

Second Quarter 2019

Financial and operating results for the period ended June 30, 2019

July 30, 2019

Unless otherwise specified, comparisons in this presentation are between 2Q18 and 2Q19.

Forward-Looking Statements

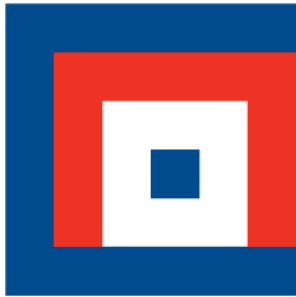
Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are 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 press release issued on July 30, 2019, 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 related to the agent deferred compensation plan, loss on extinguishment of debt, 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.



CNO FINANCIAL GROUP



Investments in growth delivering expected results

Strong Operational Performance

- Operating EPS¹ up 4%, adjusted for 3Q18 LTC transaction
- Growth initiatives progressing; all growth scorecard metrics up for 4th consecutive quarter
- All health benefit ratios within provided guidance
- First year collected premiums up 14%
- Total collected premiums (excl. LTC in run-off) up 7%
- Life and health sales up 4%

Building on Track Record of Execution

- Returned \$72 MM to shareholders; \$55 MM in share buybacks
- Raised dividend for 7th consecutive year
- Received investment grade rating from S&P and Fitch
- Refinanced \$425 MM in senior debt; issued incremental \$75 MM
- Launched Medicare Supplement Plan D product
- BV per diluted share (excl. AOCI)¹ of \$20.00 up from \$19.76 at 3/31
- Operating ROE¹, excluding significant items, of 10.9%

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

Growth Scorecard

All 5 metrics up for 4th consecutive quarter

Drive Growth

Expand to
the Right

(\$ millions)	2018				2019		% Change Q/Q
	2Q	3Q	4Q	TY	1Q	2Q	
<i>New Annualized Premium¹</i>							
Life Insurance	\$36.9	\$37.4	\$36.3	\$147.5	\$39.7	\$39.4	6.8%
Health Insurance	44.9	44.3	53.3	183.7	40.1	45.8	2.0%
Total Life & Health Insurance	\$81.8	\$81.7	\$89.6	\$331.2	\$79.8	\$85.2	4.2%
<i>Collected Premiums</i>							
Bankers Life	\$653.4	\$635.7	\$732.1	\$2,648.2	\$683.9	\$705.2	7.9%
Washington National	172.8	167.5	176.3	692.8	176.8	176.9	2.4%
Colonial Penn	73.8	74.0	75.2	298.3	77.2	76.7	3.9%
Sub-total	900.0	877.2	983.6	3,639.3	937.9	958.8	6.5%
LTC in run-off	47.6	44.9	3.7	145.8	3.6	3.4	-92.9%
Total CNO	\$947.6	\$922.1	\$987.3	\$3,785.1	\$941.5	\$962.2	1.5%
<i>Annuity Collected Premiums</i>							
Bankers Life	\$287.0	\$270.5	\$354.3	\$1,163.2	\$315.3	\$341.0	18.8%
<i>Client Assets in Brokerage and Advisory²</i>							
Bankers Life	\$1,081.7	\$1,178.2	\$1,104.9	\$1,104.9	\$1,234.4	\$1,303.0	20.5%
<i>Fee Revenue³</i>							
	\$10.2	\$10.4	\$10.6	\$49.8	\$25.4	\$15.6	52.9%

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 Prior period fee revenue on the Growth Scorecard (which only included the fee revenue of Bankers Life) has been restated to include fee revenue from Washington National (including the fee revenue of Web Benefits Design acquired in 2Q19).

Segment Update



Solid execution fueling continued growth momentum

Key Initiatives

Second Quarter Highlights

Reinvigorate growth

- First year collected premiums up 15%; total collected premiums up 8%
- Health NAP up 6%; Life NAP down 4%
- Launched Medicare Supplement Plan D
- Med Advantage issued policies up 13%; third party fee revenue up 25%

Expand to the right

- Total client assets up 20% at BD/RIA to \$1.3 billion
- FA count up 17%; 14% of agent force dually licensed
- Annuity collected premiums up 19%; average collected premium per policy up 5%

Reshape the agent force and optimize productivity

- Quarterly average producing agent count up 3%
- Continued positive impact from agent force initiatives
- Ongoing agent productivity improvement

Segment Update



Worksite strength offset by Individual market challenges

Key Initiatives	Second Quarter Highlights
Maintain growth momentum	<ul style="list-style-type: none">• Life NAP up 29%; Life collected premiums up 11%• Worksite producing agent count up 28%• Plan underway to reinvigorate growth in Individual business
Expand geographically	<ul style="list-style-type: none">• Continued expansion into six underpenetrated territories• \$1.3 million in NAP from geographic expansion
Enhance product portfolio	<ul style="list-style-type: none">• Life products now 12% of overall NAP• Short-term care pilot / Hospital Indemnity NAP progressing
Advance worksite capabilities	<ul style="list-style-type: none">• Worksite NAP up 15%• Worksite comprised roughly 50% of NAP• WBD integration on plan

Segment Update



Cost effective marketing driving sales growth

Key Initiatives	Second Quarter Highlights
Continue sales growth	<ul style="list-style-type: none">• NAP up 16%• Total collected premiums up 4%• First year collected premiums up 16%
Improve sales productivity and expand web/digital capabilities	<ul style="list-style-type: none">• Realizing operating leverage in sales acquisition costs• Technology enhancements driving further productivity gains• Launched web chat capabilities
Enhance product portfolio	<ul style="list-style-type: none">• Living Insurance™ currently available in 21 states

Excess Capital Allocation Strategy

Disciplined and opportunistic approach

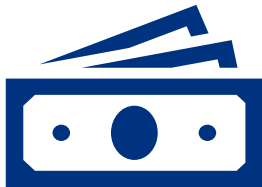


Organic investments to sustain and grow the core businesses



Return capital to shareholders

- \$55 million in share repurchases in 2Q; \$102 million YTD
- Increased dividend 10% in 2Q; 7th consecutive annual increase
- Dividend payout ratio targeted at 20-25%



Opportunistic transactions

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

Financial Highlights

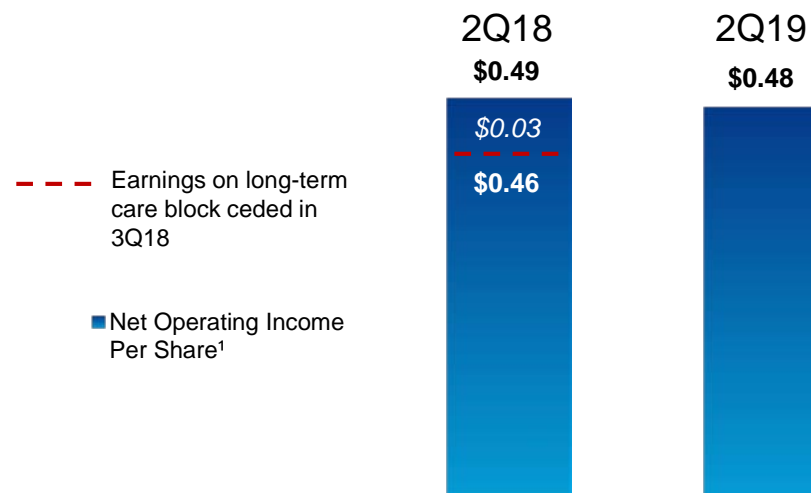
Adj. operating income per share up 4%; operating ROE up 150 bps

Second Quarter 2019

- Net operating income per diluted share¹ of \$0.48, up 4.3% on an adjusted basis
 - Adjusted to remove the earnings from the LTC business that was ceded in 3Q18, 2Q18 net operating income per diluted share was \$0.46
- \$39 million in net non-operating losses; \$443 million increase in accumulated other comprehensive income
- Operating ROE¹, excluding significant items, of 10.9%
- Holding company cash and investments of \$264 million
- Estimated consolidated RBC ratio of 409%
- Statutory operating income of \$79 million; Statutory capital and surplus of \$1.7 billion

Financial Results

(\$ millions, except where noted)



Net Operating Income ¹	\$81.9	\$76.4
Net Operating Income Adj. for Ceded LTC Business	\$77.7	\$76.4
Weighted Average Shares Outstanding (in millions)	168.0	159.7

Segment Results¹

Flat earnings when adj. for LTC transaction, in line with expectations

Segment Adjusted EBIT Excluding Significant Items² (\$ millions)

	2Q18	3Q18	4Q18	1Q19	2Q19
Bankers Life	\$90.7	\$94.4	\$81.1	\$63.1	\$86.4
Washington National	\$25.4	\$30.3	29.7	\$30.5	\$25.9
Colonial Penn	\$5.4	\$6.1	\$4.8	(\$1.4)	\$5.8
LTC in run-off	\$8.5	\$2.1	\$0.3	\$2.5	\$3.2
Corporate	(\$14.0)	(\$11.8)	(\$15.3)	\$0.8	(\$12.0)
Ceded LTC business	\$(5.4)	\$(2.1)	\$0.00	\$0.00	\$0.00
Total CNO, excl ceded LTC business	\$110.6	\$119.0	\$100.6	\$95.5	\$109.3
Colonial Penn In-Force²	\$18.1	\$18.8	\$17.8	\$14.2	\$19.7

Segment Highlights

- Bankers Life results reflect increased investment earnings from alternatives and prepayments, offset by higher spend on growth initiatives
- Washington National benefited from stronger underwriting performance and higher investment income, offset by higher spend on growth initiatives
- Colonial Penn Adjusted EBIT² reflects solid in-force growth (up 9%), offset by increased cost-effective marketing spend
 - Expect \$12-\$20 million of EBIT for full-year 2019
- LTC in run-off flat YoY after adjusting for ceded LTC business; expect breakeven performance going forward
- Corporate benefited from favorable investment income

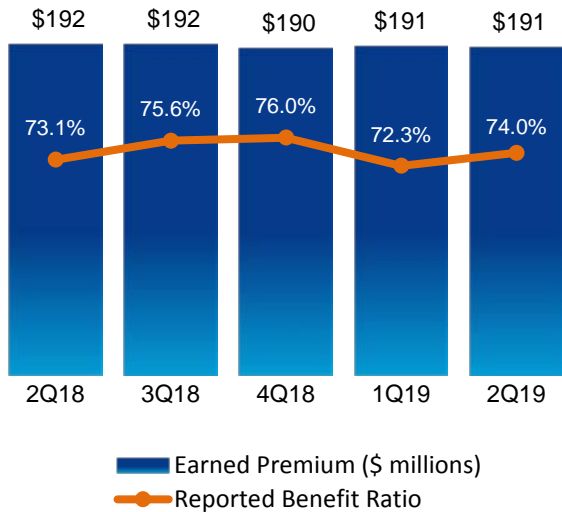
¹ Results reflect changes we made to our segment reporting in 3Q18. All prior period segment disclosures have been revised to move the long-term care block ceded in 3Q18 from Bankers Life segment to Long-term care in run-off segment.

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

Health Margins

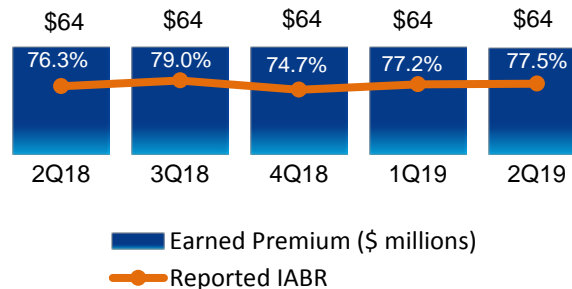
All benefit ratios within guidance

Bankers Life Medicare Supplement Benefit Ratio



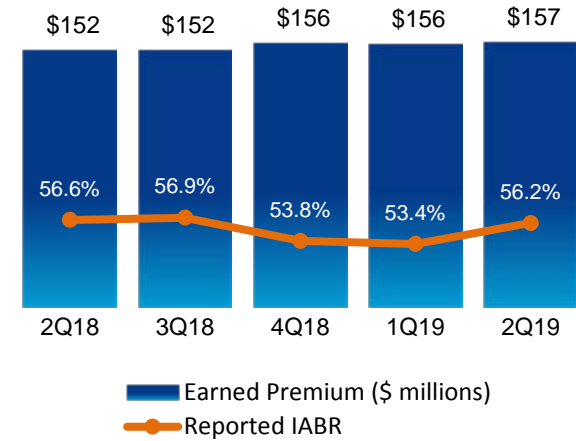
- Benefit ratio of 74.0%
- 1% (+/-) = \$1.9 million pre-tax
- **Maintaining benefit ratio guidance of 73-77% for 2019**

Bankers Life Long-term Care IABR^{1,2}



- IABR^{1,2} of 77.5%
- 1% (+/-) = \$0.6 million pre-tax
- **Maintaining IABR^{1,2} guidance of 74-79% for 2019**

Washington National Supplemental Health IABR¹



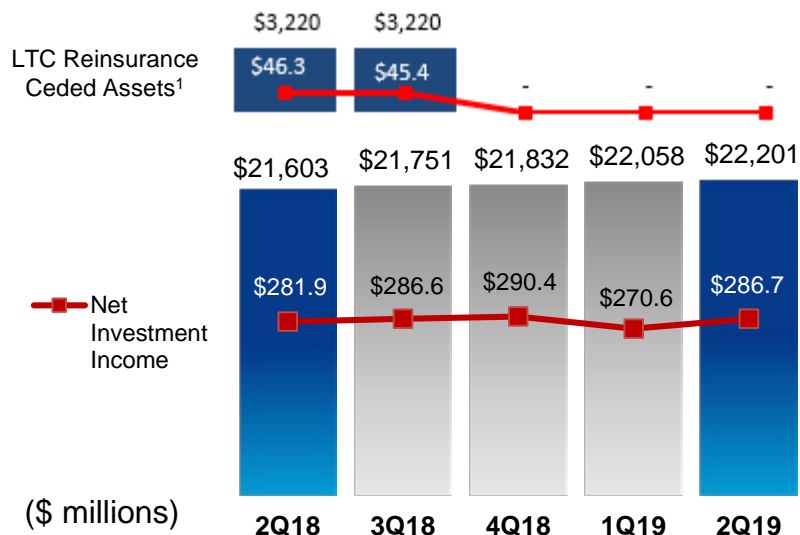
- IABR¹ of 56.2%
- 1% (+/-) = \$1.6 million pre-tax
- **Maintaining IABR¹ guidance of 55-58% for 2019**

¹ Interest-adjusted benefit ratio (IABR); a non-GAAP measure. Refer to the Appendix for the corresponding GAAP measure.
² Retained LTC business only.

Investment Results

Strong Alts/Prepay income; ongoing interest rate headwinds

Average Invested Assets and Cash



New Money Rate ²	4.73%	4.73%	4.77%	4.38%	4.58%
Book Yield ³	5.44%	5.39%	5.24%	5.15%	5.08%
Earned Yield ⁴	5.40%	5.44%	5.40%	5.02%	5.30%
Pre-Pay/Call/Make-whole Income	\$3.8	\$5.4	\$10.9	\$2.5	\$6.6
Alternative Investment Income	\$12.4	\$16.8	\$13.0	\$5.5	\$17.1
Impairments	-	\$2.1	\$0.5	\$2.2	-

Quarter Highlights

- Decline in invested assets reflects impact of 3Q18 LTC reinsurance transaction
- Results benefited from increase in income from alternatives (reported with one quarter lag), and higher prepayment income
- BBBs comprise 39% of fixed maturity portfolio
- No significant changes to portfolio in 2Q following 1Q up in quality repositioning

¹ Assets ceded in conjunction with reinsurance transaction completed in 3Q18.

² New money rate is the book yield on fixed maturity investments acquired in the period, excluding assets purchased for FHLB matchbook program.

³ Book yield on fixed maturity investments at the end of the period, excluding assets held in the FHLB matchbook program.

⁴ Earned yield is the investment income earned during the period divided by the weighted average book value of the investment portfolio, excluding amounts related to assets held in the 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



Questions and Answers



Appendix 1: Quarter in Review

Strong Operational Performance

- Broker-Dealer/Registered Investment Advisor
- Agent Count

Slide 18

Slide 19

Building on Strong Track Record of Execution

- Bankers Life Retained LTC Insurance
- Portfolio Composition

Slides 20-21

Slide 22

Broker-Dealer/Registered Investment Advisor

Account value tops \$1.3 billion; up 20% YoY

		(\$ millions)				
		2018			2019	
		2Q	3Q	4Q	1Q	2Q
Net New Client Assets in Brokerage and Advisory¹	Brokerage	\$3.1	\$26.3	-\$1.1	-\$3.0	\$5.1
	Advisory	49.1	44.2	13.2	35.7	33.2
	Total	\$52.2	\$70.5	\$12.1	\$32.7	\$38.3
Client Assets in Brokerage and Advisory¹ at end of period	Brokerage	\$813.6	\$860.4	\$794.1	\$861.6	\$886.0
	Advisory	268.1	317.8	310.8	372.8	417.0
	Total	\$1,081.7	\$1,178.2	\$1,104.9	\$1,234.4	\$1,303.0

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

Bankers Life producing agent count up for fourth consecutive quarter

	2018			2019		% Change
	2Q	3Q	4Q	1Q	2Q	Q/Q
Bankers Life						
Total Quarterly Average Producing Agents ^{1,3}	4,167	4,168	4,177	4,125	4,294	3.0%
Quarterly Average Financial Advisors ^{2,3}	499	534	560	583	595	19.2%
Washington National						
Total Quarterly Average Producing Agents ^{1,3}	676	710	730	682	726	7.4%

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

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

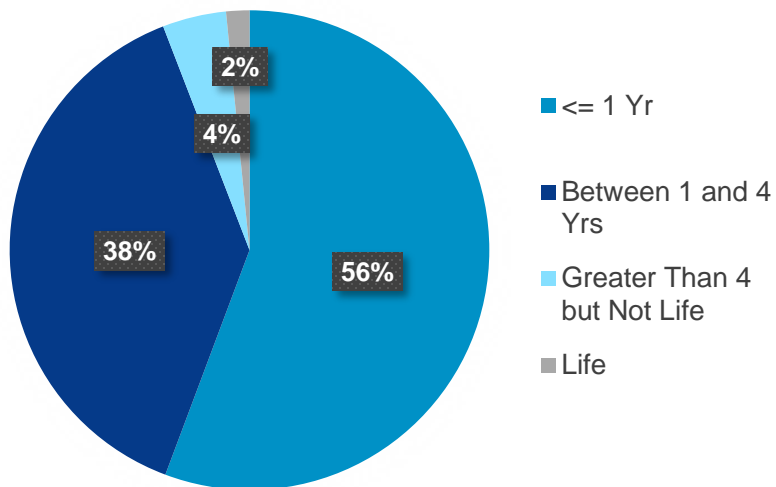
3 Quarterly average agent and advisor counts represent the average of the last 3 months.

Bankers Life Retained Long-Term Care Insurance

Retained book characterized by limited benefits, shorter duration periods

% of Policies by Benefit Period

(As of 6/30/2019)



Key LTC Data

GAAP Reserves	\$1.87B
Statutory Reserves	\$1.92B
Policies In-Force	185,914
Average Attained Age	67 years
Avg. Daily Benefit	\$174
% Policies w/ Inflation Rider	26.9%
Average Benefit Period ¹	1.6 years

¹ Not including policies with lifetime benefits.

Bankers Life Retained Long-Term Care Insurance

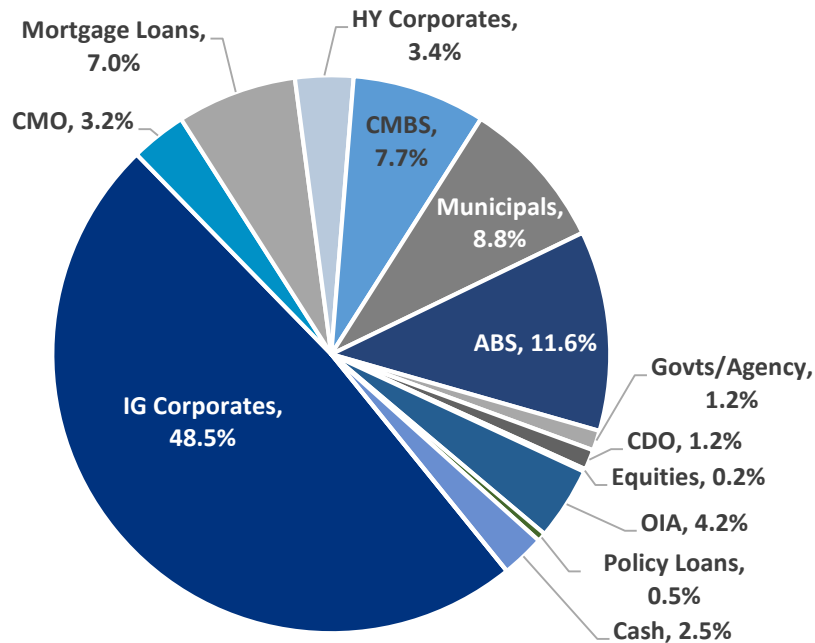
Highly-differentiated in-force block; prudently managed

- **New sales (~\$25mm annually) focused on short duration products**
 - 98% of new sales for policies with 2 years or less in benefits
 - Average benefit period of 10 months
 - New business 25% reinsured since 2008
- **Reserve assumptions informed by historical experience**
 - No morbidity improvement
 - No mortality improvement
 - Minimal future rate increases
 - Ultimate new money rate recently lowered to 6.00% from 6.50%
- **Favorable economic profile**
 - 2018 Loss Recognition Testing margin of \$235 million or ~13% of Net GAAP Liabilities
 - Statutory reserves ~\$45 million higher than GAAP reserves
 - Total LTC is just 13% of overall CNO reserves
 - Potential adverse impact from severe stress scenarios is significantly reduced

Portfolio Composition

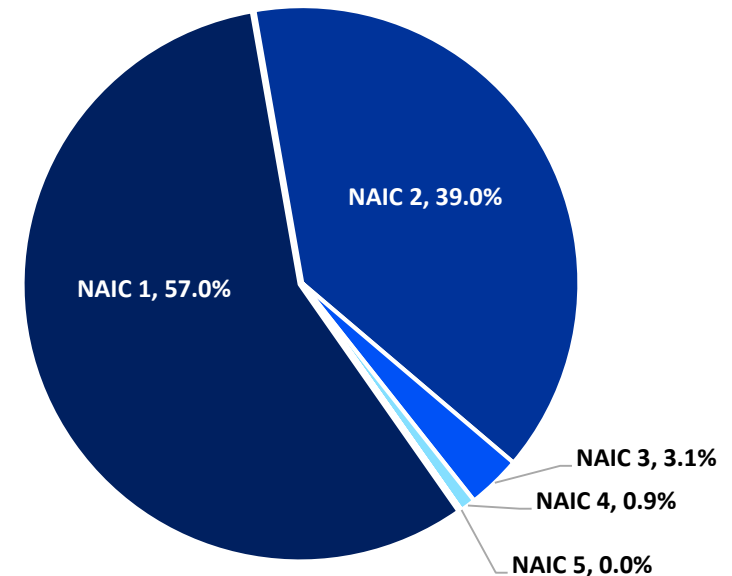
Conservative construction; recent up in quality repositioning

\$24 billion of Invested Assets



Fixed Maturity Securities by Ratings

(Fair Value as of 6/30/2019)



General Approach

- Positioned for stable performance across credit cycles
- Emphasizing quality
- Keen focus on performance management and positive selection
- Low impairments through multiple cycles
- Lower than average allocation to most higher risk categories – all carefully calibrated
- Recession stress test scenarios continually updated and results manageable



Appendix 2: Financial Exhibits

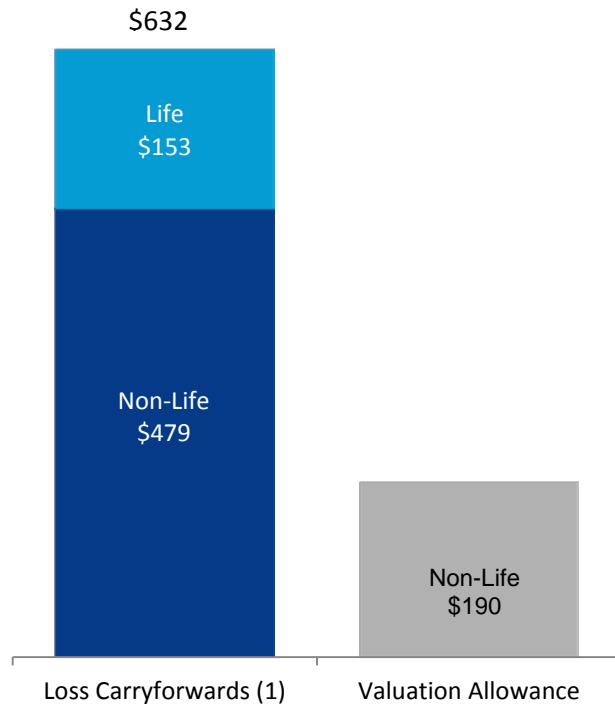
- Holding Company Liquidity Slide 24
- Tax Asset Summary Slide 25
- Non-GAAP Financial Measures Slides 26-41

2019 Holding Company Liquidity (\$ millions)

	<u>2Q19</u>
Cash and Investments Balance - Beginning	\$229.8
Sources	
Dividends from Insurance Subsidiaries	89.9
Management Fees	28.3
Surplus Debenture Interest	12.3
Earnings on Corporate Investments	3.7
Gross Proceeds from New Debt	500.0
Net Intercompany Settlements and Other	16.4
Total Sources	650.6
Uses	
Share Repurchases	59.0
Interest Expense	21.8
Common Stock Dividends	17.4
Debt Repayments	425.0
Acquisition	66.7
General Expenses & Other	26.4
Total Uses	616.3
Cash and Investments Balance - June 30, 2019	\$264.1

Tax Asset Summary (\$ millions)

Loss Carryforwards



Details

- Total estimated economic value of NOLs of \$322 million @ 10% discount rate (~\$2.04 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.

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 *	\$ 73.9	\$ (0.9)	\$ 73.0
Net operating income per diluted share*	\$ 0.44	\$ (0.01)	\$ 0.43

(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 28 and 31 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 *	\$ 59.8	\$ 15.1	\$ 74.9
Net operating income per diluted share*	\$ 0.36	\$ 0.09	\$ 0.45

(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 28 and 31 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(\$ millions)

	2Q18	3Q18	4Q18	1Q19	2Q19
Bankers Life	\$ 90.7	\$ 94.4	\$ 78.0	\$ 63.1	\$ 86.4
Washington National	25.4	30.3	31.9	30.5	25.9
Colonial Penn	5.4	6.1	4.8	(1.4)	5.8
Long-term care in run-off	8.5	2.1	0.3	2.5	3.2
Adjusted EBIT from business segments	130.0	132.9	115.0	94.7	121.3
Corporate operations, excluding interest expense	(14.0)	(11.8)	(29.7)	0.8	(12.0)
Adjusted EBIT*	116.0	121.1	85.3	95.5	109.3
Corporate interest expense	(11.9)	(12.1)	(12.1)	(12.1)	(12.6)
Operating earnings before taxes	104.1	109.0	73.2	83.4	96.7
Tax expense on period income	22.2	21.5	13.4	17.6	20.3
Net operating income	81.9	87.5	59.8	65.8	76.4
Net realized investment gains (losses) from sales and impairments, net of relat	10.9	37.0	(10.5)	(0.7)	(1.7)
Net change in market value of investments recognized in earnings	(0.3)	(5.3)	(27.5)	16.6	6.8
Fair value changes in embedded derivative liabilities, net of related amortizatio	8.3	22.9	(0.8)	(29.6)	(35.9)
Fair value changes related to the agent deferred compensation plan	11.0	-	0.9	(5.3)	(11.6)
Loss on extinguishment of debt	-	-	-	-	(7.3)
Loss related to reinsurance transaction	-	(704.2)	-	-	-
Other	(4.2)	0.8	1.8	1.2	0.7
Non-operating income (loss) before taxes	25.7	(648.8)	(36.1)	(17.8)	(49.0)
Income tax expense (benefit):					
On non-operating income (loss)	5.4	(136.3)	(7.6)	(3.8)	(10.2)
Valuation allowance for deferred tax assets and other tax items	-	104.8	3.0	-	-
Net non-operating income (loss)	20.3	(617.3)	(31.5)	(14.0)	(38.8)
Net income (loss)	\$ 102.2	\$ (529.8)	\$ 28.3	\$ 51.8	\$ 37.6

*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 on extinguishment of debt, 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) loss on extinguishment of debt; (5) fair value changes related to the agent deferred compensation plan; (6) loss related to reinsurance transaction; (7) charges in the valuation allowance for deferred tax assets and other tax items; and (8) 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.

Colonial Penn Segment Adjusted EBIT Summarized by In-Force and New Business

An analysis of Adjusted EBIT for Colonial Penn, separated between in-force and new business, provides increased clarity for this segment as the vast majority of the costs to generate new business in this segment are not deferrable and Adjusted EBIT will fluctuate based on management's decisions on how much marketing costs to incur in each period. Adjusted EBIT from new business includes pre-tax revenues and expenses associated with new sales of our insurance products during the first year after the sale is completed. Adjusted EBIT from in-force business includes all pre-tax revenues and expenses associated with sales of insurance products that were completed more than one year before the end of the reporting period. The allocation of certain revenues and expenses between new and in-force business is based on estimates, which we believe are reasonable (dollars in millions):

	Adjusted EBIT from Inforce Business					Adjusted EBIT from New Business					Adjusted EBIT from Inforce and New Business				
	2Q18	3Q18	4Q18	1Q19	2Q19	2Q18	3Q18	4Q18	1Q19	2Q19	2Q18	3Q18	4Q18	1Q19	2Q19
Revenues															
Insurance policy income	\$ 62.9	\$ 63.3	\$ 62.9	\$ 64.0	\$ 64.3	\$ 11.6	\$ 11.8	\$ 12.0	\$ 12.7	\$ 13.3	\$ 74.5	\$ 75.1	\$ 74.9	\$ 76.7	\$ 77.6
Net investment income	11.3	11.1	11.2	10.7	10.8	-	-	-	-	-	11.3	11.1	11.2	10.7	10.8
Fee revenue and other income	0.4	0.5	0.4	0.5	0.4	-	-	-	-	-	0.4	0.5	0.4	0.5	0.4
Total revenues	<u>74.6</u>	<u>74.9</u>	<u>74.5</u>	<u>75.2</u>	<u>75.5</u>	<u>11.6</u>	<u>11.8</u>	<u>12.0</u>	<u>12.7</u>	<u>13.3</u>	<u>86.2</u>	<u>86.7</u>	<u>86.5</u>	<u>87.9</u>	<u>88.8</u>
Benefits and expenses															
Insurance policy benefits	43.5	42.6	42.8	48.2	44.1	7.1	7.2	7.3	8.0	8.4	50.6	49.8	50.1	56.2	52.5
Interest expense	0.4	0.3	0.4	0.4	0.4	-	-	-	-	-	0.4	0.3	0.4	0.4	0.4
Amortization	4.0	4.0	4.8	4.1	3.2	0.1	0.2	0.1	0.4	0.4	4.1	4.2	4.9	4.5	3.6
Other operating costs and expenses	8.6	9.2	8.7	8.3	8.1	17.1	17.1	17.6	19.9	18.4	25.7	26.3	26.3	28.2	26.5
Total benefits and expenses	<u>56.5</u>	<u>56.1</u>	<u>56.7</u>	<u>61.0</u>	<u>55.8</u>	<u>24.3</u>	<u>24.5</u>	<u>25.0</u>	<u>28.3</u>	<u>27.2</u>	<u>80.8</u>	<u>80.6</u>	<u>81.7</u>	<u>89.3</u>	<u>83.0</u>
Adjusted EBIT from Inforce Business	<u>\$ 18.1</u>	<u>\$ 18.8</u>	<u>\$ 17.8</u>	<u>\$ 14.2</u>	<u>\$ 19.7</u>	<u>\$(12.7)</u>	<u>\$(12.7)</u>	<u>\$(13.0)</u>	<u>\$(15.6)</u>	<u>\$(13.9)</u>	<u>\$ 5.4</u>	<u>\$ 6.1</u>	<u>\$ 4.8</u>	<u>\$(1.4)</u>	<u>\$ 5.8</u>

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 on extinguishment of debt, 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):

	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Net income(loss) applicable to common stock	\$ 102.2	\$ (529.8)	\$ 28.3	\$ 51.8	\$ 37.6
Non-operating items:					
Net realized investment (gains) losses from sales and impairments, net of related amortization	(10.9)	(37.0)	10.5	0.7	1.7
Net change in market value of investments recognized in earnings	0.3	5.3	27.5	(16.6)	(6.8)
Fair value changes in embedded derivative liabilities, net of related amortization	(8.3)	(22.9)	0.8	29.6	35.9
Fair value changes related to the agent deferred compensation plan	(11.0)	-	(0.9)	5.3	11.6
Loss on extinguishment of debt	-	-	-	-	7.3
Loss related to reinsurance transaction	-	704.2	-	-	-
Other	4.2	(0.8)	(1.8)	(1.2)	(0.7)
Non-operating (income) loss before taxes	(25.7)	648.8	36.1	17.8	49.0
Income tax (expense) benefit:					
On non-operating (income) loss	(5.4)	136.3	7.6	3.8	10.2
Valuation allowance for deferred tax assets and other tax items	-	(104.8)	(3.0)	-	-
Net non-operating (income) loss	(20.3)	617.3	31.5	14.0	38.8
Net operating income (a non-GAAP financial measure)	\$ 81.9	\$ 87.5	\$ 59.8	\$ 65.8	\$ 76.4
Per diluted share:					
Net income(loss)	\$ 0.61	\$ (3.22)	\$ 0.17	\$ 0.32	\$ 0.24
Net realized investment (gains) losses from sales and impairments (net of related amortization and taxes)	(0.05)	(0.18)	0.05	-	0.01
Net change in market value of investments recognized in earnings (net of taxes)	-	0.03	0.13	(0.08)	(0.04)
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	(0.04)	(0.11)	-	0.15	0.18
Fair value changes related to the agent deferred compensation plan (net of taxes)	(0.05)	-	-	0.03	0.06
Loss on extinguishment of debt	-	-	-	-	0.03
Loss related to reinsurance transaction (net of taxes)	-	4.01	-	-	-
Valuation allowance for deferred tax assets and other tax items	-	-	0.02	-	-
Other	0.02	-	(0.01)	(0.01)	-
Net operating income (a non-GAAP financial measure)	\$ 0.49	\$ 0.53	\$ 0.36	\$ 0.41	\$ 0.48

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>2Q18</u>	<u>3Q18 (a)</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Operating income	\$ <u>81.9</u>	\$ <u>87.5</u>	\$ <u>59.8</u>	\$ <u>65.8</u>	\$ <u>76.4</u>
Weighted average shares outstanding for basic earnings per share	166,098	164,551	164,118	160,948	158,816
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	<u>1,880</u>	<u>-</u>	<u>1,772</u>	<u>1,241</u>	<u>919</u>
Weighted average shares outstanding for diluted earnings per share	<u>167,978</u>	<u>164,551</u>	<u>165,890</u>	<u>162,189</u>	<u>159,735</u>
Net operating income per diluted share	\$ <u>0.49</u>	\$ <u>0.53</u>	\$ <u>0.36</u>	\$ <u>0.41</u>	\$ <u>0.48</u>

(a) 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):

	2Q18	3Q18	4Q18	1Q19	2Q19
Total shareholders' equity	\$ 4,454.9	\$ 3,619.9	\$ 3,370.9	\$ 3,837.9	\$ 4,252.2
Shares outstanding for the period	164,433,085	164,634,365	162,201,692	159,955,172	156,768,002
Book value per share	\$ 27.09	\$ 21.99	\$ 20.78	\$ 23.99	\$ 27.12
<hr/>					
Total shareholders' equity	\$ 4,454.9	\$ 3,619.9	\$ 3,370.9	\$ 3,837.9	\$ 4,252.2
Less accumulated other comprehensive income	(700.2)	(403.5)	(177.7)	(654.9)	(1,098.2)
Adjusted shareholders' equity excluding AOCI	\$ 3,754.7	\$ 3,216.4	\$ 3,193.2	\$ 3,183.0	\$ 3,154.0
Shares outstanding for the period	164,433,085	164,634,365	162,201,692	159,955,172	156,768,002
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	1,537,947	2,189,022	1,391,458	1,168,027	894,456
Diluted shares outstanding	165,971,032	166,823,387	163,593,150	161,123,199	157,662,458
Book value per diluted share (a non-GAAP financial measure)	\$ 22.62	\$ 19.28	\$ 19.52	\$ 19.76	\$ 20.00

Information Related to Certain Non-GAAP Financial Measures

Interest-adjusted benefit ratios

The interest-adjusted benefit ratio (a non-GAAP measure) is calculated by dividing the product's insurance policy benefits less imputed interest income on the accumulated assets backing the insurance liabilities by insurance policy income. Interest income is an important factor in measuring the performance of longer duration health products. The net cash flows generally cause an accumulation of amounts in the early years of a policy (accounted for as reserve increases), which will be paid out as benefits in later policy years (accounted for as reserve decreases). Accordingly, as the policies age, the benefit ratio will typically increase, but the increase in the change in reserve will be partially offset by the imputed interest income earned on the accumulated assets. The interest-adjusted benefit ratio reflects the effects of such interest income offset. Since interest income is an important factor in measuring the performance of these products, management believes a benefit ratio, which includes the effect of interest income, is useful in analyzing product performance.

(Dollars in millions)

	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Bankers Life					
Long-term care benefit ratios					
Earned premium	\$ 64.0	\$ 63.7	\$ 63.8	\$ 63.7	\$ 63.5
Benefit ratio before imputed interest income on reserves	119.3%	122.5%	117.9%	120.6%	122.1%
Interest-adjusted benefit ratio	76.3%	79.0%	74.7%	77.2%	77.5%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 15.1	\$ 13.4	\$ 16.2	\$ 14.5	\$ 14.3
Washington National					
Supplemental health benefit ratios					
Earned premium	\$ 151.8	\$ 152.2	\$ 156.0	\$ 155.6	\$ 156.7
Benefit ratio before imputed interest income on reserves	80.7%	81.3%	77.7%	77.6%	80.2%
Interest-adjusted benefit ratio	56.6%	56.9%	53.8%	53.4%	56.2%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 65.8	\$ 65.6	\$ 72.1	\$ 72.4	\$ 68.7

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 extinguishment of debt, 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>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Operating income	<u>\$ 318.3</u>	<u>\$ 329.1</u>	<u>\$ 303.1</u>	<u>\$ 295.0</u>	<u>\$ 289.5</u>
Operating income, excluding significant items	<u>\$ 309.0</u>	<u>\$ 321.8</u>	<u>\$ 317.3</u>	<u>\$ 310.1</u>	<u>\$ 304.6</u>
Net Income (loss)	<u>\$ 216.4</u>	<u>\$ (414.2)</u>	<u>\$ (315.0)</u>	<u>\$ (347.5)</u>	<u>\$ (412.1)</u>
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	<u>\$ 3,298.5</u>	<u>\$ 3,232.7</u>	<u>\$ 3,086.7</u>	<u>\$ 2,942.5</u>	<u>\$ 2,782.7</u>
Average common shareholders' equity	<u>\$ 4,740.9</u>	<u>\$ 4,542.6</u>	<u>\$ 4,200.3</u>	<u>\$ 3,918.3</u>	<u>\$ 3,795.6</u>
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	9.6%	10.2%	9.8%	10.0%	10.4%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	9.4%	10.0%	10.3%	10.5%	10.9%
Return on equity	4.6%	-9.1%	-7.5%	-8.9%	-10.9%

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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>
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)
1Q19	65.8	-	65.8	310.1	51.8	(347.5)
2Q19	76.4	-	76.4	304.6	37.6	(412.1)

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

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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>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Pretax operating earnings (a non-GAAP financial measure)	\$ 439.7	\$ 432.9	\$ 381.2	\$ 369.7	\$ 362.3
Income tax (expense) benefit	<u>(121.4)</u>	<u>(103.8)</u>	<u>(78.1)</u>	<u>(74.7)</u>	<u>(72.8)</u>
Operating return	<u>318.3</u>	<u>329.1</u>	<u>303.1</u>	<u>295.0</u>	<u>289.5</u>
Non-operating items:					
Net realized investment gains (losses) from sales and impairments, net of related amortization	34.7	46.3	37.9	36.7	24.1
Net change in market value of investments recognized in earnings	(12.8)	(21.2)	(48.8)	(16.5)	(9.4)
Fair value changes in embedded derivative liabilities, net of related amortization	41.2	61.8	55.5	0.8	(43.4)
Fair value changes and amendment related to the agent deferred compensation plan	(1.2)	12.2	11.9	6.6	(16.0)
Loss on extinguishment of debt	-	-	-	-	(7.3)
Loss on reinsurance transaction	-	(704.2)	(704.2)	(704.2)	(704.2)
Other	<u>(8.4)</u>	<u>(4.3)</u>	<u>1.7</u>	<u>(0.4)</u>	<u>4.5</u>
Non-operating income (loss) before taxes	53.5	(609.4)	(646.0)	(677.0)	(751.7)
Income tax expense (benefit):					
On non-operating income (loss)	13.3	(128.0)	(135.7)	(142.3)	(157.9)
Valuation allowance for deferred tax assets and other tax items	<u>142.1</u>	<u>261.9</u>	<u>107.8</u>	<u>107.8</u>	<u>107.8</u>
Net non-operating income (loss)	<u>(101.9)</u>	<u>(743.3)</u>	<u>(618.1)</u>	<u>(642.5)</u>	<u>(701.6)</u>
Net income (loss)	<u>\$ 216.4</u>	<u>\$ (414.2)</u>	<u>\$ (315.0)</u>	<u>\$ (347.5)</u>	<u>\$ (412.1)</u>

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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>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>
	<u>1Q19</u>	<u>2Q19</u>		
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,703.4	\$ 2,702.9		
Net operating loss carryforwards	479.6	451.1		
Accumulated other comprehensive income	<u>654.9</u>	<u>1,098.2</u>		
Common shareholders' equity	<u>\$ 3,837.9</u>	<u>\$ 4,252.2</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>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,298.5	\$ 3,232.7	\$ 3,086.7	\$ 2,942.5	\$ 2,782.7
Net operating loss carryforwards	483.1	441.1	440.4	461.8	479.0
Accumulated other comprehensive income	<u>959.3</u>	<u>868.8</u>	<u>673.2</u>	<u>514.0</u>	<u>533.8</u>
Common shareholders' equity	<u>\$ 4,740.9</u>	<u>\$ 4,542.6</u>	<u>\$ 4,200.3</u>	<u>\$ 3,918.3</u>	<u>\$ 3,795.5</u>

Information Related to Certain Non-GAAP Financial Measures

Debt to capital ratio, excluding accumulated other comprehensive income (loss)

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. A reconciliation of these ratios is as follows (dollars in millions):

	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>
Corporate notes payable	\$ 915.7	\$ 916.2	\$ 916.8	\$ 917.3	\$ 988.3
Total shareholders' equity	<u>4,454.9</u>	<u>3,619.9</u>	<u>3,370.9</u>	<u>3,837.9</u>	<u>4,252.2</u>
Total capital	<u>\$ 5,370.6</u>	<u>\$ 4,536.1</u>	<u>\$ 4,287.7</u>	<u>\$ 4,755.2</u>	<u>\$ 5,240.5</u>
Corporate debt to capital	<u>17.1%</u>	<u>20.2%</u>	<u>21.4%</u>	<u>19.3%</u>	<u>18.9%</u>
<hr/>					
Corporate notes payable	\$ 915.7	\$ 916.2	\$ 916.8	\$ 917.3	\$ 988.3
Total shareholders' equity	4,454.9	3,619.9	3,370.9	3,837.9	4,252.2
Less accumulated other comprehensive income	<u>(700.2)</u>	<u>(403.5)</u>	<u>(177.7)</u>	<u>(654.9)</u>	<u>(1,098.2)</u>
Total capital	<u>\$ 4,670.4</u>	<u>\$ 4,132.6</u>	<u>\$ 4,110.0</u>	<u>\$ 4,100.3</u>	<u>\$ 4,142.3</u>
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	<u>19.6%</u>	<u>22.2%</u>	<u>22.3%</u>	<u>22.4%</u>	<u>23.9%</u>