

This 10 year historical returns graph shows the relative stability of the returns of the assets backing the Empire Life participating portfolio compared to Government of Canada Marketable Bonds and Chartered Bank Administered 5-year GICs.

### Relative Rate of Return

| Year End   | Assets Backing Empire Life Par Portfolio | Government Canada Marketable Bonds | Chartered Bank Administered Interest Rates |
|------------|--|------------------------------------|--|
| 2004       | 7.53%                                    | 4.34%                              | 2.92%                                      |
| 2005       | 7.50%                                    | 3.90%                              | 2.71%                                      |
| 2006       | 7.37%                                    | 4.18%                              | 3.16%                                      |
| 2007       | 6.86%*                                   | 4.25%                              | 3.31%                                      |
| 2008       | 5.01%*                                   | 3.36%                              | 3.01%                                      |
| 2009       | 6.34%*                                   | 2.84%                              | 1.95%                                      |
| 2010       | 5.67%*                                   | 2.88%                              | 1.92%                                      |
| 2011       | 5.83%*                                   | 2.47%                              | 1.87%                                      |
| 2012       | 5.18%*                                   | 1.63%                              | 1.65%                                      |
| 2013       | 7.26%*                                   | 1.99%                              | 1.63%                                      |
| 10 yr Avg. | 5.73%                                    | 3.18%                              | 2.41%                                      |

Prior to 2007, the long-term investment strategy and accounting rules that smooth out results over a number of years contribute to the relative stability of the total return for assets backing the Empire Life Par Portfolio. Thereafter, Financial Instruments accounting standards eliminate smoothing methods. Starting in 2007, the rate of return does not include unrealized gains or losses. Dividends are not guaranteed and will vary—upward or downward—depending on future experience. Par returns include returns on par surplus and are not actual returns to policyowners.

\*Reflects new reporting rules & accounting standards in 2007 (changes to Financial Instruments accounting and adoption of fair value accounting) impacting reported performance.

The Empire Life Insurance Company (Empire Life) offers competitive individual and group life and health insurance, investment and retirement products to help you build wealth and protect your financial security.

Empire Life is among the top 10 life insurance companies in Canada<sup>1</sup> and is rated A (Excellent) by A.M. Best Company<sup>2</sup>. Our vision is to be known for simplicity, being easy to do business with and having a personal touch.

<sup>1</sup> Source: *The Globe and Mail Report on Business Magazine*, July 2013, based on revenue

<sup>2</sup> As at June 28, 2013

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# OPTIMAX<sup>®</sup>

## LOOKING AT LONG-TERM VALUE



# DIVIDEND PERFORMANCE BUILT FOR THE LONG TERM

When choosing a participating (par) life insurance policy, dividends can play an important part in meeting financial goals. So it's important to look for a company and a product whose dividends can help meet those goals.

Although dividends are not guaranteed, **our dividend scale is guaranteed not to fall below zero.** Any dividends, once declared cannot be taken back. These dividends may vary—upward or downward—depending on the future experience of different factors which determine them.

One key factor is the investment income of the assets backing a participating portfolio. You need to look at the investment strategy, including both the mix of assets and the investment performance of those underlying assets.

Investment earnings is only one variable among the factors used to determine dividend payments. Other factors include claims experience, expenses, and taxes.

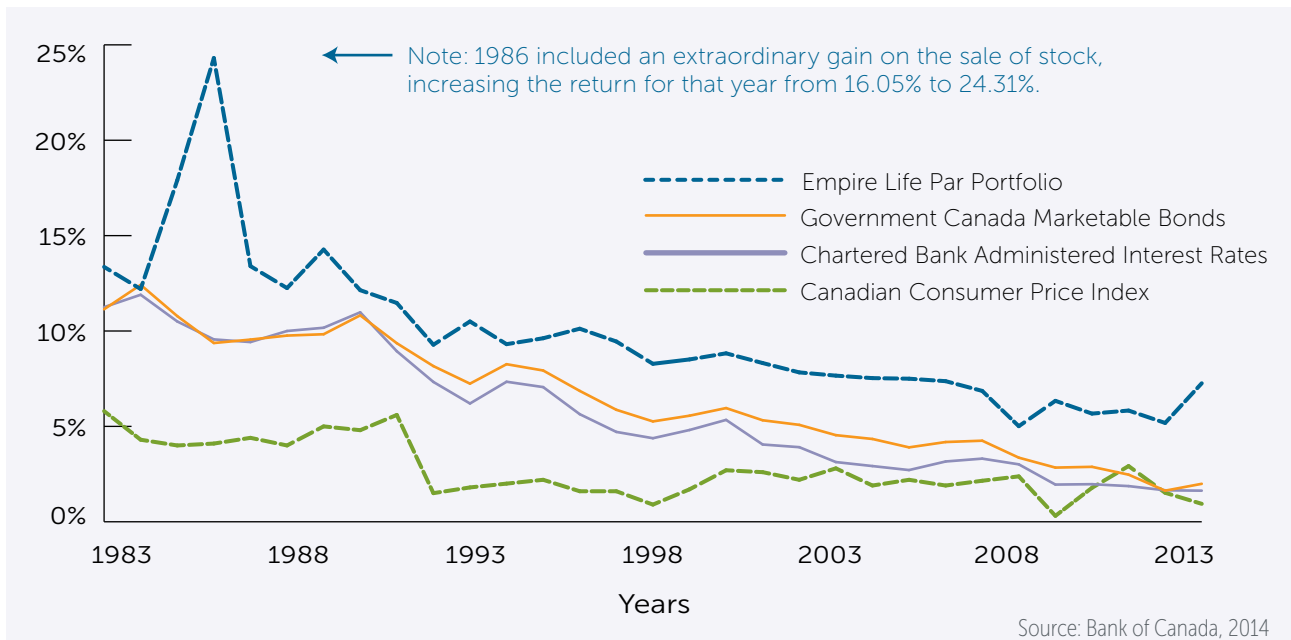
Premiums paid for Empire Life Optimax® and other participating policies are invested to reflect an investment strategy that provides **stable, long-term growth.**

## Underlying asset performance

And we've been successful... the assets backing the Empire Life participating portfolio have **experienced relatively stable rates of return**, compared to the relative volatility of equity market returns over the same time period.

To achieve our investment goals, the assets **backing the Empire Life participating portfolio are primarily long-term bonds**, whose returns are less volatile than the stock market.

## Relative rates of return

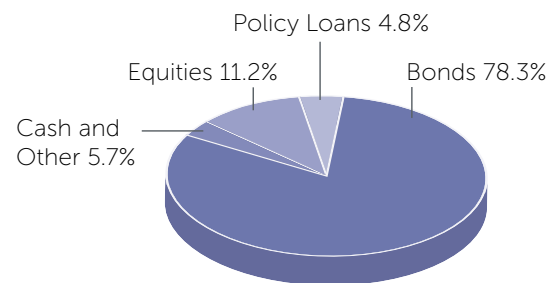


## Total participating assets = \$591.6million

(December 31, 2013)

### Underlying asset mix<sup>†</sup>

(December 31, 2013)



<sup>†</sup> The charts and tables shown in this document refer to assets held within the Empire Life participating portfolio.

### Common & Preferred Share Holdings<sup>†</sup>

(December 31, 2013)

| Geographic Region | Common | Preferred |
|-------------------|--------|-----------|
| Canada            | 100%   | 100%      |
| United States     | 0%     | 0%        |
| Foreign           | 0%     | 0%        |

### Cash & Bonds<sup>†</sup>

(December 31, 2013)

|                               |       |
|-------------------------------|-------|
| Cash & Short-term investments | 2.2%  |
| AAA                           | 1.6%  |
| AA                            | 36.2% |
| A                             | 48.9% |
| BBB                           | 11.1% |