The following Management's Discussion and Analysis ("MD&A") of the unaudited operating results and financial condition of The Empire Life Insurance Company ("Empire Life" or the "Company") for the first quarter of 2014 should be read in conjunction with the MD&A for the year ended December 31, 2013, the Company's annual audited financial statements, the notes relating thereto, and the quarterly unaudited financial statements and notes contained in this report, as well as the Company's MD&A and unaudited interim financial statements for the quarters of 2013. The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of the Chartered Professional Accountants of Canada. Unless otherwise noted, both the condensed consolidated financial statements and this MD&A are expressed in Canadian dollars.

MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this discussion will occur, or if they do, that any benefits may be derived from them.

Financial Analysis

Overview

	First quarter	
(millions of dollars)	**2014**	2013
Shareholders' net income	**$ 17.8**	$ 10.3

Empire Life reported first quarter shareholders' net income of $17.8 million for 2014, compared to $10.3 million for 2013.

Net income was higher relative to the first quarter of 2013 due primarily to improved Wealth Management product line net income. This product line's improved result was due primarily to the growth in segregated fund management fees and growth in segregated fund guarantee fees related to guaranteed minimum withdrawal benefit (GMWB) products. This improvement in fee income was due primarily to strong segregated fund sales and the positive impact of favourable stock market conditions on management fees earned.

Empire Life has three major product lines (Wealth Management, Employee Benefits and Individual Insurance) and maintains distinct accounts for Capital and Surplus. A discussion of each product line's 2014 net income compared to 2013 is shown in the Product Line Results sections later in this report.

This interim report contains references to annualized premium sales. This term does not have any standardized meaning according to generally accepted accounting principles and therefore may not be comparable to similar measures presented by other companies. Annualized premium sales is used as a method of measuring sales volume. It is equal to the premium expected to be received in the first 12 months for all new Individual Insurance and Employee Benefit policies sold during the period. Empire Life believes that this measure provides information useful to its shareholders and policyholders in evaluating Empire Life's underlying financial results.

Management's assessment of industry dynamics, risks and risk management, critical accounting estimates, strategy and outlook remains consistent with the disclosure in the 2013 Annual Management's Discussion and Analysis. However, on March 5, 2014 the Chairman of the Board of Directors of Empire Life announced that Leslie C. Herr will be leaving his position as President and Chief Executive Officer of Empire Life effective May 30, 2014. The search for a successor is underway and the Empire Life Board expects a smooth transition. Mr. Herr will continue to provide advice to the Board and the new President and CEO following his departure in May. Mr. Herr will also step down from his role as Chairman of the Board for Empire Life Investments Inc., a subsidiary of Empire Life, effective May 30, 2014.

The following tables provide a summary of Empire Life results by major product line (figures in Management's Discussion and Analysis may differ due to rounding):

(millions of dollars)	Wealth Management		Employee Benefits		Individual Insurance		Capital and Surplus		Total	
For the three months ended March 31	**Q1 2014**	Q1 2013	**Q1 2014**	Q1 2013	**Q1 2014**	Q1 2013	**Q1 2014**	Q1 2013	**Q1 2014**	Q1 2013
Revenue										
Net premium income	**$ 61**	$ 45	**$ 80**	$ 75	**$ 88**	$ 87	**$ —**	$ —	**$ 229**	$ 207
Fee and other income	**41**	33	**2**	2	**—**	—	**—**	—	**43**	35
Investment income	**14**	13	**1**	1	**35**	32	**11**	9	**61**	55
Realized gain on FVTPL investments	**—**	1	**—**	—	**15**	14	**—**	—	**15**	15
Realized gain on available for sale investments including impairment write downs	**—**	—	**—**	—	**—**	—	**3**	1	**3**	1
Fair value change in FVTPL investments	**10**	2	**2**	(3)	**161**	(23)	**—**	—	**173**	(24)
	126	94	**85**	75	**299**	110	**14**	10	**524**	289
Expenses										
Benefits and expenses	**116**	92	**79**	72	**298**	104	**6**	4	**499**	272
Income and other taxes	**3**	—	**3**	2	**1**	3	**2**	1	**8**	6
	119	92	**82**	74	**299**	107	**8**	5	**507**	278
Net income after tax	**$ 7**	$ 2	**$ 3**	$ 1	**$ —**	$ 3	**$ 6**	$ 5	**$ 17**	$ 11
Policyholders' portion									**(1)**	—
Shareholders' net income									**$ 18**	$ 11
Assets under management										
General fund assets	**$ 1,095**	$ 1,147							**$ 6,326**	$ 6,002
Segregated fund assets	**$ 6,265**	$ 5,220			**$ 22**	$ 21			**$ 6,287**	$ 5,241
Mutual fund assets	**$ 53**	$ 18							**$ 53**	$ 18
Annualized premium sales			**$ 11**	$ 12	**$ 12**	$ 12				

Total Revenue

	First quarter	
(millions of dollars)	**2014**	2013
Revenue		
Net premium income	**$ 229**	$ 207
Investment income	**61**	55
Fair value change in FVTPL investments including realized amounts	**188**	(9)
Realized gain (loss) on AFS investments including impairment write downs	**3**	1
Fee and other income	**43**	35
Total	**$ 524**	$ 289

For the quarter, total revenue at Empire Life increased by 81% to $524 million compared to $289 million in 2013. Major revenue items are discussed below.

Net premium income for the quarter increased in 2014 relative to 2013. The increase for the quarter related primarily to the Wealth Management product line due to higher fixed interest annuity premiums.

Fair value change in FVTPL investments including realized amounts often causes large revenue volatility. These assets experienced a net gain in 2014 compared to a net loss in 2013. In 2014 the large gain was from primarily an increase in bond prices (due to a decrease in market interest rates). In 2013 the loss was from primarily a decrease in bond prices (due to an increase in market interest rates). The impact of this on net income is largely reduced due to a corresponding change in insurance contract liabilities (discussed in the Total Benefits and Expenses section below).

Realized gain (loss) on available for sale investments including impairment write downs was a larger gain for the quarter relative to 2013. The increased revenue was due primarily to gains from the sale of AFS bonds in 2014, compared to lower gains from the sale of AFS equities in 2013. These gains and losses impact net income and are considered in the net income investment experience comments for each of the impacted product lines (see Product Line Results sections later in this report). The assets sold back primarily capital and surplus.

Fee and other income for the quarter increased in 2014 relative to 2013 due primarily to growth in segregated fund management fees and growth in segregated fund guarantee fees related to guaranteed minimum withdrawal benefit (GMWB) products. The growth in both of these items was due primarily to strong segregated fund product sales in the last three quarters of 2013 and the first quarter of 2014. In addition, there was a positive impact on average assets under management and management fees earned, resulting from stock market conditions, as stock markets were higher on average during the first quarter of 2014 than they were during the first quarter of 2013.

Total Benefits and Expenses

	First quarter	
(millions of dollars)	**2014**	2013
Benefits and expenses		
Net benefits and claims	**$ 182**	$ 142
Net change in insurance contract liabilities	**223**	43
Change in investment contracts provision	**1**	—
Policy dividends	**5**	5
Operating expenses	**36**	36
Net commissions	**46**	43
Interest expense	**6**	3
Total	**$ 499**	$ 272

Total benefits and expenses at Empire Life for the quarter increased by 84% to $499 million compared to $272 million in 2013. Major benefit and expense items are discussed below.

Net benefits and claims variability is dependent on the claims incurred. Generally, claims rise year over year due to growth of the insurance blocks, which was the case for the quarter for all lines of business. Variability in claims amounts does not, in isolation, impact net income as insurance contract liabilities are released when claims occur. The insurance contract liabilities released can be larger or smaller than the claims incurred depending on whether claims experience has been favourable or unfavourable. Claims experience is the combination of claims incurred compared to claims expected in product pricing and in insurance contract liabilities. Year over year claims experience is discussed in each of the impacted product lines (see Product Line Results sections later in this report).

Net change in insurance contract liabilities varies with many factors including new business sold, claims incurred, surrender and lapse experience, assumptions about the future, and changes in the market value of assets matching insurance contract liabilities. For the quarter, the main reason for the large change from 2013 for this item was the change in insurance contract liabilities resulting from the fair value change in matching assets (described above in the Total Revenue section). Variability in the net change in insurance contract liabilities amounts does not, in isolation, impact net income as it must be looked at in concert with other lines of the statement of operations.

Net commissions for the quarter increased in 2014 relative to 2013 due to the increase in Wealth Management product sales.

Interest expense for the quarter increased in 2014 relative to 2013 due to the issuance of $300 million of subordinated debentures on May 31, 2013.

Product Line Results - Wealth Management

		As at Mar. 31		
(millions of dollars)		**2014**		2013
Assets under management				
General fund annuities	**$**	**1,095**	$	1,147
Segregated funds		**6,265**		5,220
Mutual funds		**53**		18

		First quarter		
(millions of dollars)		**2014**		2013
Selected financial information				
Fixed interest annuity premiums	**$**	**62**	$	45
Segregated fund gross sales		**339**		294
Segregated fund net sales		**107**		63
Segregated fund fee income		**40**		32
Mutual fund gross sales		**14**		3
Mutual fund net sales		**13**		2
Mutual fund fee income		**—**		—
Net income after tax fixed income annuity portion	**$**	**—**	$	—
Net income after tax segregated fund portion		**8**		3
Net loss after tax mutual fund portion		**(1)**		(1)
Net income after tax	**$**	**7**	$	2

Assets in Empire Life general fund annuities decreased by 5%, while segregated fund assets increased by 20% during the last 12 months. The increase over the last 12 months for segregated funds was attributable to strong net sales (gross sales net of withdrawals) described below, and positive investment returns, due to the stock market increase since March 31, 2013.

Premium income for the Wealth Management product line is comprised solely of new deposits on fixed interest annuities and excludes deposits on the segregated fund and mutual fund products. For the quarter, fixed interest annuity premiums were up 38% compared to 2013. The increase was due primarily to increased sales of fixed interest deferred annuities.

For the quarter, segregated fund gross sales were up 16% compared to 2013. This product line's gross sales increase for the quarter is attributable primarily to 75% maturity guarantee products which increased 35%. While GMWB product sales remain strong they are down 5% from the levels experienced in the first quarter of 2013.

Segregated fund net sales for the quarter were up 69% compared to 2013 due to the above mentioned gross sales result.

For the quarter, segregated fund fee income increased by 25% in 2014 relative to 2013. The increase was due to growth in segregated fund management fees and growth in segregated fund guarantee fees related to GMWB products. The growth in both of these items was due primarily to strong segregated fund product sales in the last three quarters of 2013 and the first quarter of 2014. In addition, there was a positive impact on average assets under management and management fees earned, resulting from stock market conditions, as stock markets were higher on average during the first quarter of 2014 than they were during the first quarter of 2013.

Empire Life launched its new mutual fund business during the first quarter in 2012. Therefore, Empire Life's mutual fund business is still in its early stages of development and represents a small portion of the Wealth Management product line. For the quarter, mutual fund gross sales were up 349% in 2014 compared to 2013. Mutual fund gross sales continued to steadily improve during 2014 as sales for the first quarter came in at $14 million compared to $10 million, $6 million, $3 million and $3 million for the previous four quarters respectively. In January 2014 a new mutual fund was added, the Empire Life Emblem Diversified Income Portfolio. With a target asset mix of 80% fixed income and 20% equities, it is designed for conservative investors seeking predictable and diversified income. This new fund is aimed at providing income solutions for the growing number of Canadians in retirement.

During the first quarter earnings from this product line increased relative to 2013. The following table provides a breakdown of the components of this year over year change in net income.

(millions of dollars)		**First quarter**
Wealth Management Net Income Analysis		
Net income after tax 2014	**$**	**7**
Net income after tax 2013		**2**
Increase net income after tax	**$**	**5**
Components of increase		
Increase in inforce profit margins		**4**
Improved investment experience		**1**
Total	**$**	**5**

Higher net income on inforce business in 2014 was due primarily to the strong growth of the GMWB product since March 31, 2013, which generates higher fees than other segregated fund products. In addition, inforce business profits improved due to the positive impact of favourable stock market conditions since March 31, 2013 on average assets under management and management fees earned.

Improved investment experience resulted from market interest rate movements and the availability of assets at attractive yields for matching fixed interest annuity contract liabilities.

Product Line Results - Employee Benefits

	First quarter	
(millions of dollars)	**2014**	2013
Selected financial information		
Annualized premium sales	**$ 11**	$ 12
Premium income	**80**	75
Net income after tax	**$ 3**	$ 1

For the quarter, sales in this product line decreased by 9% in 2014 relative to 2013. However, the 2014 level of sales while below last year reflect continuing strength. This product line's quarterly premium income increased by 6% relative to 2013 due to continuing growth of the inforce block.

During the first quarter earnings from this product line increased relative to 2013. The following table provides a breakdown of the components of this year over year change in net income.

(millions of dollars)	**First quarter**
Employee Benefits Net Income Analysis	
Net income after tax 2014	**$ 3**
Net income after tax 2013	**1**
Increase in net income after tax	**$ 2**
Components of increase	
Improved claims experience	**$ 1**
Increase in inforce profit margins	**1**
Total	**$ 2**

In 2014 improved claims experience relates to favourable long-term disability and life claims results.

Higher net income on inforce business in 2014 was due to strong growth of the inforce block of business.

Product Line Results - Individual Insurance

	First quarter	
(millions of dollars)	**2014**	2013
Selected financial information		
Annualized premium sales	**$ 12**	$ 12
Premium income	**88**	87
Net income (loss) after tax		
Net income after tax shareholders' portion	**2**	4
Net loss after tax policyholders' portion	**(2)**	(1)
Net income after tax	**$ —**	$ 3

For the quarter, annualized premium sales in this product line decreased by 3% compared to 2013, and premium income increased by 1% compared to 2013. This product line's first quarter sales result is attributable primarily to slower universal life product sales. Empire Life has been increasing prices on long-term products, including universal life, due to the low long-term interest rate environment.

During the first quarter earnings from this product line decreased relative to 2013. The following table provides a breakdown of the components of this year over year change in net income.

(millions of dollars)	First quarter
Individual Insurance Net Income Analysis	
Net income after tax 2014	**$ —**
Net income after tax 2013	**3**
Decrease in net income after tax	**$ (3)**
Components of income decrease	
Worsened investment experience	**(10)**
Lower new business strain	**1**
Improved mortality, surrender and other experience	**6**
Total	**$ (3)**

For the quarter, investment experience weakened significantly year over year due primarily to the unfavourable impact from long-term interest rate movements in 2014 (for the quarter, 30 year Canadian federal government bond yield decreased 28 basis points from 3.24% to 2.96%). This compared to the small increase in this bond yield that occurred in the first quarter of 2013. While the impact of bond asset market value changes on net income is largely reduced due to a corresponding change in insurance contract liabilities, net income is impacted as it is not possible to perfectly match future liability cash flows with future asset cash flows.

Higher net income from lower new business strain caused a year over year improvement in net income. Lower new business strain resulted from higher prices on long-term products and lower annualized premium sales.

For the quarter, mortality and surrender experience returned to more typical levels in 2014 compared to the less favourable results experienced last year.

Results - Capital and Surplus

	First quarter	
(millions of dollars)	**2014**	2013
Net income after tax		
Net income after tax shareholders' portion	**$ 5**	$ 4
Net income after tax policyholders' portion	**1**	1
Net income after tax	**$ 6**	$ 5

In addition to the three major lines of business, Empire Life maintains distinct accounts for the investment income attributable to Shareholders' Capital and Surplus and to Policyholders' Surplus. During the first quarter Capital and Surplus earnings increased relative to 2013. The following table provides a breakdown of the components of this year over year change in net income.

(millions of dollars)	First quarter
Capital and Surplus Net Income Analysis	
Net income after tax 2014	**$ 6**
Net income after tax 2013	**5**
Increase in net income after tax	**$ 1**
Components of increase	
Increased net income from sale of investments	**$ 1**
Higher interest expense	**(2)**
Higher investment income	**2**
Total	**$ 1**

Increased net income from sale of investments was due primarily to gains from the sale of AFS bonds in 2014, compared to lower gains from the sale of AFS equities in 2013.

Higher interest expense was due to the issuance of $300 million of subordinated debentures on May 31, 2013.

Higher investment income was due primarily to an increase in invested assets resulting from the investment of the proceeds from the above mentioned issuance of subordinated debentures.

Total Cash Flow

	First quarter	
(millions of dollars)	**2014**	2013
Cash Flow provided from (used for)		
Operating Activities	**$ (3)**	$ 42
Investing Activities	**(12)**	(142)
Financing Activities	**(34)**	—
Net change in cash and cash equivalents	**$ (49)**	$ (100)

The decrease in cash provided from operating activities in 2014 relative to 2013 was due primarily to working capital changes in 2014 compared to 2013 and increased cash outflows in 2014 related to maturing annuity products.

The decrease in cash used for investing activities during 2014 relative to 2013 was due primarily to the completion of asset mix changes that began late in 2012. A sale of common share assets backing Capital and Surplus was completed in 2012, and proceeds were partially re-invested in fixed income assets backing Capital and Surplus in 2012. The remainder of the re-investment into fixed income assets occurred in the first quarter of 2013.

The increase in cash used for financing activities was due to the payment of $34 million of dividends to common shareholders during the first quarter of 2014.

Capital Resources

	Mar 31 2014	Dec 31 2013	Sept 30 2013	June 30 2013	Mar 31 2013
MCCSR Ratio	**250%**	267%	265%	262%	212%

Empire Life continues to maintain a strong balance sheet and capital position. The A (Excellent) rating given to Empire Life by A.M. Best Company provides third party confirmation of this strength. Empire Life's risk-based regulatory capital ratio, as measured by Minimum Continuing Capital and Surplus Requirements (MCCSR), of 250% as at March 31, 2014 continued to be well above requirements, and above minimum internal targets.

The MCCSR ratio decreased by 17 points from the previous quarter. This change was due to decreases in available regulatory capital and increases in required regulatory capital, as shown in the table below.

(millions of dollars)		Mar 31 2014		Dec 31 2013		Sept 30 2013		June 30 2013		Mar 31 2013
Available regulatory capital										
Tier 1	**$**	**808**	$	831	$	785	$	775	$	732
Tier 2		**529**		533		523		521		335
Total	**$**	**1,337**	$	1,364	$	1,308	$	1,296	$	1,067
Required regulatory capital	**$**	**535**	$	511	$	493	$	494	$	503

The decrease in Tier 1 available regulatory capital from the previous quarter, was due primarily to the payment of a common share dividend of $34 million during the first quarter (the dividend decreased Empire Life's MCCSR ratio by 10 points), partly offset by first quarter net income.

The decrease in Tier 2 available regulatory capital from the previous quarter was not significant.

Regulatory capital requirements increased from the previous quarter. The increase from the previous quarter was due primarily to lower interest rates which increased required regulatory capital related to lapse risk. In addition required regulatory capital increased from the impact of higher investment exposures which were caused primarily by increased investment in common shares and bonds.

On April 17, 2014 Empire Life obtained approval from the Office of the Superintendent of Financial Institutions Canada (OSFI) and notified investors that Empire Life will be redeeming $200 million 6.73% subordinated debentures at par on May 20, 2014. On a pro forma basis, after giving effect to the debenture redemption, Empire Life estimates that, as at March 31, 2014, its MCCSR ratio would have decreased by 19 points.

Comprehensive Income

	First quarter	
(millions of dollars)	**2014**	2013
Comprehensive income		
Shareholders' net income	**$ 17.8**	$ 10.3
Unrealized fair value increase (decrease) on AFS investments	**16.7**	5.3
Realized loss (gain) on AFS investments reclassification to net income	**(2.0)**	(0.4)
	14.7	4.9
Amortization of loss on derivative investments designated as cash flow hedges reclassified to net income	**0.1**	0.1
Items that will not be reclassified to net income:		
Remeasurements of defined benefit plans	**(2.0)**	1.5
	12.8	6.5
Less: Participating Policyholders	**(1.5)**	(0.7)
Other comprehensive income (loss), attributable to shareholders	**11.3**	5.8
Comprehensive income, attributable to shareholders	**$ 29.1**	$ 16.1

During the first quarter of 2014, Empire Life earned other comprehensive income of $11.3 million due primarily to unrealized fair value increases relating to AFS bonds and stocks. During the first quarter of 2013 Empire Life earned other comprehensive income of $5.8 million due primarily to unrealized fair value increases relating to AFS bonds and stocks.

For the first quarter of 2014 Empire Life experienced a $2.0 million loss compared to a $1.5 million gain after tax in 2013 on its DB plans. The 2014 loss was due primarily to the impact of lower interest rates on DB plan liabilities. The 2013 gain was due primarily to the impact of strong equity markets on DB plan assets.

Unrealized fair value increases and decreases on AFS bonds in other comprehensive income do not impact MCCSR. Remeasurement of DB plans do not immediately impact MCCSR as each quarter’s remeasurement gain or loss is amortized over 12 quarters for MCCSR purposes.

Risk Management

Empire Life's MCCSR ratio, among other things, is sensitive to stock market volatility, due primarily to liability and capital requirements related to segregated fund guarantees. As of March 31, 2014 Empire Life had $6.3 billion of segregated fund assets and liabilities. Of this amount, approximately $6.0 billion have guarantees. The following table provides a percentage breakdown by type of guarantee:

	Mar 31 2014	Dec 31 2013
Percentage of segregated fund liabilities with:		
75% maturity guarantee and a 100% death benefit guarantee	**56.3%**	57.4%
100% maturity and death benefit guarantees (with a minimum of 15 years between deposit and maturity date)	**5.2%**	5.2%
100% maturity and death benefit guarantees (guaranteed minimum withdrawal benefit (GMWB))	**38.5%**	37.4%

All Empire Life segregated fund guarantees are policy based (not deposit-based), thereby lowering Empire Life's stock market sensitivity relative to products with deposit-based guarantees. For segregated fund guarantee insurance contract liabilities the level of sensitivity is highly dependent on the level of the stock market at the time of performing the estimate. If period end stock markets are high relative to market levels at the time that segregated fund policies were issued, the sensitivity is reduced. If period end stock markets are low relative to market levels at the time that segregated fund policies were issued, the sensitivity is increased. Based on stock market levels at March 31 for 2014 and December 31 for 2013, the sensitivity of shareholders' net income to changes in segregated fund guarantee insurance contract liabilities resulting from stock market increases and decreases is as follows:

$ millions	**10% Increase**	**10% Decrease**	**20% Increase**	**20% Decrease**
Sensitivity To Segregated Fund Guarantees:				
2014 Shareholders' net income	**$ nil**	**$ nil**	**$ nil**	**$ nil**
2013 Shareholders' net income	$ nil	$ nil	$ nil	$ nil

Based on stock market levels on the dates indicated below the sensitivity of Empire Life's MCCSR ratio to stock market increases and decreases for all Empire Life stock market exposures, including segregated fund guarantees, is as follows:

	10% Increase	**10% Decrease**	**20% Increase**	**20% Decrease**
Sensitivity To Stock Markets:				
March 31, 2014 MCCSR Ratio	**(0.7)%**	**0.8%**	**(1.4)%**	**1.3%**
December 31, 2013 MCCSR Ratio	(1.2)%	1.2%	(2.3)%	2.5%

The use of common share assets to match longer term liabilities causes the sensitivity of Empire Life's MCCSR ratio to stock market increases to be reduced or slightly negative. Increased stock markets cause a gain on common share assets partly offset by a loss due to higher policy liabilities for a net increase in available capital. However, increased stock markets also cause an increase in required capital, as the required capital related to common share assets increases. As of March 31, 2014 and December 31, 2013, under a 10% and 20% stock market increase scenario, the increase in required capital slightly outweighs the increase in available capital resulting in a slightly negative impact on Empire Life's MCCSR ratio.

Similarly, the above mentioned increased use of common equities to match longer term liabilities has caused the sensitivity of Empire Life's MCCSR ratio to stock market decreases to be slightly positive. As of March 31, 2014 and December 31, 2013, under a 10% and 20% stock market decrease scenario, the decrease in required capital slightly outweighs the decrease in available capital resulting in a slightly positive impact on Empire Life's MCCSR ratio.

Empire Life has not historically hedged its segregated fund guarantee risk. Given the current segregated fund product mix and level of sensitivity to stock markets, Empire Life has not hedged its segregated fund guarantee risk as of March 31, 2014 or December 31, 2013 (except for the reinsurance agreement described below).

However, effective January 1, 2013 Empire Life has entered into a reinsurance agreement to cede a portion of Empire Life's segregated fund death benefit exposure. All Empire Life segregated fund policyholders with death benefit guarantees of at least $2 million are included in this agreement. Empire Life does not reinsure any other insurer's segregated fund products.

The amount at risk related to segregated fund maturity guarantees and segregated fund death benefit guarantees and the resulting actuarial liabilities and MCCSR required capital for Empire Life segregated funds is as follows:

Segregated Funds	**Guarantee > Fund Value**		**Death Benefit > Fund Value**		**GMWB Top-up**	**Actuarial**	**MCCSR**
(millions of dollars)	**Fund Value**	**Amount At Risk**	**Fund Value**	**Amount At Risk**	**Amount At Risk**	**Liabilities**	**Required Capital**
March 31, 2014	**$ 20**	**$ 2**	**$ 148**	**$ 11**	**$ 308**	**$ nil**	**$ nil**
December 31, 2013	$ 29	$ 3	$ 264	$ 18	$ 328	$ nil	$ nil

The first four columns of the above table show all segregated fund policies where the future maturity guarantee, or future death benefit guarantee, is greater than the fund value. The amount at risk represents the excess of the future maturity guarantee or future death benefit guarantee amount over the fund value for these policies. The fifth column of the above table shows GMWB top-up exposure. The GMWB top-up amount at risk represents the amount that could be paid by Empire Life to GMWB policyholders if the net return on each GMWB policyholder's assets is zero for the remainder of each GMWB policyholder's life, based on life expectancy. For these three categories of risk, the amount at risk is not currently payable. Payment is contingent on future outcomes including fund performance, deaths, deposits, withdrawals and maturity dates. The level of actuarial liabilities and required regulatory capital is calculated based on the probability that Empire Life will ultimately have to make payment to the segregated fund policyholders for any fund value deficiency that may exist upon future maturity of the segregated fund policies, or upon future death of the segregated fund policyholders, or upon the occurrence of future top-up payments to GMWB policyholders. The amounts at risk in March 2014 decreased from the December 2013 levels for maturity guarantee, death benefit guarantee and GMWB top-up exposure due primarily to the increase in Canadian stock markets.

In addition to the discussion of risks included in this MD&A, a comprehensive discussion of the material risks that impact Empire Life is included in the Annual Information Form of Empire Life's parent company, E-L Financial Corporation Limited, which is available at www.sedar.com. Additional disclosures of Empire Life's sensitivity to risks are included in note 13 to the consolidated financial statements and in note 27 to the 2013 consolidated financial statements.

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the most recent eight quarters:

(millions of dollars)	**Mar 31 2014**	Dec 31 2013	Sept 30 2013	Jun 30 2013	Mar 31 2013	Dec 31 2012	Sept 30 2012	June 30 2012
Revenue	**$ 524**	$ 322	$ 235	$ 61	$ 289	$ 299	$ 377	$ 368
Shareholders' Net income	**$ 18**	$ 30	$ 32	$ 40	$ 11	$ 25	$ 20	$ 18

Revenue for the three months ended March 31, 2014 increased to $524 million (2013 $289 million). The increase was due primarily to a net gain on FVTPL investments in 2014 compared to a net loss in 2013. These FVTPL net gains and losses were due primarily to long-term interest rate movements (see Total Revenue section earlier in this report).