



For Immediate Release

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CNO reports first quarter 2012 results

Net income of \$59.1 million (up 30%), or 21 cents per share
Sales up 12%, with increases across all active segments
Core capital measures remain strong

Carmel, Ind. April 30, 2012 - CNO Financial Group, Inc. (NYSE: CNO) today announced first quarter of 2012 net income of \$59.1 million, or 21 cents per diluted share, and operating earnings (1) of \$40.6 million, or 15 cents per diluted share. All prior periods presented have been retrospectively adjusted to reflect the adoption of ASU 2010-26 related to the accounting for deferred acquisition costs as further discussed below.

“CNO's core businesses continued to perform well during the first quarter, while our investments in distribution and growth in our business are yielding solid sales and earnings results,” CEO Ed Bonach said. “Our financial position also continued to strengthen as we further reduced debt, paid in full the remaining balance of the Senior Health Note and continued our stock repurchase program.”

First Quarter 2012 Highlights

- Sales, as defined by total new annualized premium (“NAP”) (2): \$96.2 million, up 12% from 1Q11
- Net income per diluted share of 21 cents, compared to 16 cents in 1Q11
Net operating income (1) per diluted share: 15 cents in both 1Q12 and 1Q11
- The consolidated statutory risk-based capital ratio increased 2 percentage points to 360% in 1Q12 and statutory operating earnings totaled \$87 million
- Unrestricted cash and investments held by our non-insurance subsidiaries was \$171.9 million at March 31, 2012, after \$18.9 million of share repurchases and \$59.4 million of debt payments
- Senior Health Note paid in full, removing restriction on paying a common stock dividend
- Debt-to-total capital ratio, excluding accumulated other comprehensive income (loss) (3), decreased 120 basis points from December 31, 2011 to 17.1 percent

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Adoption of New Accounting Standard

Effective January 1, 2012, we adopted ASU 2010-26 which modified the definition of the types of acquisition costs that can be deferred by insurance companies. We elected to adopt the new guidance on a retrospective basis. Accordingly, all prior periods presented have been retrospectively adjusted. As a result of the adoption of the new guidance, shareholders' equity, excluding accumulated other comprehensive income, at December 31, 2011, decreased \$575 million; and net income for the first three months of 2012 and 2011, decreased by \$10.4 million and \$8.5 million, respectively. The new guidance impacts the timing of the recognition of profits on our business, but has no impact on cash flows, statutory financial results or the ultimate profitability of the business.

Quarterly Segment Operating Results

	Three months ended	
	March 31,	
	2012	2011
	(Dollars in millions, except per-share data)	
EBIT (4):		
Bankers Life	\$ 70.5	\$ 62.2
Washington National	24.7	24.3
Colonial Penn	(9.8)	(5.7)
Other CNO Business	(2.3)	7.4
EBIT from business segments	83.1	88.2
Corporate Operations, excluding corporate interest expense	(1.8)	(.5)
EBIT	81.3	87.7
Corporate interest expense	(17.5)	(20.6)
Operating earnings before tax	63.8	67.1
Tax expense on operating income	23.2	23.9
Net operating income (1)	40.6	43.2
Net realized investment gains (net of related amortization and taxes)	14.1	3.1
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	4.5	—
Loss on extinguishment of debt, net of income taxes	(.1)	(.9)
Net income	\$ 59.1	\$ 45.4
Per diluted share:		
Net operating income	\$.15	\$.15
Net realized investment gains, net of related amortization and taxes	.05	.01
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	.01	—
Net income	\$.21	\$.16

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The following summarizes the financial impact of several significant items (described in the segment results below) on our 1Q12 net operating income (dollars in millions, except per share amounts):

	Three months ended March 31, 2012*		
	Actual results	Significant items	Excluding significant items
Net Operating Income (1):			
Bankers Life	\$ 70.5	\$ (11.0)	\$ 59.5
Washington National	24.7	—	24.7
Colonial Penn	(9.8)	—	(9.8)
Other CNO Business	(2.3)	15.0	12.7
EBIT from business segments	83.1	4.0	87.1
Corporate Operations, excluding corporate interest expense	(1.8)	(5.0)	(6.8)
EBIT (4)	81.3	(1.0)	80.3
Corporate interest expense	(17.5)	—	(17.5)
Operating earnings before tax	63.8	(1.0)	62.8
Tax expense on operating income	23.2	(.4)	22.8
Net operating income	<u>\$ 40.6</u>	<u>\$ (.6)</u>	<u>\$ 40.0</u>
Net operating income per diluted share	<u>\$.15</u>	<u>\$ —</u>	<u>\$.15</u>

* See page 9 for the table of Net Operating Income Excluding Significant Items for the three months ended March 31, 2011.

Segment Results

Bankers Life markets and distributes a variety of insurance products to the middle-income senior market through a dedicated field force of career agents. NAP in 1Q12 was \$58.8 million, up 6% from 1Q11 with higher sales of life and Medicare supplement products being partially offset by lower annuity sales as a result of the low interest rate environment. Overall sales growth was driven by an increase in agent force due to gains in recruiting and retention.

Pre-tax operating earnings in 1Q12 of \$70.5 million included: (i) approximately \$21 million of favorable reserve developments in the Medicare supplement and long-term care blocks; partially offset by (ii) a \$10 million settlement with state securities regulators.

Pre-tax operating earnings in 1Q11 of \$62.2 million included: (i) approximately \$18 million of favorable reserve developments in the Medicare supplement and long-term care blocks; partially offset by (ii) approximately \$6 million additional amortization of insurance intangibles primarily resulting from higher 1Q11 policy lapses of Medicare supplement policies.

Pre-tax operating earnings in 1Q12 compared to 1Q11 were up \$8 million, or 13 percent. Such increase reflects: (i) \$10 million increased earnings on the annuity block reflecting favorable investment spreads and higher total account values; (ii) \$3 million net favorable developments in the Medicare supplement and long-term care blocks; (iii) \$6 million lower amortization of insurance intangibles due to improved persistency of Medicare supplement policies in 1Q12; partially offset by (iv) a \$10 million settlement with state securities regulators.

Washington National markets and distributes supplemental health and life insurance to middle-income consumers through a wholly owned subsidiary and independent marketing organizations and insurance agencies. NAP in 1Q12 was \$19.9 million, up 16% from 1Q11 due to increased sales of core supplemental health and life insurance products. Sales in the quarter benefited from distribution expansion and an increase in worksite sales, which were up 24%.

Pre-tax operating earnings in 1Q12 did not fluctuate significantly from 1Q11.

Colonial Penn markets primarily graded benefit and simplified issue life insurance directly to customers through television advertising, direct mail, the internet and telemarketing. NAP in 1Q12 was \$17.5 million, up 28% from 1Q11. Sales in the quarter benefited from an increase in lead levels and higher buy rates, which demonstrate the benefits of our increased investment in marketing and advertising.

This segment's results are significantly impacted by the adoption of the new accounting standard related to deferred acquisition costs. We are no longer able to defer most of Colonial Penn's direct response advertising costs although such costs generate predictable sales and future profits. The amount of our investment in new business during a particular period will have a significant impact on this segment's results.

Pre-tax operating earnings in 1Q12 were down \$4 million compared to 1Q11, primarily reflecting an increase in direct response advertising expense.

Other CNO Business consists of blocks of various insurance products that are no longer being actively marketed. Its earnings will often fluctuate between periods.

Pre-tax operating loss in 1Q12 of \$2.3 million included: (i) a \$20 million charge related to the tentative settlement by the Company's subsidiary, Conseco Life Insurance Company, in the Nicholas putative class action; offset by (ii) \$5 million of favorable margins in life and annuity blocks.

Pre-tax operating loss in 1Q12 compared to 1Q11 was down approximately \$10 million primarily due to the: (i) \$20 million charge related to the tentative settlement; partially offset by (ii) the \$5 million favorable margins (both as described above).

Corporate Operations includes our investment advisory subsidiary and corporate expenses.

Net expenses in 1Q12 of \$1.8 million included: (i) a \$6 million increase in the value of Company-owned life insurance utilized as an investment vehicle to fund an agent deferred compensation plan; (ii) \$6 million of income from investment trading account activities; partially offset by (iii) \$7 million of expense related to the relocation of Bankers Life's primary office.

Net expenses in 1Q11 included: (i) a \$2 million increase in the value of Company-owned life insurance; and (ii) \$4 million of income from investment trading account activities.

Net expenses in 1Q12 compared to 1Q11 were up \$1 million reflecting: (i) \$7 million of expenses related to the relocation of Bankers Life's primary office; partially offset by (ii) a \$4 million increase in the value of Company-owned life insurance; and (iii) a \$2 million increase in income from investment trading account activities.

Non-Operating Items

Net realized investment gains in 1Q12 were \$14.1 million (net of related amortization and taxes), including total other-than-temporary impairment losses of \$7.9 million recorded in earnings. Net realized investment gains in 1Q11 were \$3.1 million (net of related amortization and taxes), including total other-than-temporary impairment losses of \$13.3 million recorded in earnings.

Book value per common share, excluding other comprehensive income (loss) (5), increased to \$16.20 from \$15.88 at December 31, 2011.

Conference Call

The Company will host a conference call to discuss results on May 1, 2012 at 10:00 a.m. Eastern Daylight Time. The webcast can be accessed through the Investors section of the company's website: <http://investor.CNOinc.com>. Participants should go to the website at least 15 minutes before the event to register and download any necessary audio software. During the call, we will be referring to a presentation that will be available the morning of the call at the Investors section of the company's website.

About CNO

CNO is a holding company. Our insurance subsidiaries - principally Bankers Life and Casualty Company, Washington National Insurance Company and Colonial Penn Life Insurance Company - serve working American families and seniors by helping them protect against financial adversity and provide for a more secure retirement. For more information, visit CNO online at www.CNOinc.com.

- Tables Follow -

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in millions)

	March 31, 2012 (unaudited)	December 31, 2011
ASSETS		
Investments:		
Fixed maturities, available for sale, at fair value (amortized cost: March 31, 2012 - \$22,021.2; December 31, 2011 - \$21,779.1)	\$ 23,777.7	\$ 23,516.0
Equity securities at fair value (cost: March 31, 2012 - \$172.7; December 31, 2011 - \$177.0)	176.5	175.1
Mortgage loans	1,546.7	1,602.8
Policy loans	277.8	279.7
Trading securities	122.3	91.6
Investments held by securitization entities	564.7	496.3
Other invested assets	270.9	202.8
Total investments	26,736.6	26,364.3
Cash and cash equivalents - unrestricted	173.5	436.0
Cash and cash equivalents held by securitization entities	65.8	74.4
Accrued investment income	313.6	288.7
Present value of future profits	675.4	697.7
Deferred acquisition costs	790.4	797.1
Reinsurance receivables	3,052.7	3,091.1
Income tax assets, net	819.9	865.4
Assets held in separate accounts	16.0	15.0
Other assets	402.3	292.2
Total assets	\$ 33,046.2	\$ 32,921.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Interest-sensitive products	\$ 13,103.4	\$ 13,165.5
Traditional products	10,517.9	10,482.7
Claims payable and other policyholder funds	1,000.8	1,034.3
Liabilities related to separate accounts	16.0	15.0
Other liabilities	721.0	556.3
Investment borrowings	1,684.9	1,676.5
Borrowings related to variable interest entities	519.9	519.9
Notes payable – direct corporate obligations	799.3	857.9
Total liabilities	28,363.2	28,308.1
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2012 - 239,219,445; December 31, 2011 – 241,304,503)	2.4	2.4
Additional paid-in capital	4,345.6	4,361.9
Accumulated other comprehensive income	808.0	781.6
Accumulated deficit	(473.0)	(532.1)
Total shareholders' equity	4,683.0	4,613.8
Total liabilities and shareholders' equity	\$ 33,046.2	\$ 32,921.9

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in millions, except per-share data)
(unaudited)

	Three months ended	
	March 31,	
	2012	2011
Revenues:		
Insurance policy income	\$ 686.3	\$ 667.2
Net investment income:		
General account assets	345.2	336.1
Policyholder and reinsurer accounts and other special-purpose portfolios	65.6	37.4
Realized investment gains:		
Net realized investment gains, excluding impairment losses	30.8	18.4
Other-than-temporary impairment losses:		
Total other-than-temporary impairment losses	(7.9)	(13.3)
Portion of other-than-temporary impairment losses recognized in accumulated other comprehensive income	—	—
Net impairment losses recognized	(7.9)	(13.3)
Total realized gains	22.9	5.1
Fee revenue and other income	3.9	3.4
Total revenues	1,123.9	1,049.2
Benefits and expenses:		
Insurance policy benefits	689.0	683.2
Interest expense	28.8	29.2
Amortization	86.6	94.9
Loss on extinguishment of debt	.2	1.4
Other operating costs and expenses	227.0	170.1
Total benefits and expenses	1,031.6	978.8
Income before income taxes	92.3	70.4
Tax expense on period income	33.2	25.0
Net income	\$ 59.1	\$ 45.4
Earnings per common share:		
Basic:		
Weighted average shares outstanding	240,895,000	251,121,000
Net income	\$.25	\$.18
Diluted:		
Weighted average shares outstanding	297,343,000	307,498,000
Net income	\$.21	\$.16

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
EBIT FROM BUSINESS SEGMENTS
SUMMARIZED BY IN-FORCE AND NEW BUSINESS (6)
(Dollars in millions)

EBIT (4) from In-force and New Business	Three months ended	
	March 31,	
	2012	2011
Bankers Life segment:		
In-Force Business	\$ 97.1	\$ 86.7
New Business	(26.6)	(24.5)
Total	<u>\$ 70.5</u>	<u>\$ 62.2</u>
Washington National segment:		
In-Force Business	\$ 27.4	\$ 27.3
New Business	(2.7)	(3.0)
Total	<u>\$ 24.7</u>	<u>\$ 24.3</u>
Colonial Penn segment:		
In-Force Business	\$ 6.7	\$ 8.0
New Business	(16.5)	(13.7)
Total	<u>\$ (9.8)</u>	<u>\$ (5.7)</u>
Other CNO Business segment:		
In-Force Business	\$ (2.3)	\$ 7.4
New Business	—	—
Total	<u>\$ (2.3)</u>	<u>\$ 7.4</u>
Total Business segments:		
In-Force Business	\$ 128.9	\$ 129.4
New Business	(45.8)	(41.2)
Total EBIT from business segments	<u>\$ 83.1</u>	<u>\$ 88.2</u>

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NET OPERATING INCOME EXCLUDING SIGNIFICANT ITEMS*
(Dollars in millions)

	Three months ended March 31, 2011		
	Actual results	Significant items	Excluding significant items
Net Operating Income (1):			
Bankers Life	\$ 62.2	\$ (12.0)	\$ 50.2
Washington National	24.3	—	24.3
Colonial Penn	(5.7)	—	(5.7)
Other CNO Business	7.4	—	7.4
EBIT from business segments	88.2	(12.0)	76.2
Corporate Operations, excluding corporate interest expense	(.5)	(6.0)	(6.5)
EBIT (4)	87.7	(18.0)	69.7
Corporate interest expense	(20.6)	—	(20.6)
Operating earnings before tax	67.1	(18.0)	49.1
Tax expense on operating income	23.9	(6.4)	17.5
Net operating income	\$ 43.2	\$ (11.6)	\$ 31.6
Net operating income per diluted share	\$.15	\$ (.04)	\$.11

* This table summarizes the financial impact of several significant items (described in the segment results section of this press release) in our 1Q11 net operating income.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
COLLECTED PREMIUMS
(Dollars in millions)

	Three months ended	
	March 31,	
	2012	2011
Bankers Life segment:		
Medicare supplement and other supplemental health	\$ 192.8	\$ 192.7
Life	70.1	56.4
Long-term care	136.7	144.9
Annuity	184.7	222.2
Total	584.3	616.2
Washington National segment:		
Supplemental health	112.9	106.9
Medicare supplement and other supplemental health	28.8	36.3
Life	4.0	4.3
Total	145.7	147.5
Colonial Penn segment:		
Life	52.6	49.4
Supplemental health	1.3	1.5
Total	53.9	50.9
Other CNO Business segment:		
Life	45.3	46.4
Annuity	.9	4.2
Other health	6.9	7.6
Total	53.1	58.2
Total collected premiums	\$ 837.0	\$ 872.8

NEW ANNUALIZED PREMIUMS (2)
(Dollars in millions)

	Three months ended	
	March 31,	
	2012	2011
Bankers Life segment:		
Medicare supplement and other supplemental health	\$ 19.5	\$ 18.3
Life	20.3	16.6
Long-term care	7.9	6.9
Annuity	11.1	13.4
Total	58.8	55.2
Washington National segment:		
Supplemental health	17.6	15.7
Medicare supplement and other supplemental health	.3	.5
Life	2.0	.8
Annuity	—	.2
Total	19.9	17.2
Colonial Penn segment:		
Life	17.5	13.6
Total	17.5	13.6
Total new annualized premiums	\$ 96.2	\$ 86.0

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
BENEFIT RATIOS ON MAJOR HEALTH LINES OF BUSINESS

	Three months ended	
	March 31,	
	2012	2011
Bankers Life segment:		
Medicare Supplement:		
Earned premium	\$183 million	\$181 million
Benefit ratio (7)	64.5%	67.2%
PDP and PFFS:		
Earned premium	\$11 million	\$14 million
Benefit ratio (7)	84.8%	84.8%
Long-Term Care:		
Earned premium	\$141 million	\$144 million
Benefit ratio (7)	110.9%	113.4%
Interest-adjusted benefit ratio (a non-GAAP measure) (8)	65.5%	70.8%
Washington National segment:		
Medicare Supplement:		
Earned premium	\$31 million	\$36 million
Benefit ratio (7)	65.4%	66.3%
Supplemental health:		
Earned premium	\$112 million	\$105 million
Benefit ratio (7)	82.4%	78.7%
Interest-adjusted benefit ratio (a non-GAAP measure) (8)	55.1%	49.1%
Other CNO Business segment:		
Long-Term Care:		
Earned premium	\$7 million	\$7 million
Benefit ratio (7)	227.4%	235.7%
Interest-adjusted benefit ratio (a non-GAAP measure) (8)	122.0%	148.0%

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NOTES

- (1) Management believes that an analysis of Net income applicable to common stock before: (i) loss on extinguishment of debt, net of income taxes; (ii) net realized investment gains or losses, net of related amortization and income taxes; and (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and income taxes (“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. Net realized investment gains or losses include: (i) gains or losses on the sales of investments; (ii) other-than-temporary impairments recognized through net income; and (iii) changes in fair value of certain fixed maturity investments with embedded derivatives. Prior to June 30, 2011, certain of our trading securities were held to offset the income statement volatility caused by the effect of interest rate fluctuations on the value of embedded derivatives related to our fixed index annuity products. During 2Q2011, these securities were sold. A reconciliation of Net operating income to Net income applicable to common stock is provided in the table on page 2. Additional information concerning this non-GAAP measure 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.
- (2) Measured by new annualized premium, which includes 6% of annuity and 10% of single premium whole life deposits and 100% of all other premiums. Medicare Advantage and Private-Fee-For-Service sales are not comparable to other sales and are therefore excluded in all periods.
- (3) 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. The corresponding GAAP measures for debt-to-total capital were 14.6% and 15.7% at March 31, 2012 and December 31, 2011, respectively.
- (4) Management believes that an analysis of earnings before net realized investment gains (losses), fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, corporate interest expense, loss on extinguishment of debt and taxes (“EBIT,” a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because these items are unrelated to the company's underlying fundamentals. A reconciliation of EBIT to Net Income applicable to common stock is provided in the table on page 2.
- (5) 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. The corresponding GAAP measures for book value per common share were \$19.58 and \$19.12 at March 31, 2012 and December 31, 2011, respectively.
- (6) Management believes that an analysis of EBIT, separated between in-force and new business provides increased clarity around the value drivers of our business, particularly since the new business results are significantly impacted by the rate of sales, mix of business and the distribution channel through which new sales are made. 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. 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.
- (7) The benefit ratio is calculated by dividing the related product's insurance policy benefits by insurance policy income.
- (8) The interest-adjusted benefit ratio (a non-GAAP measure) is calculated by dividing the product's insurance policy benefits less 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 interest income earned on the accumulated assets. The interest-adjusted benefit ratio reflects the 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. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available in the “Investors - SEC Filings” section of CNO Financial's website, www.CNOinc.com.

Cautionary Statement Regarding Forward-Looking Statements. *Our statements, trend analyses and other information contained in this press release relative to markets for CNO Financial's products and trends in CNO Financial's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) changes in or sustained low interest rates causing reductions in investment income, the margins of our fixed annuity and life insurance businesses, and sales of, and demand for, our products; (ii) general economic, market and political conditions, including the performance and fluctuations of the financial markets which may affect the value of our investments as well as our ability to raise capital or refinance existing indebtedness and the cost of doing so; (iii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (iv) our ability to make anticipated changes to certain non-guaranteed elements of our life insurance products; (v) our ability to obtain adequate and timely rate increases on our health products, including our long-term care business; (vi) the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries; (vii) mortality, morbidity, the increased cost and usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (viii) changes in our assumptions related to deferred acquisition costs or the present value of future profits; (ix) the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on their value; (x) our assumption that the positions we take on our tax return filings, including our position that our 7.0% convertible senior debentures due 2016 will not be treated as stock for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, and will not trigger an ownership change, will not be successfully challenged by the Internal Revenue Service; (xi) changes in accounting principles and the interpretation thereof (including changes in principles related to accounting for deferred acquisition costs); (xii) our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements; (xiii) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems, (xiv) performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges); (xv) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (xvi) our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs; (xvii) our ability to maintain effective controls over financial reporting; (xviii) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (xix) our ability to achieve eventual upgrades of the financial strength ratings of CNO Financial and our insurance company subsidiaries as well as the impact of our ratings on our business, our ability to access capital and the cost of capital; (xx) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xxi) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends and surplus debenture interest to us, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; and (xxii) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products or affect the value of our deferred tax assets. Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.*

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