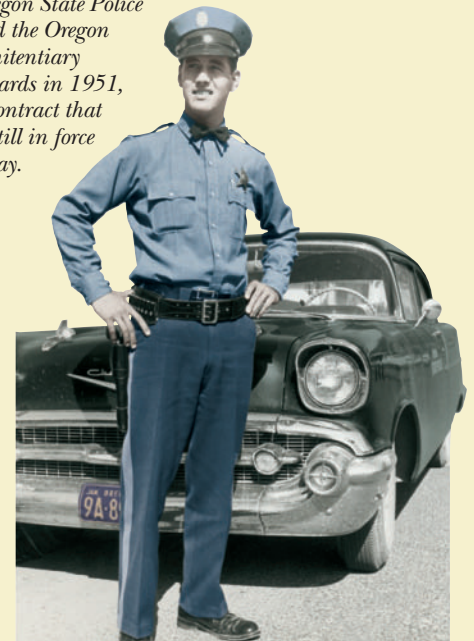


1940s Expansion into Idaho & California During the 1940's, the Company continued to grow and expand into new territories. This October 1940 photo shows agents hard at work in the Boise, Idaho office.



1928 Leaders Club in Portland The Company holds an annual meeting to unite management and sales reps from around the nation to recognize sales leaders, review plans and sales strategies, share success stories and challenges, discuss other issues; and build camaraderie.

1951 First Group Policy The first group insurance contract was with the Oregon State Police and the Oregon Penitentiary Guards in 1951, a contract that is still in force today.





1960s Standard Plaza *The Standard Plaza was one of Portland's first modern office buildings. Today, it remains one of the symbols of Standard Insurance Company.*

**STAN-PLAC.
THE RETIREMENT PLAN
WITH NO LOOSE ENDS.**

Do retirement plans for small and medium-sized employers seem like a tangle of expensive, confusing and time-consuming loose ends?

If you think a good retirement plan is out of your reach, think again. Standard looked at retirement plans from your point of view and produced Stan-Plac to meet your needs. A Stan-Plac retirement package features:

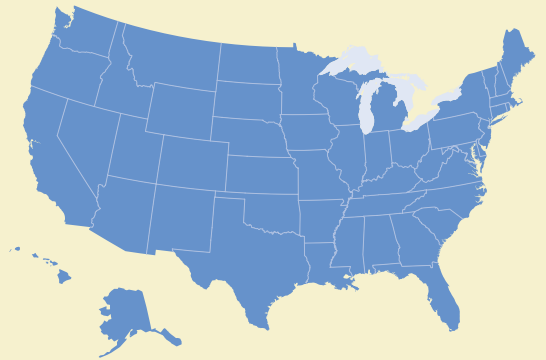
- Streamlined installation, complete in 45 days
- Up-to-the-minute tax reform conformity
- Competitive returns
- Guaranteed principal
- Full-service, low-cost administration

Consider Stan-Plac... a complete retirement plan package... no loose ends... well within your reach. In fact, it's as close as your telephone. Contact your broker or a group office listed below for more information.

Standard INSURANCE COMPANY
PORTLAND, OREGON
Division of Standard Life Insurance

1980's Retirement Plans *In response to the rapid growth in the Company's retirement plans business, Retirement Plans became a separate business unit in 1988. Today our sales managers average more than 25 years experience.*

1980s Licensing in 49 States *By 1989 Standard's eastward expansion was complete with licensing secured in 49 states. In 2000, we opened The Standard Life Insurance Company of New York completing StanCorp's expansion to all 50 states.*



1970s Series of Personal Touch Ads *Our extraordinary service and personal touch has been such a cornerstone of our business, it has been prevalent in our communications throughout the years.*

Teamwork Works

Dave Nieche and Stu Singleton, co-owners of Columbia Athletic, Inc., exemplify the adage "teamwork works."

Stu out in five years playing professional ball with the Chicago White Sox team system. His background in team sports makes for a natural fit on the sales side of the business. Twenty years' experience managing a car detailing business. Dave with the necessary acumen to spread the franchise end of Columbia Athletic. A variety of sporting goods are sold at the store, including clothes, shoes, accessories and equipment. Whether they're working with the neighborhood little league, a school swim team or just the office bowling gang, Stu and Dave can suit most any team in working attire.

As new business partners, Stu and Dave wanted to be sure they had adequate insurance protection — for their business, their families and each other. That's how StanCorp Greg Henderson, CLU, also became part of their team. With Greg handling their insurance plans, they're free to concentrate on running their business.

If you like an all-around, why not just Greg Henderson and Standard Insurance Company on your team, too?

Western Washington Agency
1514 Broadway, Suite 201
Phone: 662-1348

Standard INSURANCE COMPANY
PORTLAND, OREGON
Division of Standard Life Insurance

(left to right) Stu Singleton, Dave Nieche and Standard representative Greg Henderson, CLU, chat outside Columbia Athletic, Inc., in Vancouver.

1970s Tanasbourne Development *In late 1960's, the investment division moved into the development business. The Tanasbourne community, encompassing approximately 800 acres, includes residential, shopping and professional offices — 10 miles from Portland on the major corridor to the Coast.*



1999 Became a Public Company *On April 16, 1999, CEO Ron Timpe and other officers of StanCorp Financial Group rang the closing bell at the New York Stock Exchange, celebrating the Company's first day as a public company.*

2005 Roll out of New Company Brand *In February 2005, The Standard's new brand, logo and tag line was introduced to employees and customers nationwide. In 2006, the Company celebrates its 100th anniversary.*





From left to right: Ralph R. Peterson, E. Kay Stepp, Michael G. Thorne, Wanda G. Henton, Ronald E. Timpe, Eric E. Parsons, Frederick W. Buckman, Peter O. Kohler, MD, Virginia L. Anderson, Jerome J. Meyer, John E. Chapoton. Not pictured: Stanley R. Fallis.

Board of Directors

Virginia L. Anderson^{1,4}
Director
Seattle Center

Peter O. Kohler, MD^{2,3}
President
Oregon Health & Science University

E. Kay Stepp^{2,3}
Chair of the Corporate Board
Providence Health System

Frederick W. Buckman (Lead Director)^{3,4}
Chairman
Trans-Elect, Inc.

Jerome J. Meyer^{1,2}
Chairman and Chief
Executive Officer, Retired
Tektronix, Inc.

Michael G. Thorne^{1,2}
Director and Chief
Executive Officer, Retired
Washington State Ferry System

John E. Chapoton^{3,4}
Partner and Strategic Advisor
Brown Advisory

Eric E. Parsons
Chairman, President and
Chief Executive Officer
StanCorp Financial Group, Inc.

Ronald E. Timpe²
Chairman, Retired
StanCorp Financial Group, Inc.

Stanley R. Fallis^{1,4}
Chairman and Chief Executive Officer, Retired
Everen Clearing Corporation

Ralph R. Peterson^{1,2}
Chairman, President and
Chief Executive Officer
CH2M Hill Companies, LTD

Wanda G. Henton⁴
Chair and Chief Executive Officer
Lloyd Bridge Advisory Corporation

Board Committees:

¹ *Audit.*

² *Finance and Operations.*

³ *Organization and Compensation.*

⁴ *Nominating and Corporate Governance.*

Officers and Management Committee

StanCorp Financial Group, Inc. Officers

Eric E. Parsons
Chairman, President and
Chief Executive Officer

Robert M. Erickson, CMA
Assistant Vice President and Controller

Jeffrey J. Hallin, CPA
Second Vice President,
Investor Relations and Financial Planning

Cindy J. McPike, CPA
Senior Vice President and
Chief Financial Officer

Michael T. Winslow, JD
Senior Vice President, General Counsel
and Corporate Secretary

Management Committee¹

Eric E. Parsons
Chairman, President and
Chief Executive Officer

John M. Bernard
Senior Vice President,
Operational Excellence

Kim W. Ledbetter, FSA, CLU
Senior Vice President,
Asset Management Group

Cindy J. McPike, CPA
Senior Vice President and
Chief Financial Officer

J. Gregory Ness, LLIF
Senior Vice President,
Insurance Services Group

Michael T. Winslow, JD
Senior Vice President, General Counsel
and Corporate Secretary

¹ *Members of the Management Committee are officers of StanCorp or of a principal subsidiary.*

Financial Retrospective

SEGMENT DATA (Dollars in millions)	2005	2004	2003	2002	2001
Total revenues					
Employee Benefits	\$ 1,970.6	\$ 1,816.5	\$ 1,760.6	\$ 1,496.8	\$ 1,321.1
Individual Insurance	233.0	207.9	195.0	187.4	180.9
Retirement Plans	97.5	86.0	79.4	71.9	73.1
Other	36.1	34.1	27.0	(5.9)	10.3
Total	\$ 2,337.2	\$ 2,144.5	\$ 2,062.0	\$ 1,750.2	\$ 1,585.4
Benefit ratio					
Employee Benefits (% of premiums) ¹	75.8%	77.4%	81.3%	80.5%	82.1%
Individual Insurance (% of premiums) ²	83.8	87.5	87.8	99.8	104.5
Retirement Plans (interest credited as % of net investment income)	55.0	55.5	60.6	61.4	67.5
Operating expense ratio					
Employee Benefits (% of premiums)	15.2%	14.8%	14.2%	14.5%	13.2%
Individual Insurance (% of revenues)	13.5	13.9	13.9	12.8	12.6
Retirement Plans (% of average assets under management)	0.9	1.0	1.3	1.5	1.3
Income before income taxes					
Employee Benefits	\$ 273.3	\$ 242.0	\$ 194.4	\$ 158.4	\$ 133.3
Individual Insurance	38.5	34.0	37.4	31.7	27.2
Retirement Plans	10.9	7.9	5.3	—	(0.2)
Other	2.9	8.1	2.7	(18.1)	4.2
Total	\$ 325.6	\$ 292.0	\$ 239.8	\$ 172.0	\$ 164.5
INVESTMENT DATA AT DECEMBER 31 (Dollars in millions)					
Percent of investments					
Fixed maturity securities	58.1%	59.3%	65.3%	66.8%	56.5%
Commercial mortgage loans, net	40.8	39.6	33.5	32.1	41.9
Portfolio yields					
Fixed maturity securities	5.61%	5.81%	5.94%	6.22%	6.79%
Commercial mortgage loans, net	6.46	6.71	7.28	7.94	8.22
Quality rating (as % of fixed maturities):					
Fixed maturity securities ratings					
A or higher	74.6%	74.5%	75.6%	75.3%	69.0%
BBB/Baa	21.6	21.6	20.9	21.2	28.0
BB/Ba	2.7	2.7	2.0	2.1	2.4
B or lower	1.1	1.2	1.5	1.4	0.6
Commercial mortgage loans					
Net balance of restructured loans	\$ 10.1	\$ 2.1	\$ 2.9	\$ 4.6	\$ 5.9
Delinquencies >60 days	0.01%	0.25%	— %	— %	— %
STANCORP MORTGAGE INVESTORS, LLC (Dollars in millions)					
Commercial mortgage loan originations	\$ 996.4	\$ 1,170.4	\$ 930.6	\$ 570.8	\$ 430.1
Commercial mortgage loans under management					
Affiliated entities	\$ 3,101.1	\$ 2,948.2	\$ 2,319.8	\$ 1,989.1	\$ 2,003.0
Other investors	1,141.9	747.9	677.1	672.9	534.9
Total	\$ 4,243.0	\$ 3,696.1	\$ 2,996.9	\$ 2,662.0	\$ 2,537.9
OTHER					
Effective income tax rate	35.2%	31.7%	34.8%	35.5%	35.6%
Number of employees at year end	2,798	2,770	2,630	2,465	2,255

¹ Includes interest credited and in 2001 excludes \$4.3 million in pre-tax charges related to the terrorist events of September 11, 2001.

² 2001 excludes \$0.7 million in pre-tax charges related to the terrorist events of September 11, 2001.

Corporate Information

For Investor Information, Contact

Jeff Hallin, Second Vice President,
Investor Relations and Financial
Planning
(971) 321-6127
jhallin@standard.com

Jane Keister, Manager
Shareholder Services
(800) 378-8360 or (971) 321-7097
jkeister@standard.com

Visit us on the Internet

www.stancorpfinaancial.com
www.standard.com
www.standard-ny.com

Certifications

The Chief Executive Officer of the Company has filed with the New York Stock Exchange an annual certification of compliance with New York Stock Exchange listing standards without qualification. The Chief Executive Officer and Chief Financial Officer of the Company have filed with the Securities and Exchange Commission all required certifications regarding the quality of the Company's public disclosure without qualification.

Publications

The Company's Annual and Financial Reports are available on the Internet at www.stancorpfinaancial.com/investors.

Common Stock Listing and Trading



StanCorp Financial Group, Inc. common stock is listed and traded on the New York Stock Exchange under the ticker symbol SFG.

Corporate Headquarters

StanCorp Financial Group, Inc.
1100 SW Sixth Avenue
Portland, Oregon 97204

Principal Subsidiaries

Standard Insurance Company
The Standard Life Insurance Company
of New York
StanCorp Mortgage Investors, LLC
StanCorp Investment Advisers, Inc.

Notice of Annual Shareholder Meeting

StanCorp Financial Group, Inc.
11:00 a.m. Monday, May 8, 2006
Hilton Portland & Executive Tower
921 SW Sixth Avenue
Portland, Oregon

Transfer Agent and Registrar of Common Stock

Mellon Investor Services LLC
Shareholder Relations
PO Box 3315
South Hackensack, New Jersey 07606
(800) 303-3963

Representatives are available weekdays, 9 a.m. to 7 p.m. Eastern time. The automated response system is available 24 hours, 7 days a week. Outside the U.S., call (201) 680-6578.

Account Access

Access your registered StanCorp Financial Group, Inc. common stock account through a secure site hosted by Investor ServiceDirect at www.melloninvestor.com/isd.

Information in this Annual Report includes certain statements related to projected growth and future events. These statements are "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Because such statements are subject to risks and uncertainties, actual results in future periods may differ materially from those expressed or implied by such forward-looking statements. See the Company's 2005 Form 10-K for a description of the types of uncertainties and risks that may affect actual results.

Not all products are available in every state.

Non-GAAP Financial Measures

Financial measures contained in this Annual Report that exclude after-tax net capital gains and losses and accumulated other comprehensive income are non-GAAP (Generally Accepted Accounting Principles in the United States) measures. To provide investors a broader understanding of earnings, the Company provides net income per diluted share excluding after-tax net capital gains and losses, along with the GAAP measure of net income per diluted share, because capital gains and losses are not likely to occur in a stable pattern.

Return on average equity excluding after-tax net capital gains and losses from net income and accumulated other comprehensive income from equity is furnished along with the GAAP measure of net income return on average equity because management believes providing both gives investors a broader understanding of return on equity. Measuring return on average equity without accumulated other comprehensive income excludes the effect of market value fluctuations of the Company's fixed maturity securities primarily associated with changes in interest rates. Management believes that measuring return on average equity without accumulated other comprehensive income is important to investors because the turnover of the Company's portfolio of fixed maturity securities may not be such that unrealized gains and losses reflected in accumulated other comprehensive income are ultimately realizable. Furthermore, for the purpose of calculating this ratio, management believes exclusion of other comprehensive income provides investors a better measure of return.



StanCorpSM

FINANCIAL GROUP

Positively different.

StanCorp Financial Group, Inc.
1100 SW Sixth Avenue
Portland, Oregon 97204