



Investor Introduction

March 2019



CNO FINANCIAL GROUP



Forward-Looking Statements

Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those included in our Quarterly Reports on Form 10-Q, our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this presentation, which speaks as of today's date.

Non-GAAP Measures

This presentation contains the following financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP): operating earnings measures; book value, excluding accumulated other comprehensive income (loss) per share; operating return measures; earnings before net realized investment gains (losses) from sales and impairments, net change in market value of investments recognized in earnings, fair value changes in embedded derivative liabilities, fair value changes and amendment related to the agent deferred compensation plan, loss related to reinsurance transaction, other non-operating items, corporate interest expense and taxes; and debt to capital ratios, excluding accumulated other comprehensive income (loss). Reconciliations between those non-GAAP measures and the comparable GAAP measures are included in the Appendix, or on the page such measure is presented.

While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered substitutes for the most directly comparable GAAP measures.

Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the “Investors – SEC Filings” section of CNO’s website, www.CNOinc.com.

Investment Highlights

Well-positioned in underserved senior middle-income market

Favorable demographic tailwinds

Highly differentiated business model

Sustainable growth initiatives in place

Strong balance sheet; robust free cash flow generation

Committed to the Middle-Income Market

What is our purpose

Our Purpose

To provide **financial peace of mind** to every customer we serve

What we're building

Our Vision

Become the **leader** in meeting **Middle-Income America's** needs for **financial security** and **readiness** for the **life** of their **retirement**

Why we will succeed

Our Strategic Positioning

Uniquely positioned to reach this underserved demographic

- Know it well; have been serving it longer

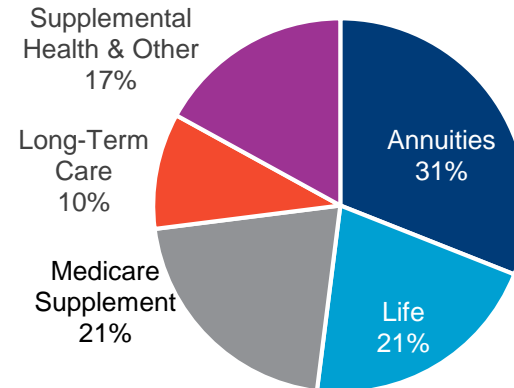
Business model designed to **adapt to a changing landscape and customer preferences**

- **Customer** focused, broad portfolio
- **Ability** and **expertise** to reach target market
- Shift to **asset protection** and **longevity** products
- Diversified **distribution**

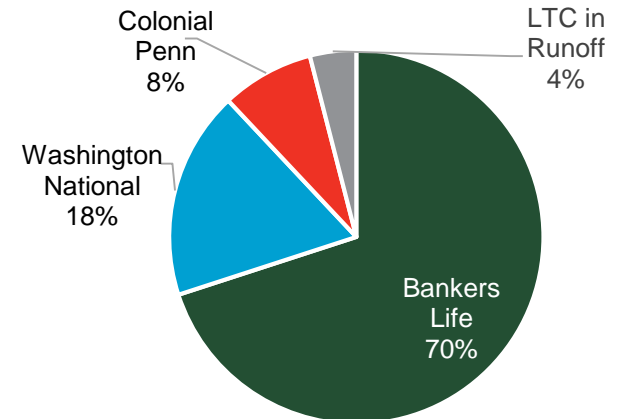
CNO Financial Group Overview

- Focused on serving the protection needs of the fast-growing but underserved market of middle-income Americans at or near retirement
- Products include life, fixed annuities, Medicare supplement, supplemental health and limited benefit duration long-term care (LTC)
- Sold through efficient, growing, and largely exclusive distribution channels:
 - Bankers Life: strong career agent franchise
 - Washington National: wholly-owned distributor (PMA), independent agents and worksite platform
 - Colonial Penn: direct to consumer distribution platform
- Broker-dealer and RIA offer investment and annuity products and support agent income
- Over 3 million policies in-force (as of December 31, 2018)

2018 Collected Premium: Product



2018 Collected Premium: Business Brand



Total: \$3.8B in Total Collected Premiums 2018

What Makes CNO Different

Our Focus on Middle-Income America

Our Diverse Distribution

Health and Wealth Solutions

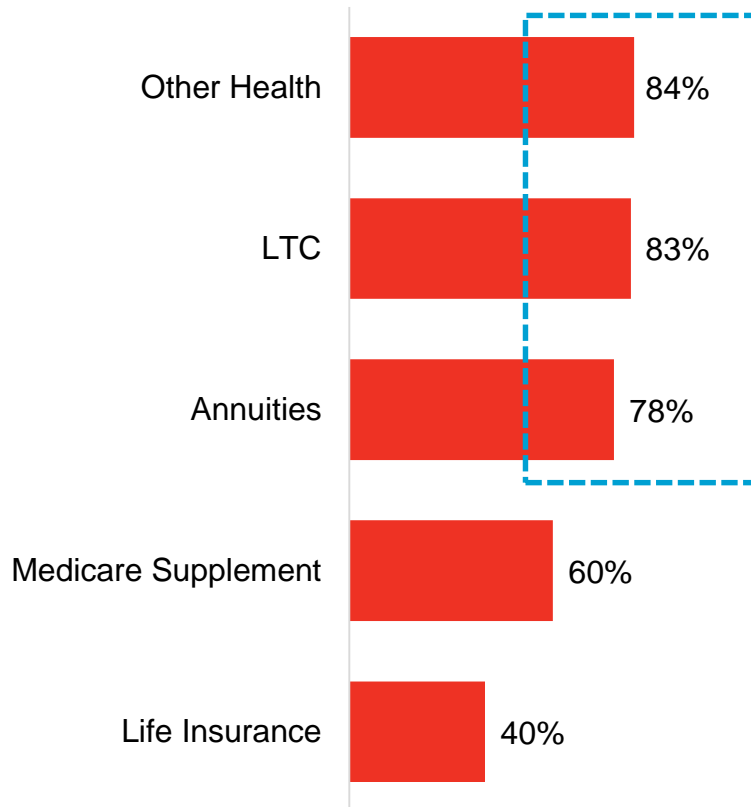
Insurance and Securities Solutions

Strong Cash Flow Generation

CNO Has a Unique Understanding of the Middle Market...

CNO is well positioned in the attractive senior middle market, with 63% of middle-income households being underinsured and nearly 60% of baby boomers lacking financial advisors⁽¹⁾

Percentage of Population Age 65+ without a Financial Product



CNO Solutions

- ✓ Extensive experience and understanding of the middle market
- ✓ Differentiated with our market vs. product focus
- ✓ Diversification of products and distribution provides sustainable competitive advantage
- ✓ Positioned to help customers to address main concerns of outliving their assets and dealing with rising healthcare costs as they age

(1) Bankers Life Center for a Secure Retirement 2017

CNO Has a Diversified Product Mix Focused on Protection Needs...

Product Offer

1

Life Insurance

Annuities

2

3

Medicare

Supplemental
Health

4

5

Long-Term Care

Key Points

- Basic products that meet the insurance needs of the middle-market
- Attractive and predictable return characteristics
- Mix of protection and accumulation products to serve varied customer needs
- Product mix balances interest rate risk with shorter duration pure mortality and morbidity insurance
- Lower risk long-term care products with short-duration benefit period

Supported by a Broad Business Model with an Extensive Distribution Network



Market Focus	<ul style="list-style-type: none"> Middle-income senior market with Medicare supplement, life, fixed annuity, and LTC products⁽⁴⁾ 	<ul style="list-style-type: none"> Middle-income working Americans with supplemental health and protection products 	<ul style="list-style-type: none"> Middle-income retirees with simple, straightforward life insurance products
2018 Collected Premiums⁽¹⁾	<ul style="list-style-type: none"> \$2.6B 70% of 2018 collected premiums 	<ul style="list-style-type: none"> \$693MM 18% of 2018 collected premiums 	<ul style="list-style-type: none"> \$298MM 8% of 2018 collected premiums
Distribution Model	<ul style="list-style-type: none"> Career distribution “Kitchen-table” sales model through ~4,100 producing agents⁽²⁾⁽³⁾ Over 265 locations nationwide In-house broker-dealer and RIA to support sales of annuity and investment products 	<ul style="list-style-type: none"> Largely exclusive distribution Distribution through PMA (a wholly owned subsidiary) and a diverse network of independent marketing organizations and agencies (including worksite marketing) ~700⁽³⁾ producing PMA agents 	<ul style="list-style-type: none"> Direct to consumer distribution Direct response model with media and mail-based lead generation with robust telemarketing support

(1) 2018 collected premiums in the Long-Term Care (LTC) in run-off segment were \$146mm or 4% of total collected premiums.

(2) Active agents (agents + unit field trainers) as of YE18.

(3) Includes agents selling at least one policy in the last month.

(4) Also distribute Medicare Advantage and Medicare Part D prescription drug plans for other insurance companies for a fee.

CNO Has Ongoing Initiatives to Accelerate Profitable Growth...

Initiatives Applicable to All Segments

Broaden core customer demographic / move to the right

Enhance product portfolio

Leverage technology to boost efficiency and drive productivity

Engage in opportunistic M&A to add capabilities as appropriate



- Broaden geographic reach
- Advance worksite capabilities
- Expand independent distribution
- Improve brand awareness
- Augment cross-selling efforts



- Simplified issue underwriting enhancements
- Expand web / digital presence
- Leverage lead-sharing cross-sales opportunities



BANKERS LIFE®

- Continue building broker-dealer and RIA
- Reshape agency with enhanced new agent support / training, and push for more financial advisors
- Improve retention of experienced agents
- Enhanced use of data for improved underwriting

CNO's Comprehensive and Active Risk Management Strategy

- **Business plan supports strong overall risk management strategy**
 - Disciplined pricing and review of actuarial assumptions
 - Consistent application of company-wide stress tests¹
 - Ongoing monitoring of emerging actuarial experience, asset exposures and operational risks
- **Series of transactions have led to a reduction of complex policies**
 - Ceded approximately \$2.7bn of legacy LTC statutory reserves in 2018
 - Sale of Conseco Life Insurance Company (CLIC) in 2014
 - Separation of closed block LTC company in 2008
 - Ceded \$3bn annuity block in 2007
- **Healthy consolidated RBC ratio of 393% at December 31, 2018**
 - Target RBC ratio of 400-425% over time
 - Maintain minimum \$150 million capital and holding company

¹ Financial implications remain limited in stressed scenarios.

Divestiture of Legacy LTC Exposure Significantly Reduces Risk Profile

LTC Reinsurance transaction - A transformative risk reduction transaction for CNO

- In September 2018, Bankers Life entered into an agreement with Wilton Re to **cede 100% of Bankers Life legacy (prior to 2003) long-term care reserves** through indemnity coinsurance
 - Culmination of multi-year exploration of strategic alternatives
 - Comprising 52% of CNO's statutory long-term care reserves
 - \$825mm ceding commission paid to Wilton Re, financed from existing capital resources
- **Significant risk reduction**, especially in severe stress scenarios; business ceded is the most volatile from an earnings and capital perspective
- **Domestic comfort trust established** to hold assets backing 100% of the statutory liabilities plus an additional \$500mm of over-collateralization
- Wilton Re is a **highly-rated** and **well-capitalized** counterparty
- Step forward in achieving **investment grade ratings**
- Transaction results in minimal impact to near-term GAAP earnings and **results in robust holding company cash flow generation**

Reserve Composition*



* Reserve net of reinsurance

Holistic Approach to Managing Bankers Retained LTC Business

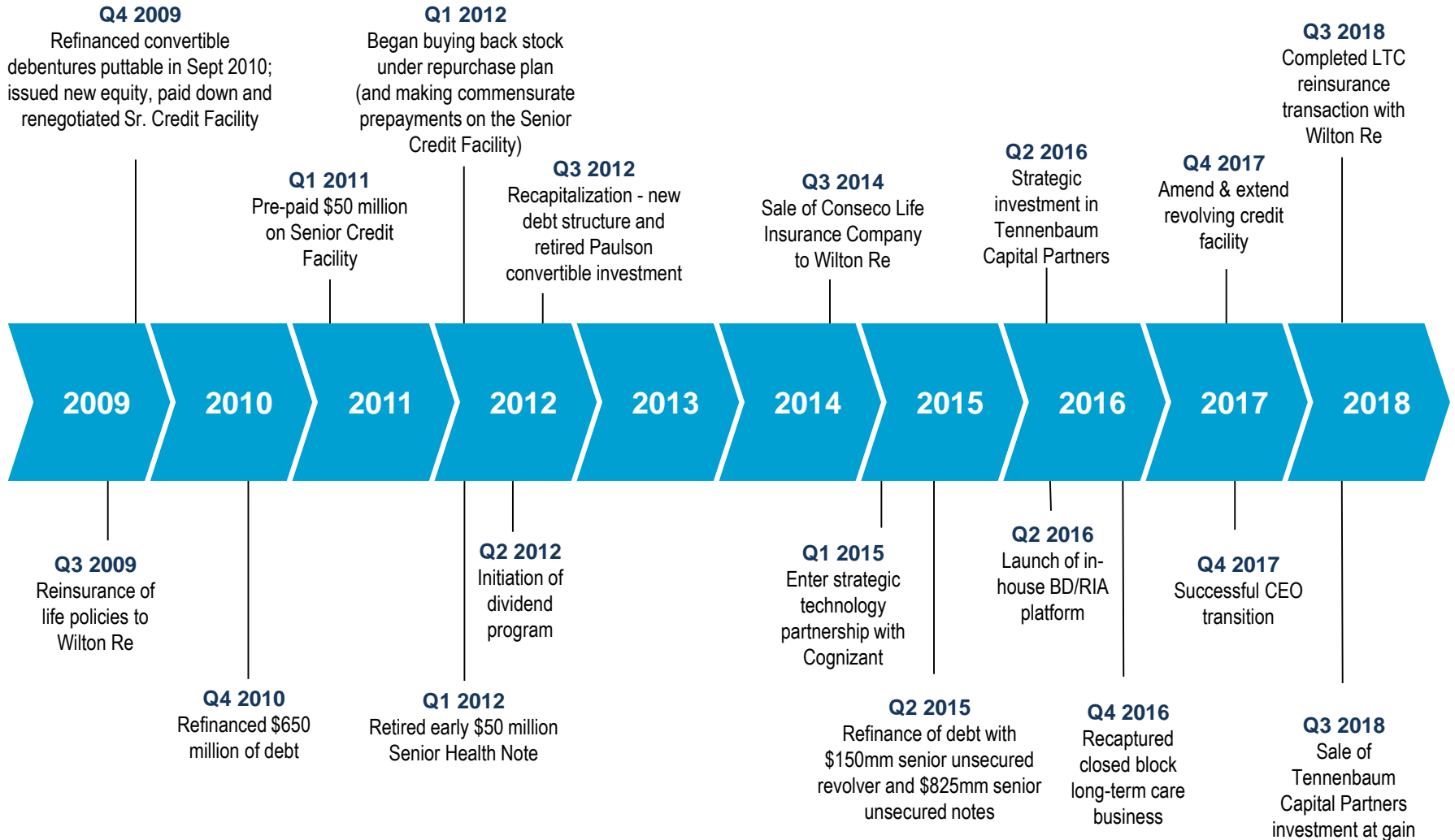
- **Focus on senior middle-market drives reduced tail risk**
- **Significant claims data on older ages drives reliable studies and estimates**
 - No mortality or morbidity improvements assumed
 - Minimal future rate increases projected
 - Ultimate new money rate lowered to 6.0% from 6.5%
- **Manage new business risk through focus on short duration of policies, use of reinsurance, and control over distribution**
 - Average benefit period for new sales is ~10 months; no longer sell LTC with benefit periods longer than 3 years
 - Continue to reinsure 25% of new business
- **Company's proactive in-force management**
 - Since 2006, CNO has completed five rounds of actuarially justified rate increases
 - Comprehensive claim persistency studies conducted and refreshed regularly
 - 2018 LRT margin of \$235 million or ~13% of Net GAAP Liabilities
 - Stat reserves \$40MM higher than GAAP; Total LTC is just 13% of overall CNO reserves
 - 55% of retained policies have benefit periods of one year or less; an additional 39% having benefit periods of one to four years

Experienced Management With a Proven Track Record

Experienced management team with an average tenure of 12 years and average service in the insurance sector of 22 years

Name	Title	Years with CNO	Years in Insurance Sector	Age
Gary C. Bhojwani	Chief Executive Officer	2	28	51
Erik Holding	Chief Financial Officer	14	22	46
Eric Johnson	Chief Investment Officer	21	21	58
Bruce Baude	Chief Operations and Technology Officer	5	13	54
Matt Zimpfer	General Counsel	20	25	51
Yvonne Franzese	Chief Human Resources Officer	1	29	60
John Kline	Chief Accounting Officer	27	38	61
Gerardo Monroy	Chief Marketing Officer	17	17	51
Scott Goldberg	President, Bankers Life	13	17	48
Mike Heard	President, Washington National	5	21	53
Joel Schwartz	President, Colonial Penn	4	13	55

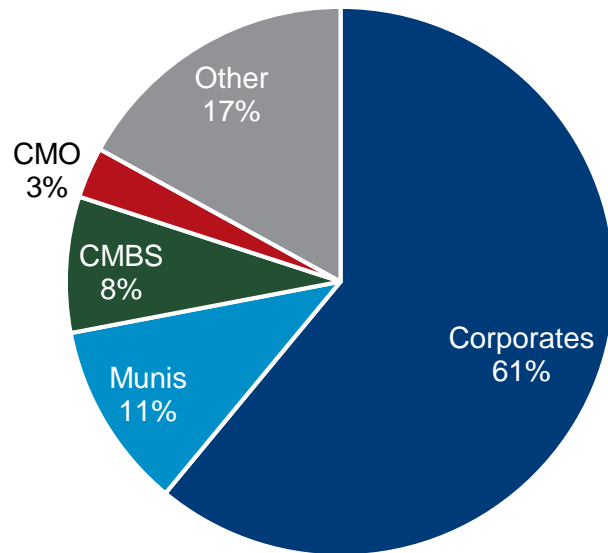
Track Record of Strong Execution



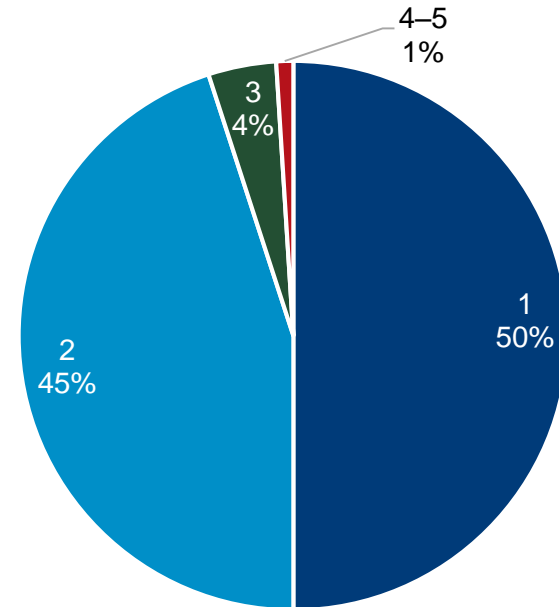
High Quality Investment Portfolio

Investment Portfolio – Breakdown at December 31, 2018 ⁽¹⁾ ⁽²⁾

Fixed Maturity Investments by Type



Fixed Maturity Investments by NAIC Rating



CNO manages a stable portfolio:

- ✓ 87% of fixed maturity investments are investment grade
- ✓ 95% of fixed maturities are NAIC 1 or 2
- ✓ Low impairments through multiple cycles

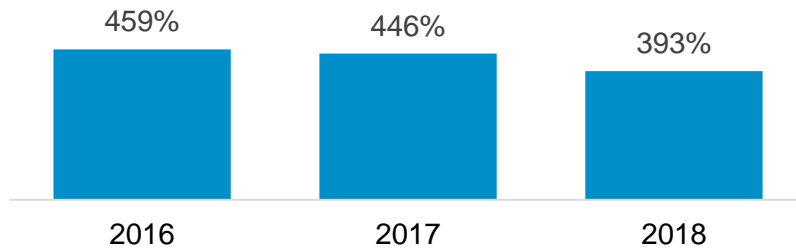
- ✓ Lower than average allocation to most higher risk categories – all carefully calibrated
- ✓ Recession stress test scenarios continually updated – results manageable

(1) Excludes investments from variable interest entities which are consolidated under GAAP.

(2) Based on balance sheet carrying value.

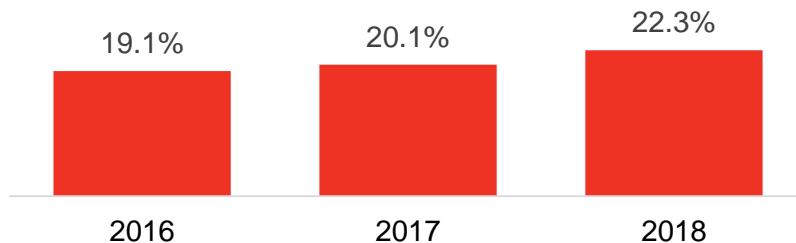
Robust and Stable Financial Position...

Risk Based Capital (“RBC”) Ratio¹



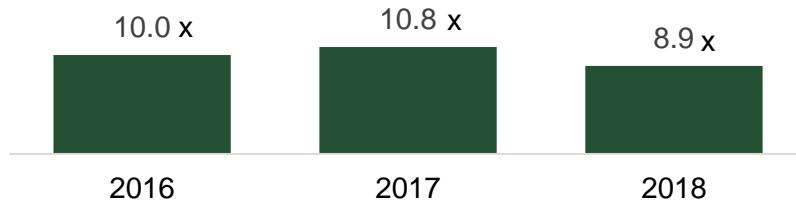
- Robust capitalization with \$1.7bn statutory capital
- Target consolidated RBC of ~400-425%
- 24 points decrease in RBC from Q3 to Q4 2018 from market volatility, significant recovery 2019 YTD

Debt to Capital²



- Conservative approach to capital structure with targeted holding company liquidity of > \$150mm
- Target leverage of 22.5 – 25.0%

Interest Coverage³



- Stable earnings profile drives consistently high interest coverage metrics

(1) The ratio of the combined capital of the insurance companies to the minimum amount of capital appropriate to support the overall business operations, as determined based on the methodology developed by the National Association of Insurance Commissioners.

(2) Excluding accumulated other comprehensive income (a non-GAAP measure). See the Appendix for a reconciliation to the corresponding GAAP measure.

(3) Calculated as Adjusted EBIT divided by interest expense (a non-GAAP measure). See the Appendix for a reconciliation to the corresponding GAAP measure.

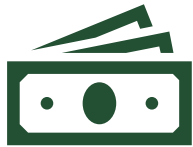
Excess Capital Allocation Strategy

Disciplined and opportunistic

100% deployment to highest and best use



Organic investments to sustain and grow the core businesses



Opportunistic Deployment

- Highly selective M&A to expand product offerings or enhance distribution
- Share repurchases



Dividend payout ratio targeted at 20-25%

Average external capital deployment¹ of \$305 million annually from 2016-2018

(1) Includes dividends, share repurchases, and funding LTC reinsurance transaction



Strong Operational Performance

- Growth initiatives gaining traction
- Accelerated new product launches
- Bankers Life initiatives drove producing agent growth of 4%
- BD/RIA client assets over \$1.1 billion
- Bankers Life annuity collected premiums up 13%
- Record production from Washington National
- Improved sales and advertising results at Colonial Penn

Building on Track Record of Execution

- LTC transaction completed – ceded \$2.7 billion of legacy comprehensive/nursing home reserves
- Received investment grade rating from Moody's; on positive outlook with S&P and Fitch
- Returned \$166 million to shareholders; \$57 million in 4th quarter

Growth Scorecard (\$ millions)

All Growth Scorecard metrics positive compared to same quarter 2017

Drive Growth

	2017		2018					% Change	
	4Q	TY	1Q	2Q	3Q	4Q	TY	Q/Q	Y/Y
New Annualized Premium¹									
Life Insurance	\$33.6	\$145.4	\$36.9	\$36.9	\$37.4	\$36.3	\$147.5	8.0%	1.4%
Health Insurance	51.8	187.2	41.2	44.9	44.3	53.3	183.7	2.9%	-1.9%
Total Life & Health Insurance	\$85.4	\$332.6	\$78.1	\$81.8	\$81.7	\$89.6	\$331.2	4.9%	-0.4%
Collected Premiums									
Bankers Life	\$651.1	\$2,518.1	\$627.0	\$653.4	\$635.7	\$732.1	\$2,648.2	12.4%	5.2%
Washington National	168.6	673.4	176.2	172.8	167.5	176.3	692.8	4.6%	2.9%
Colonial Penn	72.0	291.6	75.3	73.8	74.0	75.2	298.3	4.4%	2.3%
Sub-total	891.7	3,483.1	878.5	900.0	877.2	983.6	3,639.3	10.3%	4.5%
LTC in run-off	49.2	205.2	49.6	47.6	44.9	3.7	145.8	-92.5%	-28.9%
Total CNO	\$940.9	\$3,688.3	\$928.1	\$947.6	\$922.1	\$987.3	\$3,785.1	4.9%	2.6%

Expand to the Right

Annuity Collected Premiums									
Bankers Life	\$272.3	\$1,030.6	\$251.4	\$287.0	\$270.5	\$354.3	\$1,163.2	30.1%	12.9%
Client Assets in Brokerage and Advisory²									
Bankers Life	\$1,002.6	\$1,002.6	\$1,025.8	\$1,081.7	\$1,178.2	\$1,104.9	\$1,104.9	10.2%	10.2%
Fee Revenue³									
Bankers Life	\$8.5	\$42.2	\$19.0	\$10.0	\$10.2	\$10.4	\$49.6	22.4%	17.5%

(1) Measured as 100% of new term life and health annualized premiums and 10% of single premium whole life deposits.

(2) Client assets include cash and securities in brokerage and managed advisory accounts.

(3) Fee revenue for 2017 periods revised to reflect the revenue recognition accounting policy that went into effect January 1, 2018.

Key Initiatives

Fourth Quarter Results

Reinvigorate growth

- Total collected premiums up 12%
- Annuity first year collected premiums up 30%
- Health NAP up 1%; Life NAP down 10%
- Med Advantage issued policies up 34%

Expand to the Right

- More than \$1.1 billion of total client assets at BD/RIA
- Financial Advisor count up 20%; 13% of agent force dually licensed
- Average annuity sale up 10%

Reshape the agent force and optimize productivity

- Quarterly producing agent count up 4%
- Positive impact from agent force initiatives
- Improved productivity: Producing agents up 4% while first year collected premium up 24%

Segment Update



Key Initiatives

Fourth Quarter Results

Maintain growth momentum

- Life/Health NAP up 11%
- Total collected premiums up 5%
- Quarterly producing agents up 6%

Expand geographically

- \$1.5 million in sales from geographic expansion; full-year sales of \$4.7 million

Enhance product portfolio

- Life sales up 78%; now 10% of overall sales
- Short-term care pilot expanding
- Successful Hospital Indemnity product roll-out

Advance worksite capabilities

- Worksite sales up 38%, record 2018 production
- Worksite comprises over 40% of overall sales

Segment Update



Key Initiatives

Fourth Quarter Results

Continue sales growth

- NAP up 17%
- Total collected premiums up 4%

Expand web/digital sales capabilities

- Web/digital NAP up 28%; 16% of 2018 sales
- Strong results from investments in lead generation expansion

Improve sales productivity and efficiency

- Technology enhancements driving productivity gains
- Improvements in website/user experience boosting conversion

Enhance product portfolio

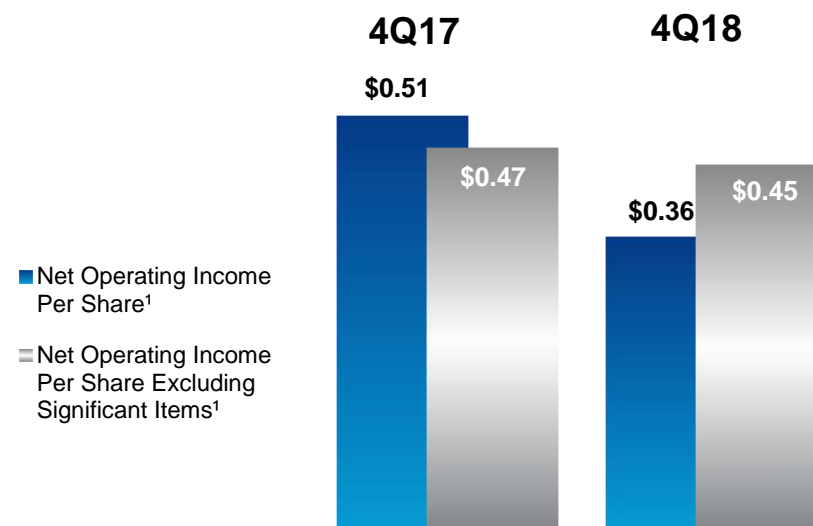
- Pilot launches planned in 2019/2020

Financial Highlights (\$ millions, except where noted)

Fourth Quarter 2018

- Net income per diluted share of \$0.17
- Net operating income per diluted share¹ of \$0.36
 - Excluding significant items, net operating income per diluted share¹ was \$0.45
- Operating ROE¹ excluding significant items of 10.3%
- Holding company cash and investments of \$220 million
 - Opportunistically repurchased \$40 million of common stock
- Estimated consolidated RBC ratio of 393%
 - 27 point decrease due to NAIC required capital formula changes primarily related to tax reform, as expected
 - 23 point decrease due to market volatility
 - Significant recovery in January 2019

Financial Results



Net Operating Income ¹	\$85.8	\$59.8
Net Operating Income Excl. Significant Items ¹	\$79.4	\$74.9
Weighted Average Shares Outstanding (in millions)	167.4 ²	165.9

(1) A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

(2) Equivalent common shares of 2.8 million were not included in the diluted weighted average shares outstanding due to net loss recognized in 4Q17.

Segment Results¹ (\$ millions)

Segment Adjusted EBIT Excluding Significant Items²

	4Q17	1Q18	2Q18	3Q18	4Q18
Bankers Life	\$88.6	\$76.7	\$90.7	\$94.4	\$81.1
Washington National	\$24.7	\$34.3	\$25.4	\$30.3	\$29.7
Colonial Penn	\$5.9	(\$0.4)	\$5.4	\$6.1	\$4.8
Segments Sub-total	\$119.2	\$110.6	\$121.5	\$130.8	\$115.6
LTC in run-off	\$10.9	\$10.5	\$8.5	\$2.1	\$0.3
Corporate	(\$3.3)	(\$15.5)	(\$14.0)	(\$11.8)	(\$15.3)
Total CNO	\$126.8	\$105.6	\$116.0	\$121.1	\$100.6

Segment Highlights

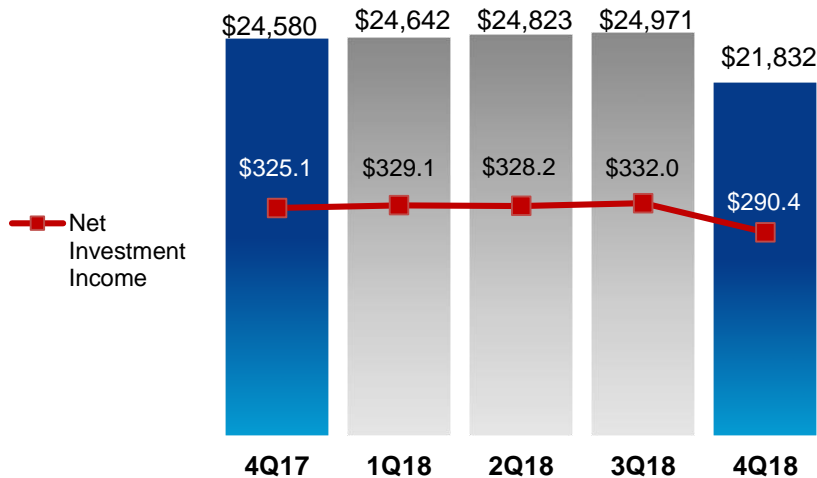
- Bankers Life results reflect lower Medicare supplement margins
- Washington National results reflect higher Supplemental health margins
- Colonial Penn results reflect higher advertising spend to drive growth
 - Expect \$12-\$20 million of EBIT in 2019 with a loss of \$1-\$3 million in first quarter 2019
- LTC in run-off results in line with expectations
- Corporate results primarily reflect unfavorable investment returns compared to 4Q17

(1) Results reflect changes we made to our segment reporting in 3Q18. All prior period segment disclosures have been revised to move the long-term care block ceded in 3Q18 from Bankers Life segment to Long-term care in run-off segment.

(2) A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

Investment Results (\$ millions)

Average Invested Assets and Cash¹



New Money Rate	5.16%	5.36%	4.80%	4.82%	5.08%
Earned Yield ² :	5.43%	5.44%	5.40%	5.44%	5.40%
Pre-Pay/Call/Make-whole Income	\$11.7	\$4.4	\$3.8	\$5.4	\$10.9
Alternative Investment Income	\$10.2	\$19.9	\$12.4	\$16.8	\$13.0
Impairments	\$4.6	-	-	\$2.1	\$0.5

Quarter Highlights

- Results benefiting from alternatives and prepayment income
- Continued positive credit performance with low levels of impairments
- GAAP results include \$27.5 million decline in market value of equity related investments. Significant recovery of this value in January 2019
- Statutory capital reflects \$74.3 million in unrealized losses, due to equity related investments, resulting in 11 point decrease in RBC. Significant recovery in January 2019

(1) 4Q18 decrease in assets related to transfer of assets as part of LTC reinsurance transaction in 3Q18.

(2) Earned Yield excludes assets held in our FHLB matchbook program.

Committed to Long-term Shareholder Value Creation

Continued progress on strategic initiatives

Effectively deploy excess capital

Extend depth and breadth of product offerings

Leverage diverse distribution channels and unique product combination

Expand to the Right

Enhance customer experience

Growth in sales, earnings, FCF, and ROE



Appendix



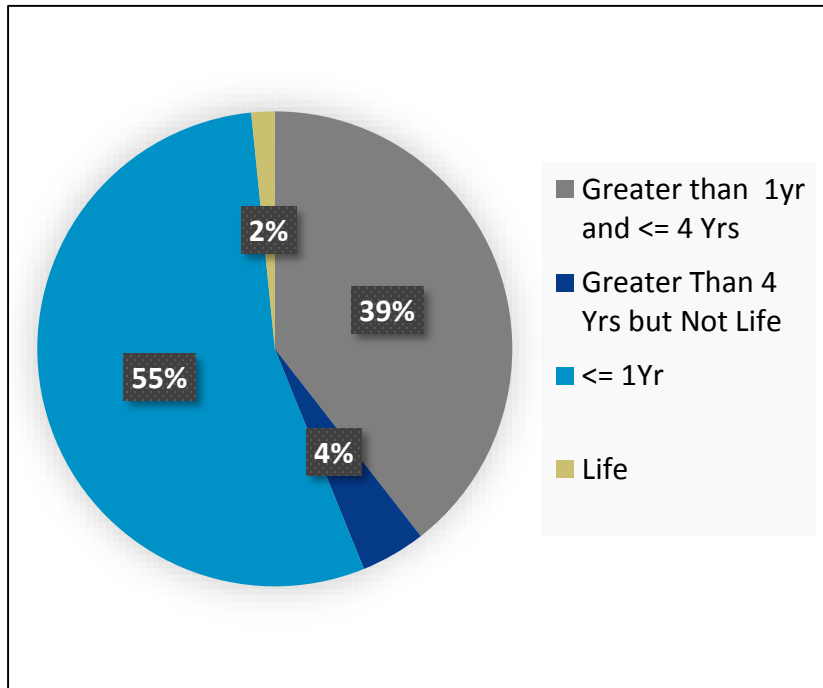
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Retained Long-term Care Insurance (Bankers Life)

(As of 12/31/2018)

% of Policies by Benefit Period



Key LTC Data

GAAP Reserves	\$1.82B
Statutory Reserves	\$1.86B
Policies In-Force	185,450
Average Attained Age	67 years
Avg. Daily Benefit	\$174
% Policies w/Inflation Rider	27.6%
Average Benefit Period ⁽¹⁾	1.6 years

(1) Not including policies with lifetime benefits

Broker-Dealer and Registered Investment Advisor Disclosures

(\$ millions)

		2017				2018			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net New Client Assets in Brokerage and Advisory¹	Brokerage	\$4.2	\$10.9	\$4.7	\$15.2	\$12.2	\$3.1	\$26.3	-\$1.1
	Advisory	17.9	26.7	32.3	39.1	50.5	49.1	44.2	13.2
	Total	\$22.1	\$37.6	\$37.0	\$54.3	\$62.7	\$52.2	\$70.5	\$12.1
Client Assets in Brokerage and Advisory¹ at end of period	Brokerage	\$748.7	\$771.2	\$798.2	\$831.3	\$806.7	\$813.6	\$860.4	\$794.1
	Advisory	63.9	92.2	127.5	171.3	219.1	268.1	317.8	310.8
	Total	\$812.6	\$863.4	\$925.7	\$1,002.6	\$1,025.8	\$1,081.7	\$1,178.2	\$1,104.9

¹ Client assets include cash and securities in brokerage and managed advisory accounts. Net new client assets includes total inflows of cash and securities into brokerage and managed advisory accounts less outflows. Inflows include interest and dividends and exclude changes due to market fluctuations.

Bankers Life is the marketing brand of various affiliated companies of CNO Financial Group including, Bankers Life and Casualty Company, Bankers Life Securities, Inc., and Bankers Life Advisory Services, Inc. Non-affiliated insurance products are offered through Bankers Life General Agency, Inc. (dba BL General Insurance Agency, Inc., AK, AL, CA, NV, PA). Agents who are financial advisors are registered with Bankers Life Securities, Inc.

Securities and variable annuity products and services are offered by Bankers Life Securities, Inc. Member FINRA/SIPC, (dba BL Securities, Inc., AL, GA, IA, IL, MI, NV, PA). Advisory products and services are offered by Bankers Life Advisory Services, Inc. SEC Registered Investment Adviser (dba BL Advisory Services, Inc., AL, GA, IA, MT, NV, PA). Home Office: 111 East Wacker Drive, Suite 1900, Chicago, IL 60601

Agent Counts

Producing agent count returns to growth; 1 out of every 8 Bankers Life agents is a financial advisor

	2017				2018				% Change
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Q/Q
Bankers Life									
Total Quarterly Average Producing Agents	4,252	4,291	4,109	4,029	3,999	4,167	4,168	4,177	3.7%
Total LTM Average Producing Agents ¹	4,404	4,324	4,243	4,171	4,108	4,076	4,091	4,128	-1.0%
Quarterly Average Financial Advisors	378	403	428	468	483	499	534	560	19.7%
Washington National									
Total Quarterly Average Producing Agents	670	693	692	690	668	676	710	729	5.6%
Total LTM Average Producing Agents ¹	680	684	686	687	686	682	686	697	1.5%

¹ Prior method of disclosing agent count

Producing Agents are agents that have submitted at least one policy in the month

Financial advisors are agents who are licensed to sell certain securities brokerage products and services

Quarterly average agent and advisor counts represent the average of the last 3 months.

Last Twelve Months (LTM) average represents the average of the last 12 months.

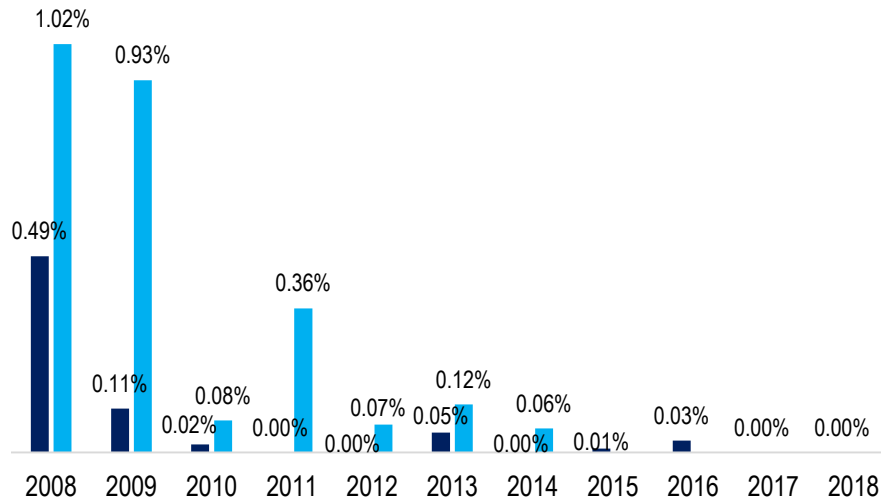
2018 Holding Company Liquidity (\$ millions)

	4Q18	FY18
Cash and Investments Balance - Beginning	\$165.9	\$396.6
Sources		
Dividends from Insurance Subsidiaries	114.4	213.9
Dividends from Non-insurance Subsidiaries	-	11.0
Management Fees	26.2	108.9
Surplus Debenture Interest	12.3	58.2
Earnings on Corporate Investments	2.3	14.6
Net Intercompany Settlements and Other	(4.4)	(4.5)
Total Sources	150.8	402.1
Uses		
Contributions to Insurance Subsidiaries	-	265.0
Share Repurchases	40.4	100.9
Interest Expense	21.5	44.8
Common Stock Dividends	16.4	64.8
Tax Payments	-	26.0
General Expenses & Other	17.7	72.6
Total Uses	96.0	574.1
Mark-to-market Changes in Investment Balances	(0.3)	(4.2)
Cash and Investments Balance - December 31, 2018	\$220.4	\$220.4

BBB Portfolio (Fair Value as of 12/31/2018)

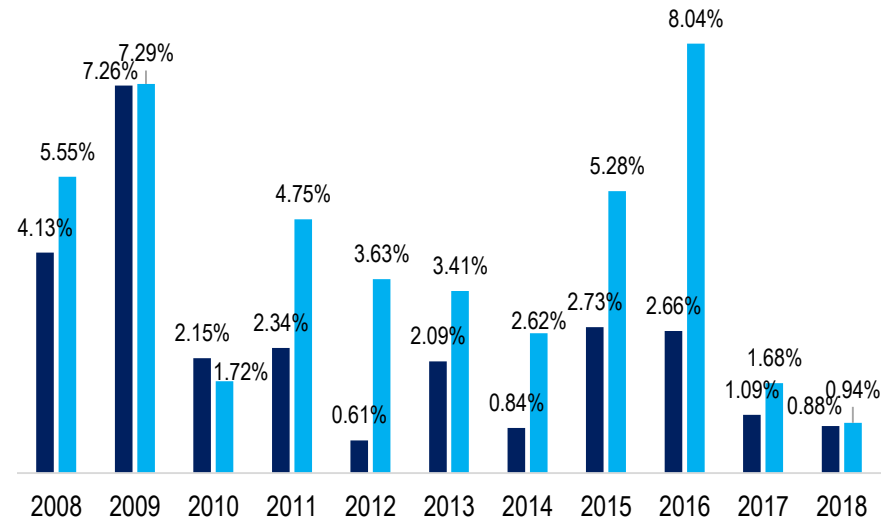
CNO has benefited from Positive BBB selection relative to Index

% Default/Impairments



Portfolio ■ Market¹ ■

% Downgrades²



- **BBB rated securities comprise 45% of our fixed maturities**

- Steady proportion of BBB overall portfolio holdings over the past 10 years
- BBBs historically have provided significant excess spread over A rated securities, inclusive of variation in average annual default rates
- 10% downgrade² has ~15 point RBC impact

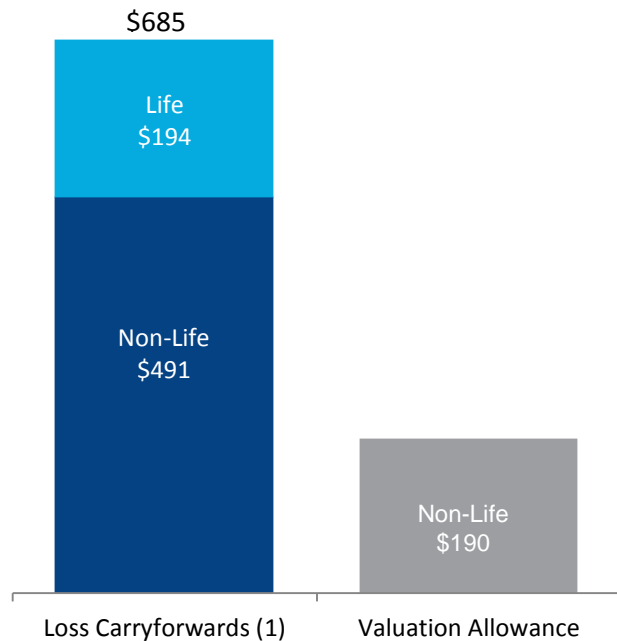
- **Comfortable with risk-return tradeoff**

- CNO's annual BBB downgrade/default percentages have generally been better than market average
- Comparatively low loss rates in normalized and recessionary scenarios
- Expected losses manageable under stress scenarios

¹ Market sourced data from Moody's
² Downgrades NAIC 2 to NAIC 3

Tax Asset Summary (\$ millions)

Loss Carryforwards



1 Excludes \$15 million related to state operating loss carryforwards.

Details

- Total estimated economic value of NOLs of \$354 million @ 10% discount rate (~\$2.16 on per share basis)
- Life NOLs are expected to offset 80% of life taxable income until fully utilized. Non-life NOLs are expected to offset 100% of non-life taxable income and 35% of the remaining life taxable income not offset by life NOLs through 2023.

4Q17 Significant Items

The table below summarizes the financial impact of significant items on our 4Q17 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results (dollars in millions).

	Three months ended December 31, 2017		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 99.4	\$ (10.8) (1)	\$ 88.6
Washington National	23.7	1.0 (1)	24.7
Colonial Penn	5.9	-	5.9
Long-term care in run-off	10.9	-	10.9
Adjusted EBIT from business segments	139.9	(9.8)	130.1
Corporate Operations, excluding corporate interest expense	(3.3)	-	(3.3)
Adjusted EBIT	136.6	(9.8)	126.8
Corporate interest expense	(11.7)	-	(11.7)
Operating earnings before tax	124.9	(9.8)	115.1
Tax expense on operating income	39.1	(3.4)	35.7
Net operating income *	<u>\$ 85.8</u>	<u>\$ (6.4)</u>	<u>\$ 79.4</u>
Net operating income per diluted share*	<u>\$ 0.51</u>	<u>\$ (0.04)</u>	<u>\$ 0.47</u>

(1) Pre-tax earnings in the Bankers Life and Washington National segments reflect \$10.8 million of favorable impacts and \$1.0 million of unfavorable impacts, respectively, from our comprehensive annual actuarial review of assumptions.

* A non-GAAP measure. See pages 39 and 41 for a reconciliation to the corresponding GAAP measure.

1Q18 Significant Items

The table below summarizes the financial impact of significant items on our 1Q18 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results (dollars in millions).

	Three months ended March 31, 2018		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 77.5	\$ (0.8) (1)	\$ 76.7
Washington National	34.3	-	34.3
Colonial Penn	(1.5)	1.1 (2)	(0.4)
Long-term care in run-off	12.0	(1.5) (3)	10.5
Adjusted EBIT from business segments	122.3	(1.2)	121.1
Corporate Operations, excluding corporate interest expense	(15.5)	-	(15.5)
Adjusted EBIT	106.8	(1.2)	105.6
Corporate interest expense	(11.9)	-	(11.9)
Operating earnings before tax	94.9	(1.2)	93.7
Tax expense on operating income	21.0	(0.3)	20.7
Net operating income *	<u>\$ 73.9</u>	<u>\$ (0.9)</u>	<u>\$ 73.0</u>
Net operating income per diluted share*	<u>\$ 0.44</u>	<u>\$ (0.01)</u>	<u>\$ 0.43</u>

(1) Pre-tax earnings in the Bankers Life segment included the \$0.8 million release of long-term care reserves (net of the reduction in insurance intangibles) due to the impact of policyholder actions following rate increases.

(2) Pre-tax earnings in the Colonial Penn segment included a \$1.1 million out-of-period adjustment which increased reserves on closed block payout annuities.

(3) Pre-tax earnings in the Long-term care in run-off segment included the \$1.5 million release of long-term care reserves (net of the reduction in insurance intangibles) due to the impact of policyholder actions following rate increases.

* A non-GAAP measure. See pages 39 and 41 for a reconciliation to the corresponding GAAP measure.

4Q18 Significant Items

The table below summarizes the financial impact of significant items on our 4Q18 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results (dollars in millions).

	Three months ended December 31, 2018		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 78.0	\$ 3.1 (1)	\$ 81.1
Washington National	31.9	(2.2) (1)	29.7
Colonial Penn	4.8	-	4.8
Long-term care in run-off	0.3	-	0.3
Adjusted EBIT from business segments	115.0	0.9	115.9
Corporate Operations, excluding corporate interest expense	(29.7)	14.4 (2)	(15.3)
Adjusted EBIT	85.3	15.3	100.6
Corporate interest expense	(12.1)	-	(12.1)
Operating earnings before tax	73.2	15.3	88.5
Tax expense on operating income	13.4	0.2	13.6
Net operating income *	<u>\$ 59.8</u>	<u>\$ 15.1</u>	<u>\$ 74.9</u>
Net operating income per diluted share*	<u>\$ 0.36</u>	<u>\$ 0.09</u>	<u>\$ 0.45</u>

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions including \$3.1 million of unfavorable impacts in the Bankers Life segment and \$2.2 million of favorable impacts in the Washington National segment.

(2) \$14.4 million unfavorable impact of current market conditions on the value of investments backing our Company-owned life insurance (COLI) used as a vehicle to fund Bankers Life's agent deferred compensation plan. Changes in the value of COLI investments are not subject to income taxes.

* A non-GAAP measure. See pages 39 and 41 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(\$ millions)

	4Q17	1Q18	2Q18	3Q18	4Q18
Bankers Life	\$ 99.4	\$ 77.5	\$ 90.7	\$ 94.4	\$ 78.0
Washington National	23.7	34.3	25.4	30.3	31.9
Colonial Penn	5.9	(1.5)	5.4	6.1	4.8
Long-term care in run-off	10.9	12.0	8.5	2.1	0.3
Adjusted EBIT from business segments	139.9	122.3	130.0	132.9	115.0
Corporate operations, excluding interest expense	(3.3)	(15.5)	(14.0)	(11.8)	(29.7)
Adjusted EBIT*	136.6	106.8	116.0	121.1	85.3
Corporate interest expense	(11.7)	(11.9)	(11.9)	(12.1)	(12.1)
Operating earnings before taxes	124.9	94.9	104.1	109.0	73.2
Tax expense on period income	39.1	21.0	22.2	21.5	13.4
Net operating income	85.8	73.9	81.9	87.5	59.8
Net realized investment gains (losses) from sales and impairments, net of related amortization	(2.1)	0.5	10.9	37.0	(10.5)
Net change in market value of investments recognized in earnings	0.1	(15.7)	(0.3)	(5.3)	(27.5)
Fair value changes in embedded derivative liabilities, net of related amortization	5.5	25.1	8.3	22.9	(0.8)
Fair value changes related to the agent deferred compensation plan	1.2	-	11.0	-	0.9
Loss related to reinsurance transaction	-	-	-	(704.2)	-
Other	(4.2)	3.3	(4.2)	0.8	1.8
Non-operating income (loss) before taxes	0.5	13.2	25.7	(648.8)	(36.1)
Income tax expense (benefit):					
On non-operating income (loss)	0.1	2.8	5.4	(136.3)	(7.6)
Valuation allowance for deferred tax assets and other tax items	157.1	-	-	104.8	3.0
Net non-operating income (loss)	(156.7)	10.4	20.3	(617.3)	(31.5)
Net income (loss)	<u>\$ (70.9)</u>	<u>\$ 84.3</u>	<u>\$ 102.2</u>	<u>\$ (529.8)</u>	<u>\$ 28.3</u>

*Management believes that an analysis of earnings before net realized investment gains (losses) from sales and impairments, net change in market value of investments recognized in earnings, fair value changes in embedded derivative liabilities, fair value changes related to the agent deferred compensation plan, loss related to reinsurance transaction, other non-operating items, corporate interest expense and taxes ("Adjusted EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because it excludes: (1) net realized investment gains (losses) from sales and impairments; (2) net change in market value of investments recognized in earnings; (3) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities that are unrelated to the company's underlying fundamentals; (4) fair value changes related to the agent deferred compensation plan; (5) loss related to reinsurance transaction; (6) charges in the valuation allowance for deferred tax assets and other tax items; and (7) other non-operating items consisting primarily of earnings attributable to variable interest entities. The table above provides a reconciliation of Adjusted EBIT to net income.

Information Related to Certain Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP measures used in this presentation. A non-GAAP measure is a numerical measure of a company's performance, financial position, or cash flows that excludes or includes amounts that are normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered as substitutes for the most directly comparable GAAP measures. Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors – SEC Filings" section of CNO's website, www.CNOinc.com.

Operating earnings measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses from sales and impairments, net change in market value of investments recognized in earnings, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, loss related to reinsurance transaction, changes in the valuation allowance for deferred tax assets and other tax items and other non-operating items consisting primarily of earnings attributable to variable interest entities ("net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company's underlying fundamentals.

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of net income(loss) applicable to common stock to net operating income (and related per-share amounts) is as follows (dollars in millions, except per-share amounts):

	4Q17	1Q18	2Q18	3Q18	4Q18
Net income(loss) applicable to common stock	\$ (70.9)	\$ 84.3	\$ 102.2	\$ (529.8)	\$ 28.3
Non-operating items:					
Net realized investment (gains) losses from sales and impairments, net of related amortization	2.1	(0.5)	(10.9)	(37.0)	10.5
Net change in market value of investments recognized in earnings	(0.1)	15.7	0.3	5.3	27.5
Fair value changes in embedded derivative liabilities, net of related amortization	(5.5)	(25.1)	(8.3)	(22.9)	0.8
Fair value changes related to the agent deferred compensation plan	(1.2)	-	(11.0)	-	(0.9)
Loss related to reinsurance transaction	-	-	-	704.2	-
Other	4.2	(3.3)	4.2	(0.8)	(1.8)
Non-operating (income) loss before taxes	(0.5)	(13.2)	(25.7)	648.8	36.1
Income tax (expense) benefit:					
On non-operating (income) loss	(0.1)	(2.8)	(5.4)	136.3	7.6
Valuation allowance for deferred tax assets and other tax items	(157.1)	-	-	(104.8)	(3.0)
Net non-operating (income) loss	156.7	(10.4)	(20.3)	617.3	31.5
Net operating income (a non-GAAP financial measure)	\$ 85.8	\$ 73.9	\$ 81.9	\$ 87.5	\$ 59.8
Per diluted share:					
Net income(loss)	\$ (0.42)	\$ 0.50	\$ 0.61	\$ (3.22)	\$ 0.17
Net realized investment (gains) losses from sales and impairments (net of related amortization and taxes)	0.01	-	(0.05)	(0.18)	0.05
Net change in market value of investments recognized in earnings (net of taxes)	-	0.07	-	0.03	0.13
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	(0.02)	(0.12)	(0.04)	(0.11)	-
Fair value changes related to the agent deferred compensation plan (net of taxes)	(0.01)	-	(0.05)	-	-
Loss related to reinsurance transaction (net of taxes)	-	-	-	4.01	-
Valuation allowance for deferred tax assets and other tax items	0.94	-	-	-	0.02
Other	0.01	(0.01)	0.02	-	(0.01)
Net operating income (a non-GAAP financial measure)	\$ 0.51	\$ 0.44	\$ 0.49	\$ 0.53	\$ 0.36

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of operating income and shares used to calculate basic and diluted operating earnings per share is as follows (dollars in millions, except per-share amounts, and shares in thousands):

	<u>4Q17 (a)</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18 (b)</u>	<u>4Q18</u>
Operating income	\$ <u>85.8</u>	\$ <u>73.9</u>	\$ <u>81.9</u>	\$ <u>87.5</u>	\$ <u>59.8</u>
Weighted average shares outstanding for basic earnings per share	167,428	167,060	166,098	164,551	164,118
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	<u>-</u>	<u>2,617</u>	<u>1,880</u>	<u>-</u>	<u>1,772</u>
Weighted average shares outstanding for diluted earnings per share	<u>167,428</u>	<u>169,677</u>	<u>167,978</u>	<u>164,551</u>	<u>165,890</u>
Net operating income per diluted share	\$ <u>0.51</u>	\$ <u>0.44</u>	\$ <u>0.49</u>	\$ <u>0.53</u>	\$ <u>0.36</u>

(a) Equivalent common shares of 2,750 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 4Q17.

(b) Equivalent common shares of 2,146 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 3Q18.

Information Related to Certain Non-GAAP Financial Measures

Book value per diluted share

Book value per diluted share reflects the potential dilution that could occur if outstanding stock options were exercised, restricted stock and performance units were vested and convertible securities were converted. The dilution from options, restricted shares and performance units is calculated using the treasury stock method. Under this method, we assume the proceeds from the exercise of the options (or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the closing market price on the last day of the period. In addition, the calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments. Management believes this adjustment to the December 31, 2017 non-GAAP measure is useful because it removes the tax effects stranded in accumulated other comprehensive income as a result of accounting rules which require the effects of the Tax Reform Act on deferred tax balances to be recorded in earnings, even if the balance was originally recorded in accumulated other comprehensive income.

A reconciliation from book value per share to book value per diluted share, excluding accumulated other comprehensive income (loss) is as follows (dollars in millions, except per share amounts):

	4Q17	1Q18	2Q18	3Q18	4Q18
Total shareholders' equity	\$ 4,847.5	\$ 4,617.2	\$ 4,454.9	\$ 3,619.9	\$ 3,370.9
Shares outstanding for the period	166,857,931	167,354,255	164,433,085	164,634,365	162,201,692
Book value per share	\$ 29.05	\$ 27.59	\$ 27.09	\$ 21.99	\$ 20.78
<hr/>					
Total shareholders' equity	\$ 4,847.5	\$ 4,617.2	\$ 4,454.9	\$ 3,619.9	\$ 3,370.9
Less accumulated other comprehensive income	(1,212.1)	(894.3)	(700.2)	(403.5)	(177.7)
Adjusted shareholders' equity excluding AOCI	\$ 3,635.4	\$ 3,722.9	\$ 3,754.7	\$ 3,216.4	\$ 3,193.2
Shares outstanding for the period	166,857,931	167,354,255	164,433,085	164,634,365	162,201,692
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	2,796,385	2,351,172	1,537,947	2,189,022	1,391,458
Diluted shares outstanding	169,654,316	169,705,427	165,971,032	166,823,387	163,593,150
Book value per diluted share (a non-GAAP financial measure)	\$ 21.43	\$ 21.94	\$ 22.62	\$ 19.28	\$ 19.52

Information Related to Certain Non-GAAP Financial Measures

Operating return measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses from sales and impairments, net change in market value of investments recognized in earnings, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, loss on reinsurance transaction, changes in the valuation allowance for deferred tax assets and other tax items, loss on extinguishment of debt and other non-operating items consisting primarily of earnings attributable to variable interest entities (“net operating income,” a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company’s underlying fundamentals.

Management also believes that an operating return, excluding significant items, is important as the impact of these items enhances the understanding of our operating results.

This non-GAAP financial measure also differs from return on equity because accumulated other comprehensive income (loss) has been excluded from the value of equity used to determine this ratio. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

In addition, our equity includes the value of significant net operating loss carryforwards (included in income tax assets). In accordance with GAAP, these assets are not discounted, and accordingly will not provide a return to shareholders (until after it is realized as a reduction to taxes that would otherwise be paid). Management believes that excluding this value from the equity component of this measure enhances the understanding of the effect these non-discounted assets have on operating returns and the comparability of these measures from period-to-period. Operating return measures are used in measuring the performance of our business units and are used as a basis for incentive compensation.

Information Related to Certain Non-GAAP Financial Measures

The calculations of: (i) operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); (ii) operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); and (iii) return on equity are as follows (dollars in millions):

	Trailing Twelve Months Ended				
	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>
Operating income	<u>\$ 300.9</u>	<u>\$ 315.0</u>	<u>\$ 318.3</u>	<u>\$ 329.1</u>	<u>\$ 303.1</u>
Operating income, excluding significant items	<u>\$ 288.3</u>	<u>\$ 299.6</u>	<u>\$ 309.0</u>	<u>\$ 321.8</u>	<u>\$ 317.3</u>
Net Income (loss)	<u>\$ 175.6</u>	<u>\$ 197.6</u>	<u>\$ 216.4</u>	<u>\$ (414.2)</u>	<u>\$ (315.0)</u>
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	<u>\$ 3,263.2</u>	<u>\$ 3,275.4</u>	<u>\$ 3,298.5</u>	<u>\$ 3,232.7</u>	<u>\$ 3,086.7</u>
Average common shareholders' equity	<u>\$ 4,733.8</u>	<u>\$ 4,780.1</u>	<u>\$ 4,740.9</u>	<u>\$ 4,542.6</u>	<u>\$ 4,200.3</u>
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	9.2%	9.6%	9.6%	10.2%	9.8%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.8%	9.1%	9.4%	10.0%	10.3%
Return on equity	3.7%	4.1%	4.6%	-9.1%	-7.5%

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

The following summarizes: (i) operating earnings; (ii) significant items; (iii) operating earnings, excluding significant items; and (iv) net income(loss) (dollars in millions):

	Net Operating <u>income</u>	Significant <u>items (a)</u>	Net Operating income, excluding significant <u>items</u>	Net Operating Income, excluding significant items - trailing <u>four quarters</u>	Net <u>income (loss)</u>	Net income (loss) - trailing <u>four quarters</u>
1Q17	\$ 59.8	\$ 1.9	\$ 61.7	\$ 244.2	\$ 62.3	\$ 375.0
2Q17	78.6	(6.1)	72.5	255.9	83.4	398.5
3Q17	76.7	(2.0)	74.7	269.7	100.8	480.7
4Q17	85.8	(6.4)	79.4	288.3	(70.9)	175.6
1Q18	73.9	(0.9)	73.0	299.6	84.3	197.6
2Q18	81.9	-	81.9	309.0	102.2	216.4
3Q18	87.5	-	87.5	321.8	(529.8)	(414.2)
4Q18	59.8	15.1	74.9	317.3	28.3	(315.0)

(a) The significant items have been discussed in prior press releases.

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of pretax operating earnings (a non-GAAP financial measure) to net income (loss) is as follows (dollars in millions):

	Twelve Months Ended				
	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>
Pretax operating earnings (a non-GAAP financial measure)	\$ 454.7	\$ 456.7	\$ 439.7	\$ 432.9	\$ 381.2
Income tax (expense) benefit	<u>(153.8)</u>	<u>(141.7)</u>	<u>(121.4)</u>	<u>(103.8)</u>	<u>(78.1)</u>
Operating return	<u>300.9</u>	<u>315.0</u>	<u>318.3</u>	<u>329.1</u>	<u>303.1</u>
Non-operating items:					
Net realized investment gains (losses) from sales and impairments, net of related amortization	34.3	30.7	34.7	46.3	37.9
Net change in market value of investments recognized in earnings	15.0	(4.5)	(12.8)	(21.2)	(48.8)
Fair value changes in embedded derivative liabilities, net of related amortization	(2.5)	27.0	41.2	61.8	55.5
Fair value changes and amendment related to the agent deferred compensation plan	(12.2)	(12.2)	(1.2)	12.2	11.9
Loss on reinsurance transaction	-	-	-	(704.2)	(704.2)
Other	<u>(8.8)</u>	<u>(5.8)</u>	<u>(8.4)</u>	<u>(4.3)</u>	<u>1.7</u>
Non-operating income (loss) before taxes	25.8	35.2	53.5	(609.4)	(646.0)
Income tax expense (benefit):					
On non-operating income (loss)	9.0	10.5	13.3	(128.0)	(135.7)
Valuation allowance for deferred tax assets and other tax items	<u>142.1</u>	<u>142.1</u>	<u>142.1</u>	<u>261.9</u>	<u>107.8</u>
Net non-operating income (loss)	<u>(125.3)</u>	<u>(117.4)</u>	<u>(101.9)</u>	<u>(743.3)</u>	<u>(618.1)</u>
Net income (loss)	<u>\$ 175.6</u>	<u>\$ 197.6</u>	<u>\$ 216.4</u>	<u>\$ (414.2)</u>	<u>\$ (315.0)</u>

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows (dollars in millions):

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,975.3	\$ 3,010.1	\$ 3,010.1	\$ 3,209.5
Net operating loss carryforwards	710.8	668.3	628.2	655.0
Accumulated other comprehensive income	<u>540.5</u>	<u>777.8</u>	<u>855.5</u>	<u>622.4</u>
Common shareholders' equity	<u>\$ 4,226.6</u>	<u>\$ 4,456.2</u>	<u>\$ 4,493.8</u>	<u>\$ 4,486.9</u>
	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,236.6	\$ 3,263.2	\$ 3,335.0	\$ 3,225.6
Net operating loss carryforwards	640.6	621.6	613.1	409.8
Accumulated other comprehensive income	<u>729.6</u>	<u>894.5</u>	<u>933.6</u>	<u>1,212.1</u>
Common shareholders' equity	<u>\$ 4,606.8</u>	<u>\$ 4,779.3</u>	<u>\$ 4,881.7</u>	<u>\$ 4,847.5</u>
	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,318.7	\$ 3,366.0	\$ 2,705.8	\$ 2,687.3
Net operating loss carryforwards	404.2	388.7	510.6	505.9
Accumulated other comprehensive income	<u>894.3</u>	<u>700.2</u>	<u>403.5</u>	<u>177.7</u>
Common shareholders' equity	<u>\$ 4,617.2</u>	<u>\$ 4,454.9</u>	<u>\$ 3,619.9</u>	<u>\$ 3,370.9</u>

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows (dollars in millions):

	Trailing Four Quarter Average				
	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,263.2	\$ 3,275.4	\$ 3,298.5	\$ 3,232.7	\$ 3,086.7
Net operating loss carryforwards	601.9	541.7	483.1	441.1	440.4
Accumulated other comprehensive income	<u>868.7</u>	<u>963.0</u>	<u>959.3</u>	<u>868.8</u>	<u>673.2</u>
Common shareholders' equity	<u>\$ 4,733.8</u>	<u>\$ 4,780.1</u>	<u>\$ 4,740.9</u>	<u>\$ 4,542.6</u>	<u>\$ 4,200.3</u>

Debt to Capital Ratio (Ex. AOCI)

(\$ millions)

	4Q16	4Q17	4Q18
Corporate notes payable	\$912.9	\$914.6	\$916.8
Total shareholders' equity	4,486.9	4,847.5	3,370.9
Total capital	\$5,399.8	\$5,762.1	\$4,287.7
Corporate debt to capital	16.9%	15.9%	21.4%
Corporate notes payable	\$912.9	\$914.6	\$916.8
Total shareholders' equity	4,486.9	4,847.5	3,370.9
Less accumulated other comprehensive income	(622.4)	(1,212.1)	(177.7)
Total capital	\$4,777.4	\$4,550.0	\$4,110.0
Debt to capital ratio, excluding AOCI (a non-GAAP financial measure)	19.1%	20.1%	22.3%

The debt to capital ratio, excluding accumulated other comprehensive income (loss), differs from the debt to capital ratio because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

Interest Coverage

(\$ millions)

	2016	2017	2018
Net income (loss)	\$ 358.2	\$ 175.6	\$ (315.0)
Add income tax expense (benefit)	(5.0)	304.9	50.2
Income (loss) before income tax expense (benefit)	353.2	480.5	(264.8)
Interest expense on corporate debt	45.8	46.5	48.0
Interest expense on investment borrowings and borrowings related to variable interest entities	70.6	77.2	101.8
Total interest expense	116.4	123.7	149.8
Income (loss) before interest and taxes	\$ 469.6	\$ 604.2	\$ (115.0)
Interest coverage ratio	4.0	4.9	(a)
Adjusted EBIT (b)	\$ 456.1	\$ 501.2	\$ 429.2
Interest expense on corporate debt	\$ 45.8	\$ 46.5	\$ 48.0
Adjusted EBIT divided by interest expense on corporate debt (a non-GAAP financial measure)	10.0	10.8	8.9

(a) For such ratio, earnings were \$264.8 million less than interest expense primarily due to the loss related to the long-term care reinsurance transaction completed in September 2018.

(b) See page 52 for a reconciliation of Adjusted EBIT to net income.

Earnings Measures

(\$ millions)

	2016	2017	2018
Bankers Life	\$ 375.6	\$ 367.5	\$ 340.6
Washington National	102.9	98.3	121.9
Colonial Penn	1.7	22.6	14.8
Long-term care in run-off	18.4	53.1	22.9
Adjusted EBIT from business segments	498.6	541.5	500.2
Corporate operations, excluding interest expense	(42.5)	(40.3)	(71.0)
Adjusted EBIT*	456.1	501.2	429.2
Corporate interest expense	(45.8)	(46.5)	(48.0)
Operating earnings before taxes	410.3	454.7	381.2
Tax expense on period income	147.8	153.8	78.1
Net operating income	262.5	300.9	303.1
Net realized investment gains (losses), net of related amortization	7.6	49.3	37.9
Net change in market value of investments recognized in earnings	-	-	(48.8)
Fair value changes in embedded derivative liabilities, net of related amortization	9.6	(2.5)	55.5
Fair value changes related to the agent deferred compensation plan	3.1	(12.2)	11.9
Loss related to reinsurance transactions	(75.4)	-	(704.2)
Loss on extinguishment of debt	-	-	-
Other	(2.0)	(8.8)	1.7
Non-operating income (loss) before taxes	(57.1)	25.8	(646.0)
Income tax expense (benefit):			
On non-operating income (loss)	(20.0)	9.0	(135.7)
Valuation allowance for deferred tax assets and other tax items	(132.8)	142.1	107.8
Net non-operating income (loss)	95.7	(125.3)	(618.1)
Net income (loss)	\$ 358.2	\$ 175.6	\$(315.0)

*Management believes that an analysis of earnings before net realized investment gains (losses) from sales and impairments, net change in market value of investments recognized in earnings, fair value changes in embedded derivative liabilities, fair value changes and amendment related to the agent deferred compensation plan, loss related to reinsurance transactions, loss on extinguishment of debt, other non-operating items, corporate interest expense and taxes ("Adjusted EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because it excludes: (1) net realized investment gains (losses) from sales and impairments; (2) net change in market value of investments recognized in earnings; (3) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities that are unrelated to the company's underlying fundamentals; (4) fair value changes related to the agent deferred compensation plan; (5) loss related to reinsurance transactions; (6) changes in the valuation allowance for deferred tax assets and other tax items; and (7) other non-operating items consisting primarily of earnings attributable to variable interest entities. The table above provides a reconciliation of Adjusted EBIT to net income.