

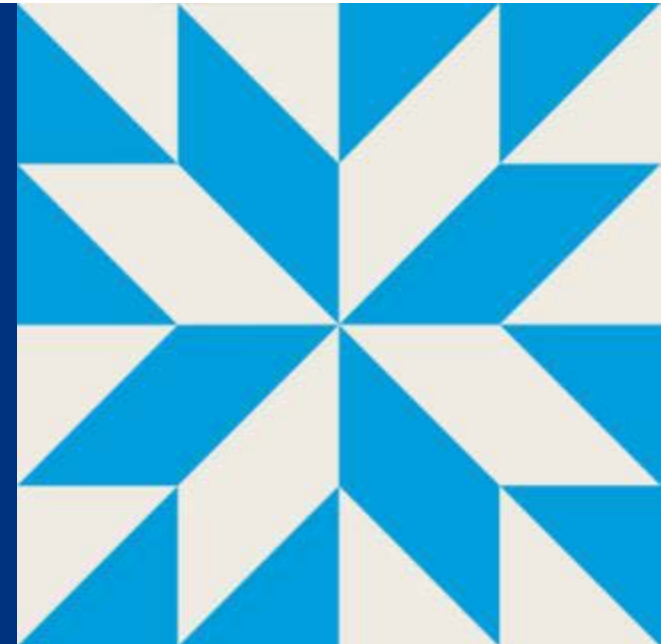


CNO FINANCIAL GROUP

4Q13

Financial and operating results for the period ended December 31, 2013

February 12, 2014



Unless otherwise specified, comparisons in this presentation are between 4Q13 and 4Q12.

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 February 11, 2014, 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 loss on reinsurance transaction, net realized investment gains (losses), fair value changes in embedded derivative liabilities, equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests, corporate interest expense, loss on extinguishment of debt 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.



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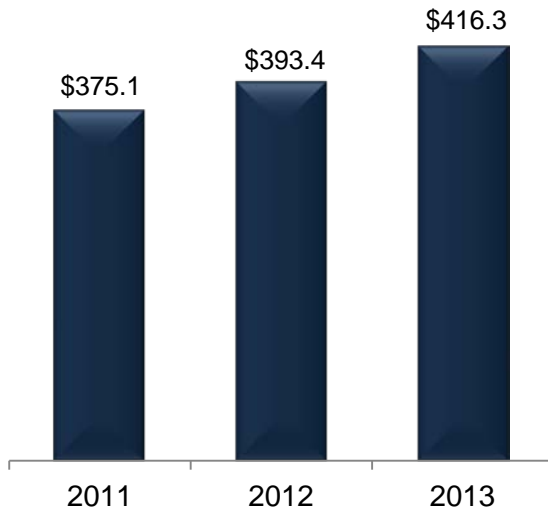
- Businesses continue to perform well: Growth in sales, premiums and earnings
- Returning value to shareholders while continuing on path to investment grade
- Placed on review for upgrade by Moody's
- OCB long-term care reinsurance transaction

Business Investments Driving Growth

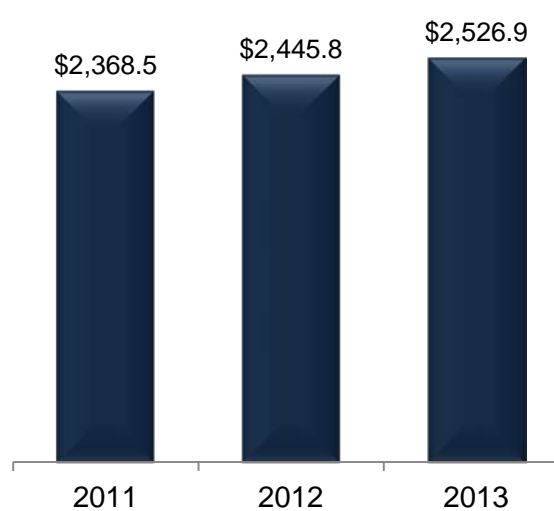
CNO

(\$ millions)

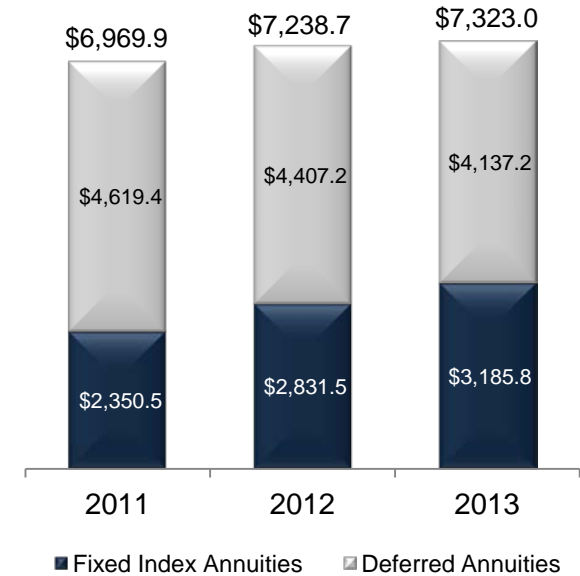
NAP



Collected Premiums*



Bankers Annuities Avg. Liabilities



- Investing in productivity and growth of the agent force
- Expanding presence by adding new locations and geographies
- Developing and launching new products to meet the needs of our target market
- Driving operational efficiencies and enhancing the customer experience

OCB LTC Reinsurance Transaction

Important initial step on OCB

- *10% of OCB reserves*
- *Specialized block to reinsure*

Reduces LTC exposure by 12%

- *Represents \$550mm of statutory LTC reserves transferred*

Favorable pro forma financial impact

- *Accretive to 2013 pro forma pre-tax earnings (~\$5mm)*
- *~25bps positive to ROE*
- *No material impact to GAAP leverage or consolidated RBC*

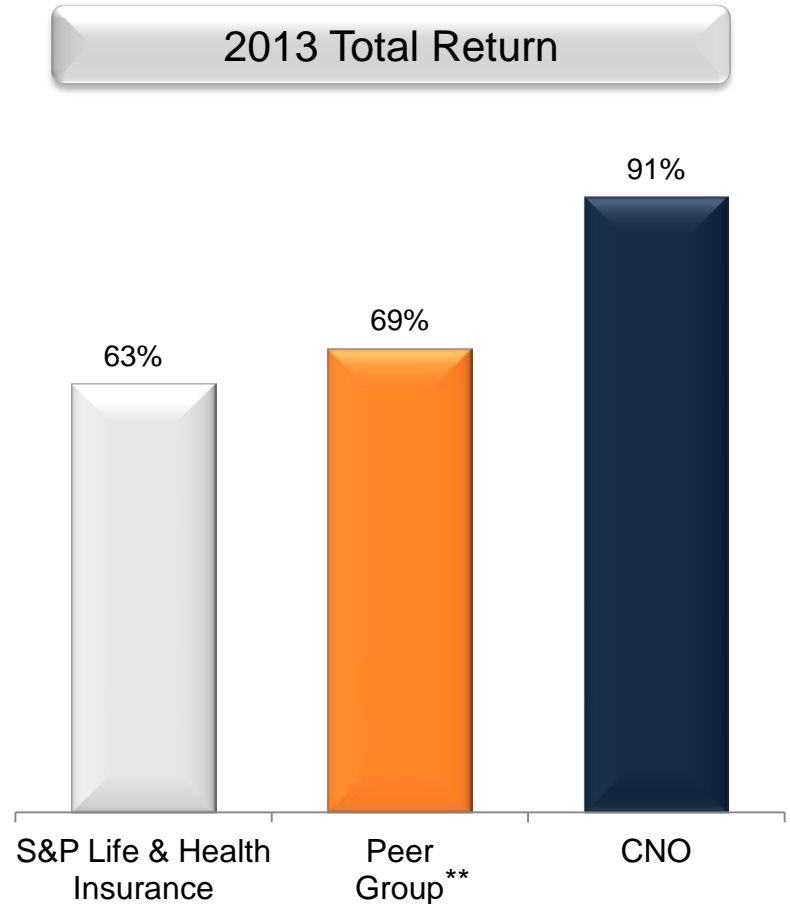
Structure provides additional security

- *Secured by market value trusts with 7% over-collateralization and investment guidelines*

2013: Driving Shareholder Value

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- Grew operating EPS and book value per diluted share*
- Expanded ROE on an increasing book value
- Lowered cost of capital while improving financial strength and ratings
- Profitably grew the business



* Excluding accumulated other comprehensive income

** Peers – AFL, AMP, AIZ, GNW, HIG, LNC, MET, PNK, PRI, PFG, PL, PRU, SFG, SYA, TMK, UNM, VOYA

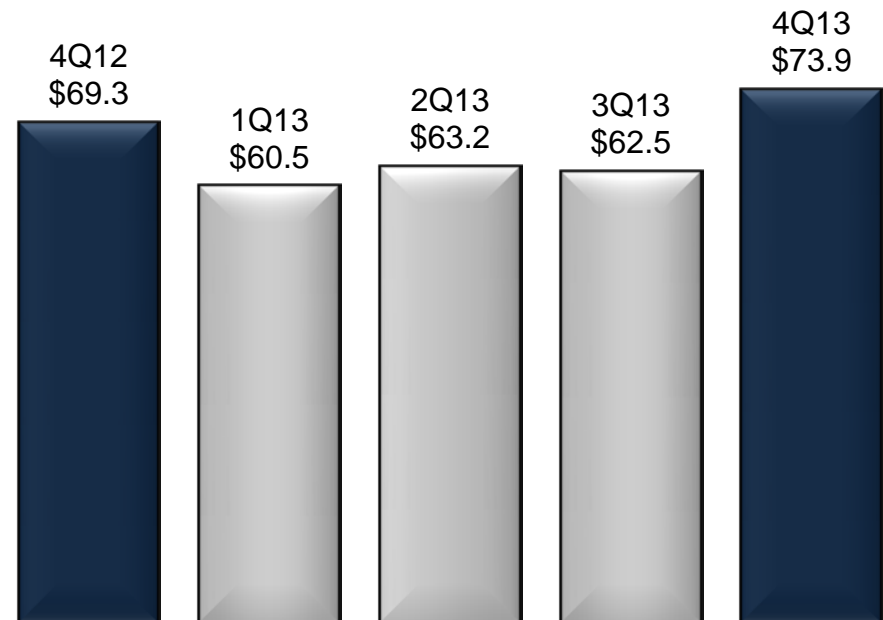
4Q13 Sales and Distribution Results

Bankers Life

(\$ millions)

- Sales up 7%
 - Driven by Med supp, annuity and life
 - Partially offset by LTC
- Strong Med Advantage sales in the quarter
- Collected premiums up 6%
- Added 6 net locations in 4Q
- Average agent force up 3% YTD

Quarterly NAP*



Trailing 4-Quarters NAP	\$245.2	\$246.9	\$250.6	\$255.5	\$260.1
Critical Illness NAP	\$2.4	\$2.8	\$2.7	\$2.6	\$2.2
Collected Premiums	\$606.7	\$590.2	\$599.4	\$600.3	\$640.3
Med Advantage Policies Issued	10,990	771	2,302	1,729	16,814
Trailing 4-Quarters Med Advantage Fee Income, Net	\$6.8	\$7.5	\$8.2	\$8.9	\$9.1

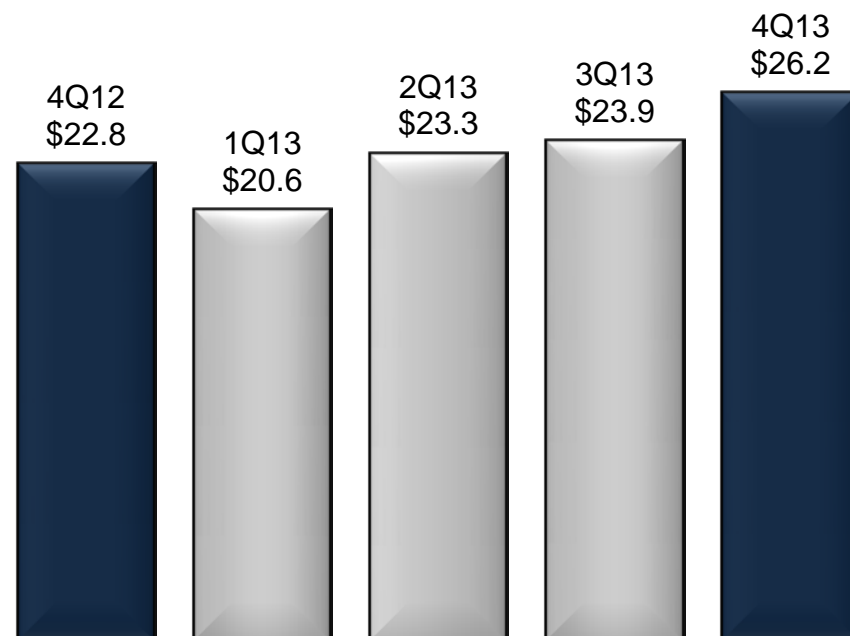
4Q13 Sales and Distribution Results

(\$ millions)

- Sales up 15%
 - PMA up 13%
 - Independent Partners up 24%
- Strong voluntary worksite sales
 - Up 29% driven by increased group enrollments
- Collected premiums* up 8%
- Growth in agent force
 - PMA producing agents** up 10%

Washington National

Quarterly NAP



Trailing 4-Quarters NAP	\$86.4	\$87.1	\$88.1	\$90.6	\$94.0
Collected Premiums*	\$121.0	\$124.5	\$126.0	\$126.5	\$130.2

* Collected premiums exclude Medicare supplement premiums

** Total producing agents includes appointed agents with \$1000 or more of NAP in the prior 12 months

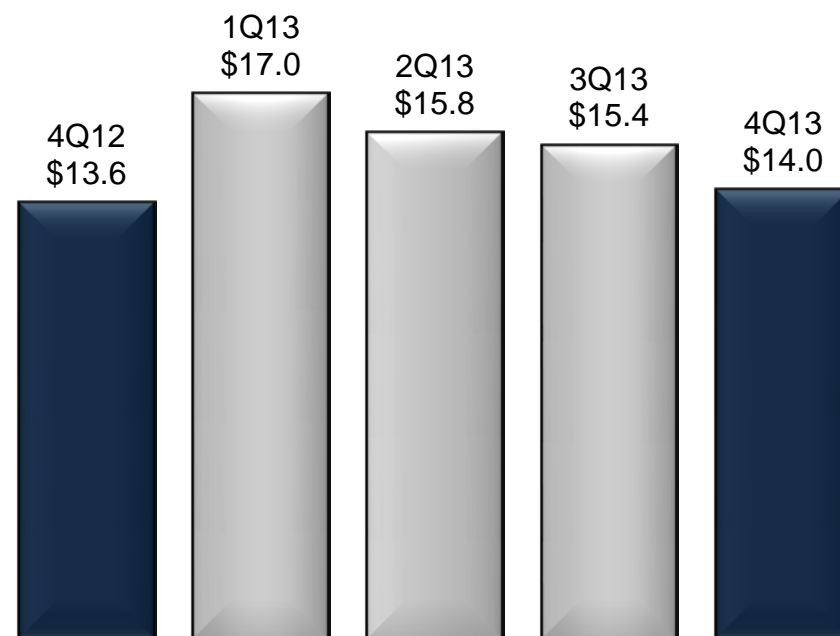
4Q13 Sales and Distribution Results

(\$ millions)

- Sales up 3%
 - Challenging TV ad environment yielded increased cost and lower conversion
- Collected premiums up 6% reflecting growth in in-force
- In-force EBIT growth of 9%

Colonial Penn

Quarterly NAP



Trailing 4-Quarters NAP	\$61.8	\$61.3	\$61.5	\$61.8	\$62.2
Collected Premiums	\$55.0	\$57.2	\$57.4	\$58.6	\$58.5

Bankers Long-Term Care

The Need

- Serves an important role in retirement care and security of the middle market
- Medicare does not adequately address long-term care needs
- Private LTC reduces the future burden on state Medicaid programs

The Challenges

- Balancing acceptable returns and affordability
- Managing older blocks of business

Our Position

- Current product offerings gradually lowering overall risk profile
- Oversight by specialized product management team
- Focused on working with regulators, legislators and industry partners

CNO remains committed to serving the needs of its customers by offering LTC products

Business Investments Delivering Results

***Investments led to 2013
accomplishments and consolidated sales
growth of 6%...***

***...expect momentum to continue
into 2014***



- Sales up 6% for the year
- Strong year for life insurance and Medicare Advantage sales
- Growth in average agent force
- Ended year with 301 locations

- Sales force automation and new CRM tools
- Advanced life sales training
- Revised branding and digital marketing
- Grow Financial Advisor program



- Sales up 9% for the year
- Record supplemental health, PMA, and worksite sales
- Strong agent recruiting
- Introduced new products

- Worksite distribution expansion
- Individual distribution geographic expansion
- Grow owned agency distribution



- Growth in collected premium and in-force EBIT
- Introduced new whole life product
- Improved web/digital presence

- Patriot program growth
- Lead generation diversification
- Web/digital strategy
- Telesales productivity improvements

- **4Q Earnings**

- In aggregate, core earnings drivers performed as expected
- Strength in annuity margins, corporate investment results, and OCB
- Loss Recognition Testing completed with stable aggregate margins

- **4Q Capital & Liquidity**

- RBC above 400% and holding company leverage below 17%
- >\$150mm increase to statutory capital during the year
- Holding company liquidity and investments in excess of \$300mm
- Deployable capital of ~\$160mm

- **2013 Capital Deployment**

- Repurchased \$253mm of securities, paid \$24mm in common stock dividends, paid down \$63mm of debt

- **OCB Long-Term Care Reinsurance Transaction**

- GAAP net loss of \$65mm and capital transferred of \$43mm
- Modestly accretive to GAAP and statutory earnings
- Reduces asset leverage and exposure to potential LTC volatility

OCB LTC Reinsurance Transaction

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Deal Structure

- 100% coinsurance on \$550mm of run-off LTC statutory reserves
- Reinsured to Beechwood Re, a reinsurer formed in 2012 and focused on life and annuity reinsurance
- Secured by market-value trusts with investment guidelines, true-up provisions and 7% over-collateralization
- Net capital transferred to reinsurer of approximately \$43mm

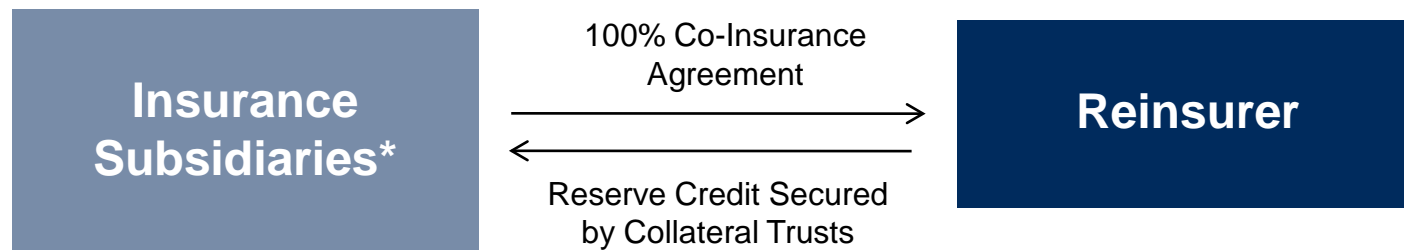
Financial Impact

GAAP

- Book value loss of \$65mm, accretive to operating earnings by approximately \$5mm
- ROE run-rate increase of ~25 basis points with no material impact to leverage

Statutory

- Accretive to annual statutory income with no material impact to consolidated RBC



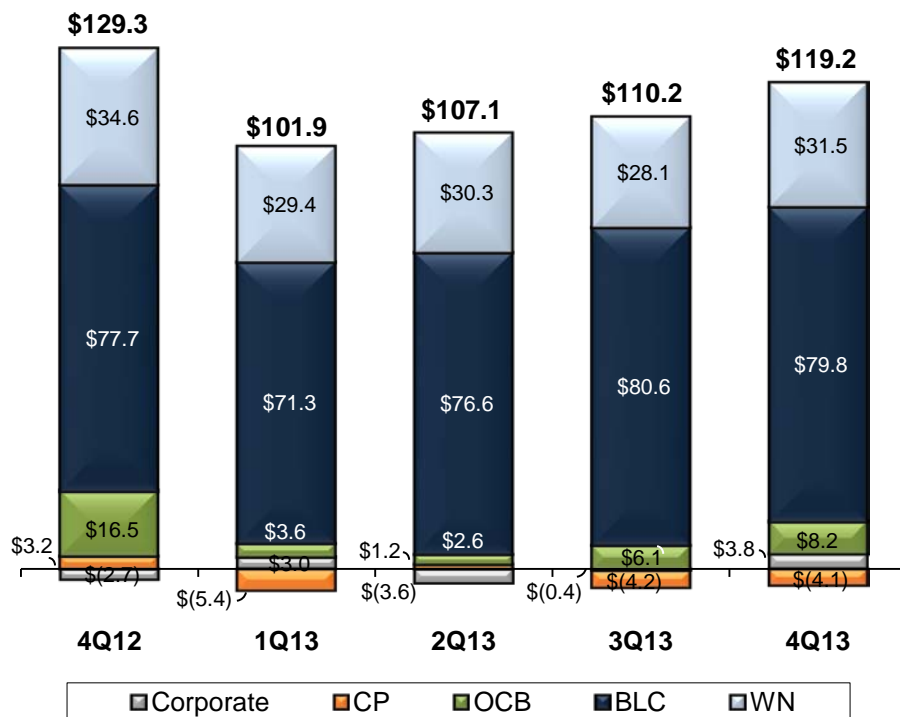
* Washington National Insurance Company and Bankers Consec Life Insurance Company

Segment Earnings

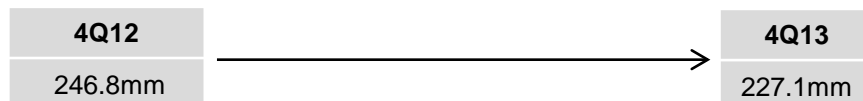
(\$ millions)

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Segment EBIT Excluding Significant Items*



Weighted Average Diluted Shares Outstanding



4Q13 Notable Items

- Bankers annuity and Medicare supplement margins remain strong
- LTC benefit ratios have stabilized
- Washington National benefiting from growth and strong health margins
- Colonial Penn results reflect guidance on elevated ad spend
- Favorable OCB margins reflect inherent volatility
- Strong markets yielded favorable corporate investment results

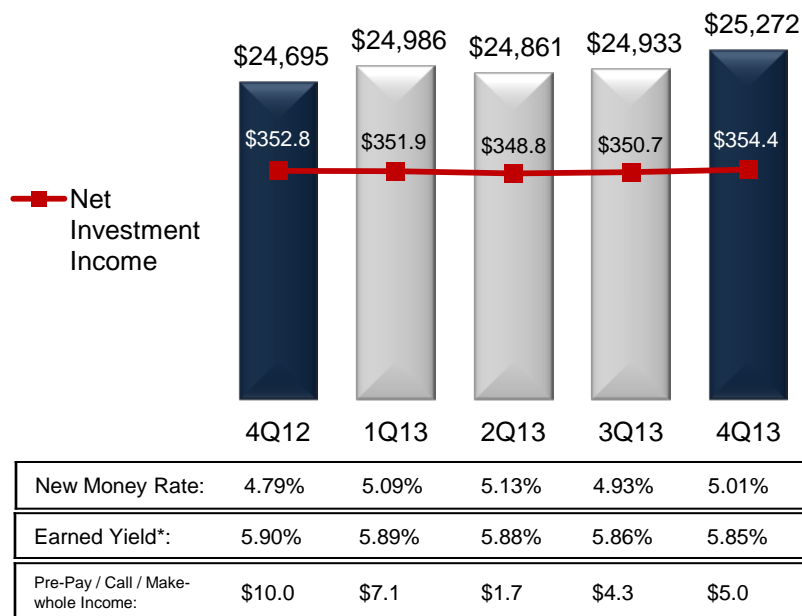
* A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

Investment Results

(\$ millions)

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Average Invested Assets and Cash



- 4Q new money rate reflects tactical investment strategy and recovery in interest rates. Increase in investment income reflects growth in assets and strong corporate results in the quarter and for 2013.

Realized Gains, Losses and Impairments



- Net realized gains and losses remain stable reflecting emphasis on limiting portfolio turnover. 4Q realized gains reflected the LTC reinsurance transaction.

* Earned Yield excludes floating rate FHLB

Loss Recognition & Cash Flow Testing

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2013 GAAP Loss Recognition Testing

- Aggregate margins remain strong at 14% of \$25 billion in tested liabilities*
- Testing margin increased modestly in 2013
 - ↑ - Net growth in In-force (+5%)
 - ↑ - Improved experience and expenses (+5%)
- Earned rates in-line with best estimates
- All intangibles are recoverable

2013 Statutory Cash Flow Testing

- Aggregate insurance company margins improved at 12% of statutory reserves
- Margins benefited from recovery in interest rates and overall experience
- All insurance entities pass Asset Adequacy / Cash Flow Testing under all standard scenarios
- Year-end testing resulted in a modest net increase in asset adequacy reserves (\$10 million)

Key Lines of Business	Tested Liabilities* (\$ in billions)	Key Risks to Margin	Aggregate Margins
Traditional life and Universal life	\$2.0	Mortality	Aggregate margins of approximately 45%
Medicare supplement and supplemental health	\$7.2	Morbidity	Aggregate margins of approximately 25%
Bankers Long-Term Care	\$4.2	Interest Rates; Morbidity; Persistency	LRT margins of 5%, CFT margin positive and benefits from health aggregation
Interest sensitive life (OCB)	\$2.4	Interest Rates; Mortality	LRT margins of 1% with potential for future earnings and capital volatility
Annuities	\$8.7	Spreads; Persistency	Aggregate margins of approximately 7%

* Tested liabilities defined as the Net GAAP Liability (liabilities less intangibles) with exception of Medicare Supplement and Supplemental Health which measures margin against the present value of policy benefits

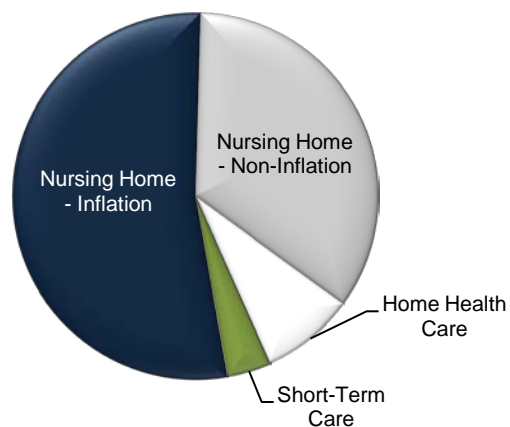
Bankers Long-Term Care Testing Results

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Testing Margin Overview

- Majority of new business consists of short-term or less comprehensive care product - generally less annual reserve margin contribution relative to comprehensive LTC, but with lower risk profile.
- Margins reflect limited rate increases related to continuation of prior filings installed over multiple years adding approximately \$60 million to margins – no new level of rate increases are assumed.
- Margins include updated mortality and morbidity studies and do not assume any annual improvement in mortality or morbidity. Persistency increased in accordance with recent negative experience.
- Statutory CFT results pass on a standalone basis under level scenario with Bankers Life passing all testing scenarios when aggregated with Medicare supplement and other health margins.

LRT Margin 5% on \$4.2 billion Net GAAP Liabilities*



Key Variable	Sensitivity Test	LRT Margin Impact
New Money Rates	+/- 50 basis point shift in NMR curve	+/- \$60mm
Lapse Rate	+/- 10%	+/- \$55mm
Morbidity	+/- 1%**	+/- \$60mm

* Net GAAP liabilities defined as GAAP liability less intangibles

** Represents a 1% one-time permanent shift in morbidity

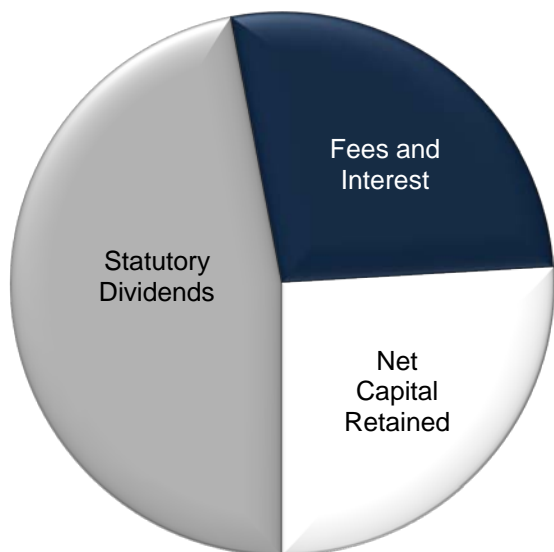
Capital Targets & Excess Capital Deployment

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	2012	2013	2014 Outlook
RBC	367%	410%	~ 400%
Liquidity	\$294mm	\$309mm	~ \$300mm
Leverage*	20.7%	16.9%	~16%

Dialing in metrics that support investment-grade ratings while taking a tactical approach to deployment

2013 Capital Generation ~ \$500mm**



Share Repurchases

- \$253 million of repurchases in 2013 at an average price per share of \$12.23
- 2014 guidance of \$225 to \$300 million absent compelling alternatives

Common Stock Dividends

- Paid out \$24 million in dividends during 2013, current yield of 0.7%
- Currently ~10% payout ratio targeting 20% by 2015 with sustainable growth

* A non-GAAP measure. Refer to the Appendix for the corresponding GAAP measure.

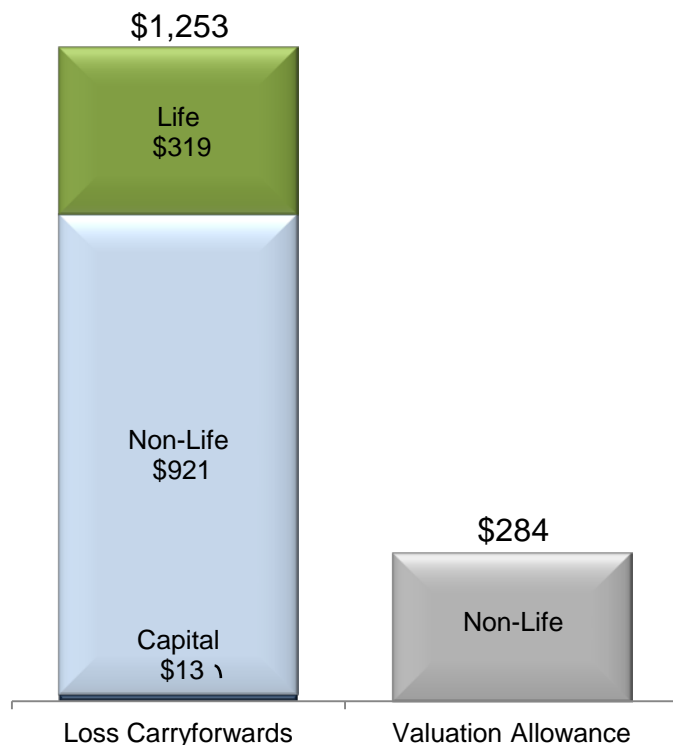
** Includes \$31.6mm statutory loss from LTC reinsurance transaction.

Leveraging Considerable Tax Assets

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(\$ millions)

4Q 2013 Loss Carryforwards



Asset Preservation Strategy

- Executed capital gains tax strategy
- Contributed to a net release in valuation allowance of \$65 million and economic value of \$50 million

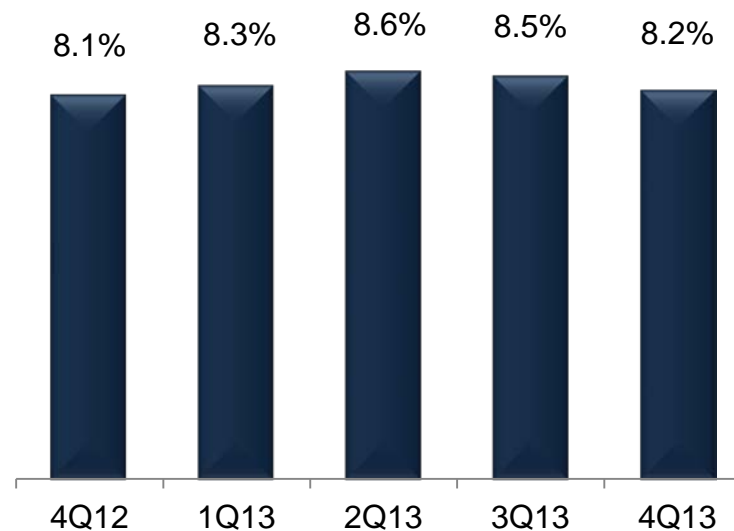
2014 Outlook and Value

- Expect modest future valuation allowance releases as taxable income stabilizes
- Annual cash flows are expected to be reduced by \$50 million in 2016 as life NOL's are fully utilized
- Estimated economic value of ~\$600 million @ 10% discount rate

Notable Items

- Calculated on a trailing 4 quarter basis and excluding AOCI and NOLs
- Normalized removes significant earnings items identified each quarter in our earnings release
- 2013 results reflect net favorable earnings performance, OCB LTC reinsurance transaction and excess capital build throughout the year

Normalized Operating ROE*



Operating ROE*	6.0%	6.3%	6.8%	8.4%	8.7%

* A non-GAAP measure. Refer to the Appendix for a reconciliation to the corresponding GAAP measure

- OCB LTC reinsurance transaction first step in acceleration of OCB run-off
- Positioned for, and investing to drive sales growth above industry averages
- Balanced capital deployment producing investment grade financial ratios while returning capital to shareholders
- Increasing ROE and decreasing “Beta”

Questions and Answers

Appendix

4Q12 Significant Items

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The table below summarizes the financial impact of significant items on our 4Q2012 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, 2012		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 73.7	\$ 4.0 (1)	\$ 77.7
Washington National	34.6	-	34.6
Colonial Penn	3.2	-	3.2
Other CNO Business	<u>5.2</u>	<u>11.3</u> (2)	<u>16.5</u>
EBIT from business segments	116.7	15.3	132.0
Corporate Operations, excluding corporate interest expense	<u>(2.7)</u>	<u>-</u>	<u>(2.7)</u>
EBIT	114.0	15.3	129.3
Corporate interest expense	<u>(15.8)</u>	<u>-</u>	<u>(15.8)</u>
Operating earnings before tax	98.2	15.3	113.5
Tax expense on operating income	<u>38.2</u>	<u>2.7</u>	<u>40.9</u>
Net operating income *	<u>\$ 60.0</u>	<u>\$ 12.6</u>	<u>\$ 72.6</u>
Net operating income per diluted share*	<u>\$ 0.25</u>	<u>\$ 0.05</u>	<u>\$ 0.30</u>

(1) Pre-tax earnings in the Bankers Life segment included charges of \$8.0 million related to litigation expense; and earnings of \$4.0 million related to the release of long-term care reserves due to policyholder actions following recent rate increases.

(2) Pre-tax earnings in the Other CNO Business segment included charges of \$6.0 million from out-of-period adjustments and a \$5.3 million charge for litigation expense in the Company's subsidiary, Consecro Life Insurance Company.

* A non-GAAP measure. See pages 31 and 37 for a reconciliation to the corresponding GAAP measure.

1Q13 Significant Items

CNO

The table below summarizes the financial impact of the significant item on our 1Q2013 net operating income. Management believes that identifying the impact of this item enhances the understanding of our operating results (dollars in millions).

	Three months ended March 31, 2013		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 62.1	\$ 9.2 (1)	\$ 71.3
Washington National	29.4	-	29.4
Colonial Penn	(5.4)	-	(5.4)
Other CNO Business	<u>3.6</u>	<u>-</u>	<u>3.6</u>
EBIT from business segments	89.7	9.2	98.9
Corporate Operations, excluding corporate interest expense	<u>3.0</u>	<u>-</u>	<u>3.0</u>
EBIT	92.7	9.2	101.9
Corporate interest expense	<u>(15.1)</u>	<u>-</u>	<u>(15.1)</u>
Operating earnings before tax	77.6	9.2	86.8
Tax expense on operating income	<u>27.9</u>	<u>3.2</u>	<u>31.1</u>
Net operating income *	<u>\$ 49.7</u>	<u>\$ 6.0</u>	<u>\$ 55.7</u>

(1) Pre-tax earnings in the Bankers Life segment included charges of \$9.2 million related to an out-of-period adjustment related to the long-term care block.

* A non-GAAP measure. See page 31 for a reconciliation to the corresponding GAAP measure.

2Q13 Significant Items

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The table below summarizes the financial impact of the significant items on our 2Q2013 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		
	June 30, 2013		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 79.1	\$ (2.5) (1)	\$ 76.6
Washington National	31.8	(1.5) (2)	30.3
Colonial Penn	1.2	-	1.2
Other CNO Business	<u>2.6</u>	<u>-</u>	<u>2.6</u>
EBIT from business segments	114.7	(4.0)	110.7
Corporate Operations, excluding corporate interest expense	<u>2.4</u>	<u>(6.0) (3)</u>	<u>(3.6)</u>
EBIT	117.1	(10.0)	107.1
Corporate interest expense	<u>(13.1)</u>	<u>-</u>	<u>(13.1)</u>
Operating earnings before tax	104.0	(10.0)	94.0
Tax expense on operating income	<u>36.3</u>	<u>(3.5)</u>	<u>32.8</u>
Net operating income *	<u>\$ 67.7</u>	<u>\$ (6.5)</u>	<u>\$ 61.2</u>

(1) Pre-tax earnings in the Bankers Life segment included: (i) approximately \$6.5mm of favorable reserve developments in the Medicare supplement block; partially offset by (ii) refinements to the methodologies used to calculate health product reserves (primarily long-term care) of approximately \$4.0mm.

(2) Pre-tax earnings in the Washington National segment included approximately \$1.5mm of favorable reserve developments in the Medicare supplement block.

(3) Pre-tax earnings in the Corporate segment included a reduction in expenses of \$6mm related to the impact of higher interest rates on the values of liabilities for agent deferred compensation and former executive retirement annuities.

* A non-GAAP measure. See page 31 for a reconciliation to the corresponding GAAP measure.

3Q13 Significant Items

CNO

The table below summarizes the financial impact of significant items on our 3Q2013 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 September 30, 2013		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 86.3	\$ (5.7) (1)	\$ 80.6
Washington National	28.1	-	28.1
Colonial Penn	(4.2)	-	(4.2)
Other CNO Business	<u>6.1</u>	<u>-</u>	<u>6.1</u>
EBIT from business segments	116.3	(5.7)	110.6
Corporate Operations, excluding corporate interest expense	<u>9.4</u>	<u>(9.8) (2)</u>	<u>(0.4)</u>
EBIT	125.7	(15.5)	110.2
Corporate interest expense	<u>(11.7)</u>	<u>-</u>	<u>(11.7)</u>
Operating earnings before tax	114.0	(15.5)	98.5
Tax expense on operating income	<u>36.8</u>	<u>(5.6)</u>	<u>31.2</u>
Net operating income *	<u>\$ 77.2</u>	<u>\$ (9.9)</u>	<u>\$ 67.3</u>

(1) Pre-tax earnings in the Bankers Life segment included \$5.7 million of favorable reserve developments in the Medicare supplement block.

(2) Pre-tax earnings in the Corporate segment included a \$9.8 million reduction in net expenses related to the impact of higher interest rates on the values of liabilities for agent deferred compensation and former executive retirement annuities.

* A non-GAAP measure. See page 31 for a reconciliation to the corresponding GAAP measure.

4Q13 Significant Items

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The table below summarizes the financial impact of significant items on our 4Q2013 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, 2013		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 83.0	\$ (3.2) (1)	\$ 79.8
Washington National	31.5	-	31.5
Colonial Penn	(4.1)	-	(4.1)
Other CNO Business	<u>13.2</u>	<u>(5.0) (2)</u>	<u>8.2</u>
EBIT from business segments	123.6	(8.2)	115.4
Corporate Operations, excluding corporate interest expense	<u>3.8</u>	<u>-</u>	<u>3.8</u>
EBIT	127.4	(8.2)	119.2
Corporate interest expense	<u>(11.4)</u>	<u>-</u>	<u>(11.4)</u>
Operating earnings before tax	116.0	(8.2)	107.8
Tax expense on operating income	<u>40.6</u>	<u>(3.0)</u>	<u>37.6</u>
Net operating income *	<u>\$ 75.4</u>	<u>\$ (5.2)</u>	<u>\$ 70.2</u>
Net operating income per diluted share*	<u>\$ 0.33</u>	<u>\$ (0.02)</u>	<u>\$ 0.31</u>

(1) Pre-tax earnings in the Bankers Life segment included: (i) \$5.8 million of favorable reserve developments in the Medicare supplement block; net of (ii) \$2.6 million of net unfavorable adjustments primarily related to reserves established for remediation efforts.

(2) Pre-tax earnings in the Other CNO Business segment included a \$5 million favorable impact from the settlement of a reinsurance matter.

* A non-GAAP measure. See pages 31 and 37 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(\$ millions)

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	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Bankers Life	\$ 73.7	\$ 62.1	\$ 79.1	\$ 86.3	\$ 83.0
Washington National	34.6	29.4	31.8	28.1	31.5
Colonial Penn	3.2	(5.4)	1.2	(4.2)	(4.1)
Other CNO Business	<u>5.2</u>	<u>3.6</u>	<u>2.6</u>	<u>6.1</u>	<u>13.2</u>
EBIT* from business segments	116.7	89.7	114.7	116.3	123.6
Corporate operations, excluding interest expense	<u>(2.7)</u>	<u>3.0</u>	<u>2.4</u>	<u>9.4</u>	<u>3.8</u>
Total EBIT	114.0	92.7	117.1	125.7	127.4
Corporate interest expense	<u>(15.8)</u>	<u>(15.1)</u>	<u>(13.1)</u>	<u>(11.7)</u>	<u>(11.4)</u>
Income before loss on reinsurance transaction, net realized investment gains, fair value changes in embedded derivative liabilities, equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests, loss on extinguishment of debt and taxes	98.2	77.6	104.0	114.0	116.0
Tax expense on period income	<u>38.2</u>	<u>27.9</u>	<u>36.3</u>	<u>36.8</u>	<u>40.6</u>
Net operating income	60.0	49.7	67.7	77.2	75.4
Loss on reinsurance transaction	-	-	-	-	(63.3)
Net realized investment gains (losses)	10.8	9.4	1.8	(0.1)	9.6
Fair value changes in embedded derivative liabilities	2.6	1.3	12.1	2.2	7.4
Equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests	-	(1.8)	(2.7)	(3.0)	(2.4)
Loss on extinguishment of debt, net of income taxes	<u>(0.7)</u>	<u>(57.2)</u>	<u>(6.8)</u>	<u>-</u>	<u>-</u>
Net income before valuation allowance for deferred tax assets and other tax items	72.7	1.4	72.1	76.3	26.7
Valuation allowance for deferred tax assets and other tax items	<u>28.5</u>	<u>10.5</u>	<u>5.0</u>	<u>206.7</u>	<u>79.3</u>
Net income	<u>\$ 101.2</u>	<u>\$ 11.9</u>	<u>\$ 77.1</u>	<u>\$ 283.0</u>	<u>\$ 106.0</u>

*Management believes that an analysis of earnings before loss on reinsurance transaction, net realized investment gains (losses), fair value changes in embedded derivative liabilities, equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests, 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 it excludes: (1) loss on reinsurance transaction; (2) net realized investment gains (losses); (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) equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests; (5) corporate interest expense; and (6) loss on extinguishment of debt. The table above provides a reconciliation of EBIT to net income.

4Q13 Holding Company Liquidity

CNO

(\$ millions)

	<u>4Q13</u>	<u>YTD</u>
Cash and Investments Balance - Beginning	\$292.0	\$293.6
Sources		
Dividends from Insurance Subsidiaries	34.3	236.8
Dividends from Non-insurance Subsidiaries	-	6.1
Interest/Earnings on Corporate Investments	4.6	18.5
Surplus Debenture Interest	12.3	63.7
Service and Investment Fees, Net	21.6	72.9
Other	0.6	10.5
Total Sources	<u>73.4</u>	<u>408.5</u>
Uses		
Interest	14.1	44.8
Tender Offer	-	125.9
Convertible Repurchase	-	9.5
Share Repurchase	31.1	118.4
Debt Payments	12.5	63.1
Common Stock Dividend	6.6	24.3
Financing Costs	-	8.7
Holding Company Expenses and Other	2.4	14.3
Total Uses	<u>66.7</u>	<u>409.0</u>
Non-cash changes in investment balances	10.3	15.9
Unrestricted Cash and Investments Balance - 12/31/2013	<u>\$309.0</u>	<u>\$309.0</u>

Returning Capital to our Shareholders

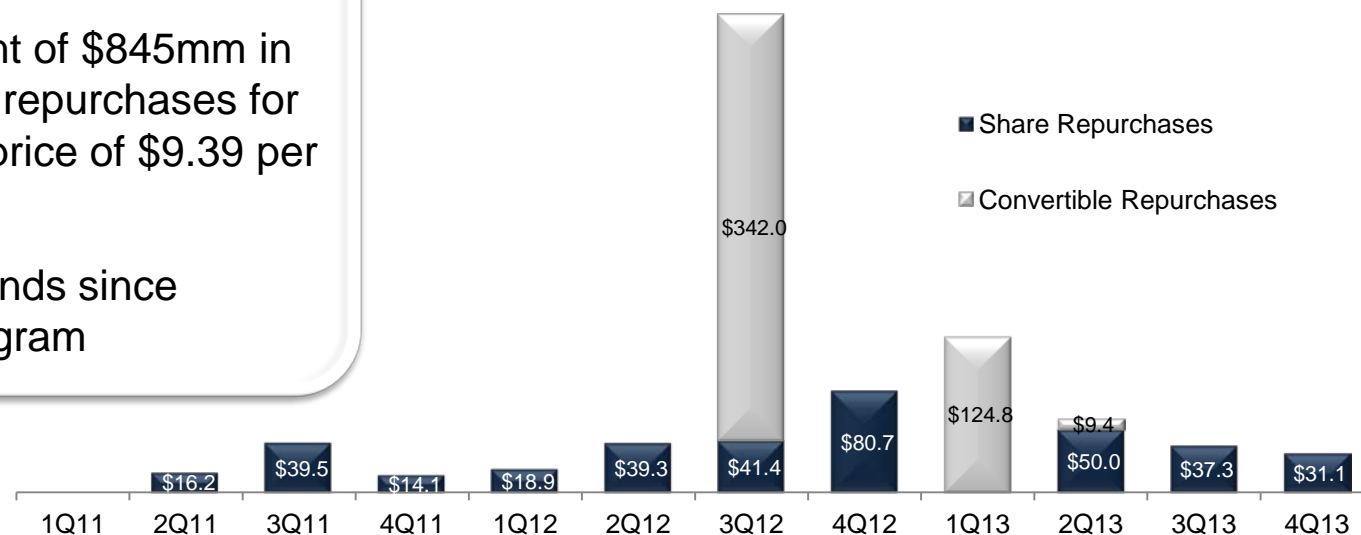
CNO

Highlights

- Since initiating the share buyback program, repurchased equivalent of 90 million shares, leading to a 29%* reduction in weighted average diluted shares outstanding
- Cumulative investment of \$845mm in stock and convertible repurchases for an effective average price of \$9.39 per share
- Paid \$38mm in dividends since initiating dividend program

Total Securities Repurchases by Quarter

(\$ in millions)



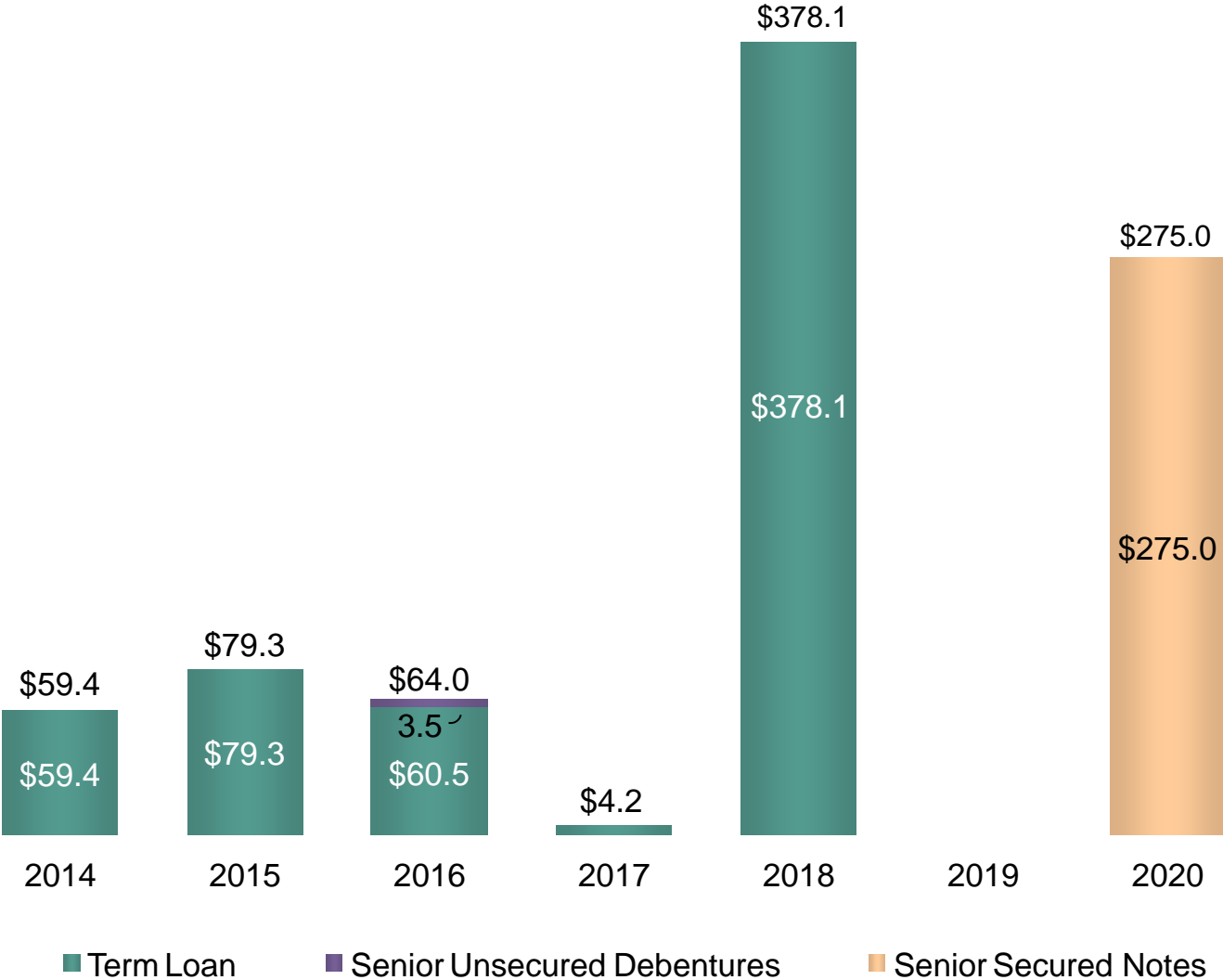
	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13
Common Stock Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$4.7	\$4.7	\$4.5	\$4.4	\$6.6	\$6.7	\$6.6

Weighted Average Diluted Shares Outstanding	307.5mm	→										227.1mm
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Debt Maturity Profile

CNO

(\$ millions)



Holding Company Investments at 12/31/13

CNO

(\$ millions)

Investment Performance

	4Q13	YTD
Cash & Money Market	0.06%	0.20%
Fixed Income	0.63%	0.17%
Equities	10.20%	31.46%
Alternatives	7.96%	14.06%

Investment Allocation



Portfolio strategy prioritizes liquidity for corporate capital needs, while balanced allocation generates consistent returns that utilize non-life tax benefits

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 loss on reinsurance transaction, net realized gains or losses, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests, loss on extinguishment of debt and changes in our valuation allowance for deferred tax assets ("net operating income," a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because these items are unrelated to the Company's continuing operations.

Information Related to Certain Non-GAAP Financial Measures

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

	4Q12	1Q13	2Q13	3Q13	4Q13
Net income applicable to common stock	\$ 101.2	\$ 11.9	\$ 77.1	\$ 283.0	\$ 106.0
Loss on reinsurance transaction (net of taxes)	-	-	-	-	63.3
Net realized investment (gains) losses, net of related amortization and taxes	(10.8)	(9.4)	(1.8)	0.1	(9.6)
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	(2.6)	(1.3)	(12.1)	(2.2)	(7.4)
Equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests	-	1.8	2.7	3.0	2.4
Valuation allowance for deferred tax assets and other tax items	(28.5)	(10.5)	(5.0)	(206.7)	(79.3)
Loss on extinguishment of debt (net of taxes)	0.7	57.2	6.8	-	-
Net operating income (a non-GAAP financial measure)	<u>\$ 60.0</u>	<u>\$ 49.7</u>	<u>\$ 67.7</u>	<u>\$ 77.2</u>	<u>\$ 75.4</u>
Per diluted share:					
Net income	\$ 0.41	\$ 0.05	\$ 0.34	\$ 1.23	\$ 0.47
Loss on reinsurance transaction (net of taxes)	-	-	-	-	0.28
Net realized investment (gains) losses, net of related amortization and taxes	(0.04)	(0.04)	(0.01)	-	(0.04)
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	(0.01)	(0.01)	(0.05)	(0.01)	(0.04)
Equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests	-	0.01	0.01	0.01	0.01
Valuation allowance for deferred tax assets and other tax items	(0.11)	(0.04)	(0.02)	(0.90)	(0.35)
Loss on extinguishment of debt (net of taxes)	-	0.24	0.03	-	-
Net operating income (a non-GAAP financial measure)	<u>\$ 0.25</u>	<u>\$ 0.21</u>	<u>\$ 0.30</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>

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):

	4Q12	1Q13	2Q13	3Q13	4Q13
Operating income	\$ 60.0	\$ 49.7	\$ 67.7	\$ 77.2	\$ 75.4
Add: interest expense on 7.0% Convertible Senior Debentures due 2016, net of income taxes	1.2	1.2	0.4	-	-
Total adjusted operating income	<u>\$ 61.2</u>	<u>\$ 50.9</u>	<u>\$ 68.1</u>	<u>\$ 77.2</u>	<u>\$ 75.4</u>
Weighted average shares outstanding for basic earnings per share	225,074	222,081	220,498	222,876	221,056
Effect of dilutive securities on weighted average shares:					
7% Debentures	17,039	16,590	5,692	839	-
Stock options, restricted stock and performance units	3,133	2,829	2,412	2,858	3,005
Warrants	1,515	1,967	2,291	2,774	3,040
Weighted average shares outstanding for diluted earnings per share	<u>246,761</u>	<u>243,467</u>	<u>230,893</u>	<u>229,347</u>	<u>227,101</u>
Operating earnings per diluted share	<u>\$ 0.25</u>	<u>\$ 0.21</u>	<u>\$ 0.30</u>	<u>\$ 0.33</u>	<u>\$ 0.33</u>

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 and warrants were exercised, restricted stock and performance units were vested and convertible securities were converted. The dilution from options, warrants, 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 and warrants (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. The dilution from convertible securities is calculated assuming the securities were converted 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.

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):

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Total shareholders' equity	\$ 5,049.3	\$ 5,028.6	\$ 4,581.4	\$ 4,786.6	\$ 4,955.2
Shares outstanding for the period	<u>221,502,371</u>	<u>223,502,106</u>	<u>219,378,666</u>	<u>222,007,214</u>	<u>220,323,823</u>
Book value per share	<u>\$ 22.80</u>	<u>\$ 22.50</u>	<u>\$ 20.88</u>	<u>\$ 21.56</u>	<u>\$ 22.49</u>
Total shareholders' equity	\$ 5,049.3	\$ 5,028.6	\$ 4,581.4	\$ 4,786.6	\$ 4,955.2
Less accumulated other comprehensive income	(1,197.4)	(1,170.7)	(698.1)	(634.0)	(731.8)
Add carrying value of convertible debentures	89.6	32.7	28.4	-	-
Adjusted shareholders' equity excluding AOCI	<u>\$ 3,941.5</u>	<u>\$ 3,890.6</u>	<u>\$ 3,911.7</u>	<u>\$ 4,152.6</u>	<u>\$ 4,223.4</u>
Shares outstanding for the period	221,502,371	223,502,106	219,378,666	222,007,214	220,323,823
Dilutive common stock equivalents related to:					
Convertible debentures	17,038,882	6,197,661	5,383,774	-	-
Warrants, stock options, restricted stock and performance units	4,647,584	5,165,321	5,165,919	5,686,148	6,543,950
Diluted shares outstanding	<u>243,188,837</u>	<u>234,865,088</u>	<u>229,928,359</u>	<u>227,693,362</u>	<u>226,867,773</u>
Book value per diluted share (a non-GAAP financial measure)	<u>\$ 16.21</u>	<u>\$ 16.57</u>	<u>\$ 17.01</u>	<u>\$ 18.24</u>	<u>\$ 18.62</u>

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.

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Bankers Life					
Long-term care benefit ratios					
Earned premium	\$ 136.7	\$ 135.3	\$ 134.1	\$ 132.6	\$ 130.9
Benefit ratio before imputed interest income on reserves	116.7%	129.4%	129.5%	128.4%	130.0%
Interest-adjusted benefit ratio	69.0%	81.7%	81.4%	79.4%	80.0%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 42.3	\$ 24.8	\$ 25.0	\$ 27.3	\$ 26.1
Washington National					
Supplemental health benefit ratios					
Earned premium	\$ 115.1	\$ 117.8	\$ 119.0	\$ 121.1	\$ 123.6
Benefit ratio before imputed interest income on reserves	72.9%	79.3%	78.6%	80.8%	75.4%
Interest-adjusted benefit ratio	46.6%	53.1%	52.6%	54.3%	49.2%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 61.4	\$ 55.3	\$ 56.4	\$ 55.4	\$ 62.7

Information Related to Certain Non-GAAP Financial Measures

Operating return measures

Management believes that an analysis of net income applicable to common stock before loss on reinsurance transaction, net realized gains or losses, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests, loss on extinguishment of debt and changes in our valuation allowance for deferred tax assets (“net operating income,” a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because these items are unrelated to the Company’s continuing operations.

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.

All references to return on allocated capital measures assume a capital allocation based on a 275% targeted risk-based capital at the segment level. Additionally, corporate debt has been allocated to the segments.

Information Related to Certain Non-GAAP Financial Measures

The calculations of: (i) operating return on allocated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); and (ii) return on equity, for the year ended December 31, 2013, are as follows (dollars in millions):

	Bankers <u>Life</u>	Washington <u>National</u>	Colonial <u>Penn</u>	Other CNO <u>Business</u>	<u>Corporate</u>	<u>Total</u>
Segment operating return for purposes of calculating operating return on allocated capital	<u>\$ 171.0</u>	<u>\$ 65.2</u>	<u>\$ (8.9)</u>	<u>\$ 6.9</u>	<u>\$ 35.8</u>	<u>\$ 270.0</u>
Net income						<u>\$ 478.0</u>
Trailing 4 Quarter Average as of December 31, 2013						
Allocated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	<u>\$ 1,116.0</u>	<u>\$ 524.6</u>	<u>\$ 82.3</u>	<u>\$ 543.8</u>	<u>\$ 825.7</u>	<u>\$ 3,092.4</u>
Common shareholders' equity						<u>\$ 4,849.7</u>
Operating return on allocated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	15.3%	12.4%	(10.8)%	1.3%		8.7%
Return on equity						9.9%

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of pretax operating earnings (a non-GAAP financial measure) to segment operating return and consolidated net income for the year ended December 31, 2013, is as follows (dollars in millions):

	Bankers <u>Life</u>	Washington <u>National</u>	Colonial <u>Penn</u>	Other CNO <u>Business</u>	<u>Corporate</u>	<u>Total</u>
Segment pretax operating earnings (a non-GAAP financial measure)	\$ 310.5	\$ 120.8	\$ (12.5)	\$ 25.5	\$ (32.7)	\$ 411.6
Adjustment to investment income to reflect capital at 275%	(17.8)	(7.2)	0.4	(2.7)	27.3	-
Interest allocated on corporate debt	(25.4)	(11.8)	(1.8)	(12.1)	51.1	-
Income tax (expense) benefit	<u>(96.3)</u>	<u>(36.6)</u>	<u>5.0</u>	<u>(3.8)</u>	<u>(9.9)</u>	<u>(141.6)</u>
Segment operating return for purposes of calculating operating return on allocated capital	<u>\$ 171.0</u>	<u>\$ 65.2</u>	<u>\$ (8.9)</u>	<u>\$ 6.9</u>	<u>\$ 35.8</u>	270.0
Loss on reinsurance transaction (net of taxes)						(63.3)
Net realized investment gains, net of related amortization and taxes						20.7
Fair value changes in embedded derivative liabilities, net of related amortization and taxes						23.0
Equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests (net of taxes)						(9.9)
Loss on extinguishment of debt (net of taxes)						(64.0)
Valuation allowance for deferred tax assets and other tax items						<u>301.5</u>
Net income						<u>\$ 478.0</u>

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of average allocated capital (for the purpose of determining return on allocated capital), excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to average common shareholders' equity, is as follows (dollars in millions):

	<u>Bankers Life</u>	<u>Washington National</u>	<u>Colonial Penn</u>	<u>Other CNO Business</u>	<u>Corporate</u>	<u>Total</u>
Trailing 4 Quarter Average as of December 31, 2013						
Allocated capital (for the purpose of determining return on allocated capital), excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 1,116.0	\$ 524.6	\$ 82.3	\$ 543.8	\$ 825.7	\$ 3,092.4
Net operating loss carryforwards	-	-	-	-	890.4	890.4
Accumulated other comprehensive income	354.7	150.0	39.3	285.0	37.9	866.9
Adjustment to reflect capital at 275% RBC	279.7	112.0	(8.6)	38.4	(421.5)	-
Allocation of corporate debt	447.6	210.7	33.1	218.4	(909.8)	-
Common shareholders' equity	<u>\$ 2,198.0</u>	<u>\$ 997.3</u>	<u>\$ 146.1</u>	<u>\$ 1,085.6</u>	<u>\$ 422.7</u>	<u>\$ 4,849.7</u>

(Continued on next page)

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>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Operating income	<u>\$ 180.4</u>	<u>\$ 189.5</u>	<u>\$ 203.0</u>	<u>\$ 254.6</u>	<u>\$ 270.0</u>
Operating income, excluding significant items	<u>\$ 245.4</u>	<u>\$ 250.1</u>	<u>\$ 259.4</u>	<u>\$ 256.8</u>	<u>\$ 254.4</u>
Net Income	<u>\$ 221.0</u>	<u>\$ 173.8</u>	<u>\$ 185.2</u>	<u>\$ 473.2</u>	<u>\$ 478.0</u>
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	<u>\$ 3,024.4</u>	<u>\$ 3,018.9</u>	<u>\$ 3,004.3</u>	<u>\$ 3,026.9</u>	<u>\$ 3,092.4</u>
Average common shareholders' equity	<u>\$ 4,868.5</u>	<u>\$ 4,966.1</u>	<u>\$ 4,970.3</u>	<u>\$ 4,896.4</u>	<u>\$ 4,849.7</u>
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	6.0%	6.3%	6.8%	8.4%	8.7%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.1%	8.3%	8.6%	8.5%	8.2%
Return on equity	4.5%	3.5%	3.7%	9.7%	9.9%

(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 (dollars in millions):

	<u>Operating earnings</u>	<u>Significant items (a)</u>	<u>Operating earnings, excluding significant items</u>	<u>Operating earnings, excluding significant items - trailing four quarters</u>	<u>Net income</u>	<u>Net income - trailing four quarters</u>
4Q11	\$ 51.0	\$ (2.5)	\$ 48.5	\$ -	\$ 64.0	\$ -
1Q12	40.6	10.4	51.0	-	59.1	-
2Q12	54.2	(2.3)	51.9	-	65.7	-
3Q12	25.6	44.3	69.9	221.3	(5.0)	184.2
4Q12	60.0	12.6	72.6	245.4	101.2	221.0
1Q13	49.7	6.0	55.7	250.1	11.9	173.8
2Q13	67.7	(6.5)	61.2	259.4	77.1	185.2
3Q13	77.2	(9.9)	67.3	256.8	283.0	473.2
4Q13	75.4	(5.2)	70.2	254.4	106.0	478.0

(a) Significant items for the periods 4Q12 through 4Q13 are further described elsewhere in the Appendix. The significant items for the remaining periods have been discussed in prior press releases and presentations.

(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 is as follows (dollars in millions):

	Twelve months ended				
	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Segment pretax operating earnings (a non-GAAP financial measure)	\$ 284.1	\$ 297.9	\$ 315.1	\$ 393.8	\$ 411.6
Income tax (expense) benefit	<u>(103.7)</u>	<u>(108.4)</u>	<u>(112.1)</u>	<u>(139.2)</u>	<u>(141.6)</u>
Segment operating return	180.4	189.5	203.0	254.6	270.0
Loss on reinsurance transaction (net of taxes)	-	-	-	-	(63.3)
Net realized investment gains, net of related amortization and taxes	48.4	43.7	26.8	21.9	20.7
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	(1.8)	(5.0)	14.0	18.2	23.0
Equity in earnings of certain non-strategic investments and earnings attributable to non-controlling interests (net of taxes)	-	(1.8)	(4.5)	(7.5)	(9.9)
Loss on extinguishment of debt (net of taxes)	(177.5)	(234.6)	(241.1)	(64.7)	(64.0)
Valuation allowance for deferred tax assets and other tax items	<u>171.5</u>	<u>182.0</u>	<u>187.0</u>	<u>250.7</u>	<u>301.5</u>
Net income	<u>\$ 221.0</u>	<u>\$ 173.8</u>	<u>\$ 185.2</u>	<u>\$ 473.2</u>	<u>\$ 478.0</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>4Q11</u>	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,966.3	\$ 3,057.1	\$ 3,129.9	\$ 2,938.8	\$ 2,976.9
Net operating loss carryforwards	865.9	817.9	772.4	893.0	875.0
Accumulated other comprehensive income	<u>781.6</u>	<u>808.0</u>	<u>990.8</u>	<u>1,234.4</u>	<u>1,197.4</u>
Common shareholders' equity	<u>\$ 4,613.8</u>	<u>\$ 4,683.0</u>	<u>\$ 4,893.1</u>	<u>\$ 5,066.2</u>	<u>\$ 5,049.3</u>
		<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)		\$ 3,002.9	\$ 3,067.6	\$ 3,181.9	\$ 3,258.1
Net operating loss carryforwards		855.0	815.7	970.7	965.3
Accumulated other comprehensive income		<u>1,170.7</u>	<u>698.1</u>	<u>634.0</u>	<u>731.8</u>
Common shareholders' equity		<u>\$ 5,028.6</u>	<u>\$ 4,581.4</u>	<u>\$ 4,786.6</u>	<u>\$ 4,955.2</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>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,024.4	\$ 3,018.9	\$ 3,004.3	\$ 3,026.9	\$ 3,092.4
Net operating loss carryforwards	838.4	844.2	854.3	869.4	890.4
Accumulated other comprehensive income	<u>1,005.7</u>	<u>1,103.0</u>	<u>1,111.7</u>	<u>1,000.1</u>	<u>866.9</u>
Common shareholders' equity	<u>\$ 4,868.5</u>	<u>\$ 4,966.1</u>	<u>\$ 4,970.3</u>	<u>\$ 4,896.4</u>	<u>\$ 4,849.7</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 (\$ in millions):

	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>
Corporate notes payable	\$ 1,004.2	\$ 934.2	\$ 905.7	\$ 868.6	\$ 856.4
Total shareholders' equity	<u>5,049.3</u>	<u>5,028.6</u>	<u>4,581.4</u>	<u>4,786.6</u>	<u>4,955.2</u>
Total capital	<u>\$ 6,053.5</u>	<u>\$ 5,962.8</u>	<u>\$ 5,487.1</u>	<u>\$ 5,655.2</u>	<u>\$ 5,811.6</u>
Corporate debt to capital	<u>16.6%</u>	<u>15.7%</u>	<u>16.5%</u>	<u>15.4%</u>	<u>14.7%</u>
<hr/>					
Corporate notes payable	\$ 1,004.2	\$ 934.2	\$ 905.7	\$ 868.6	\$ 856.4
Total shareholders' equity	5,049.3	5,028.6	4,581.4	4,786.6	4,955.2
Less accumulated other comprehensive income	<u>(1,197.4)</u>	<u>(1,170.7)</u>	<u>(698.1)</u>	<u>(634.0)</u>	<u>(731.8)</u>
Total capital	<u>\$ 4,856.1</u>	<u>\$ 4,792.1</u>	<u>\$ 4,789.0</u>	<u>\$ 5,021.2</u>	<u>\$ 5,079.8</u>
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	<u>20.7%</u>	<u>19.5%</u>	<u>18.9%</u>	<u>17.3%</u>	<u>16.9%</u>