



CNO FINANCIAL GROUP

1Q17

Financial and operating results for the period ended March 31, 2017

April 27, 2017



Unless otherwise specified, comparisons in this presentation are between 1Q16 and 1Q17.

Forward-Looking Statements

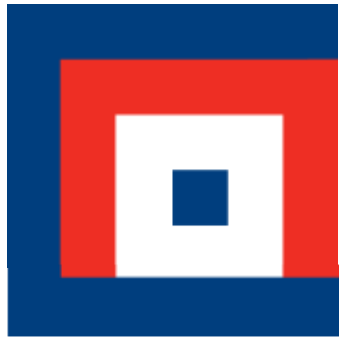
Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are 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 April 26, 2017, 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 the loss on reinsurance transaction, net realized investment gains (losses), fair value changes in embedded derivative liabilities, fair value changes and amendment related to the agent deferred compensation plan, 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

1Q17 in Review

- Diversity of the franchise driving growth
 - Increases in most key metrics demonstrate the strength of our business model
- Solid results
 - Total collected premiums up 5%
 - Operating EPS increased 26%
 - Strong cash flow generation
- Resumed share repurchases

Growth Scorecard (\$ millions)

	2016				2017	% Change vs Prior Year
	1Q	2Q	3Q	4Q	1Q	
First Year Collected Premiums						
Total CNO	\$328.6	\$304.0	\$337.6	\$374.6	\$345.3	5.1%
Collected Premiums						
Total CNO	\$896.3	\$863.0	\$900.0	\$951.3	\$940.0	4.9%
Policies Inforce¹ (thousands)						
Total CNO	3,489.7	3,495.4	3,503.1	3,505.2	3,501.5	0.3%
New Annualized Premium²						
Total Life & Health Insurance	\$93.9	\$89.6	\$85.6	\$89.7	\$91.3	-2.8%
Annuity Account Values						
Total CNO	\$8,040.3	\$8,029.8	\$8,103.0	\$8,202.2	\$8,274.2	2.9%
Annuity Collected Premiums						
Bankers Life	\$233.6	\$206.4	\$245.1	\$284.9	\$257.5	10.2%
Fee Revenue						
Bankers Life	\$6.3	\$7.3	\$9.6	\$10.7	\$10.1	60.3%

1 Includes third party products sold. See the Appendix for a reconciliation to total policies inforce.

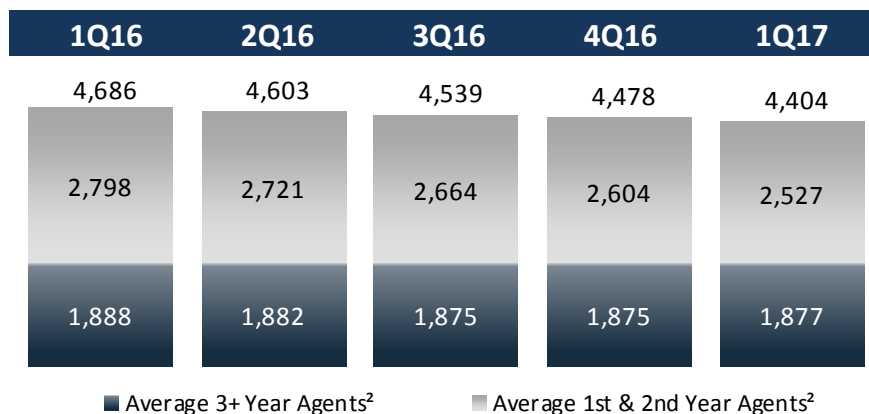
2 Measured as 100% of new term life and health annualized premiums and 10% of single premium whole life deposits.

1Q17 Sales and Distribution Results

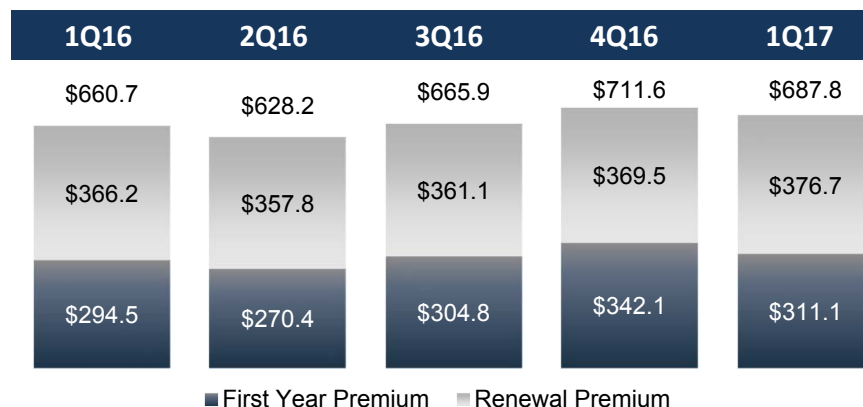
Bankers Life

- Total collected premiums up 4%
 - First year collected premiums up 6%, driven by annuities growth of 10%
- Health new annualized premiums up 10%; led by growth in Medicare supplement and short-term care
- Life new annualized premiums down 18%, policies issued flat
- Average Producing Agent count down 6%, reflecting fewer first year agents
- Customer assets and registered advisors up at BD/RIA

Sales Force (Producing Agents¹ Only)



Collected Premiums (\$ millions)



Growth Highlights (\$ millions, policies thousands)

	1Q16	1Q17	% Change
New Annualized Premium³			
Life	\$22.4	\$18.4	-17.9%
Health	24.0	26.5	10.4%
Total New Annualized Premium ³	\$46.4	\$44.9	-3.2%
Annuity			
Total Collected Premiums	\$233.6	\$257.5	10.2%
Account Values	7,586.1	7,869.7	3.7%
Policies Inforce			
Life	712.4	708.7	-0.5%
Annuity	180.6	177.4	-1.8%
Health	638.8	633.4	-0.8%
Total Policies Inforce	1,531.8	1,519.5	-0.8%
Third Party Products⁴			
Trailing 4 Quarter Fee Income, net	\$17.9	\$18.9	5.6%
Policies Inforce	147.8	154.0	4.2%

1 Defined as the number of agents that have sold at least one policy in the period.

2 Last twelve months (LTM) average of the monthly end of period Producing Agent count.

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

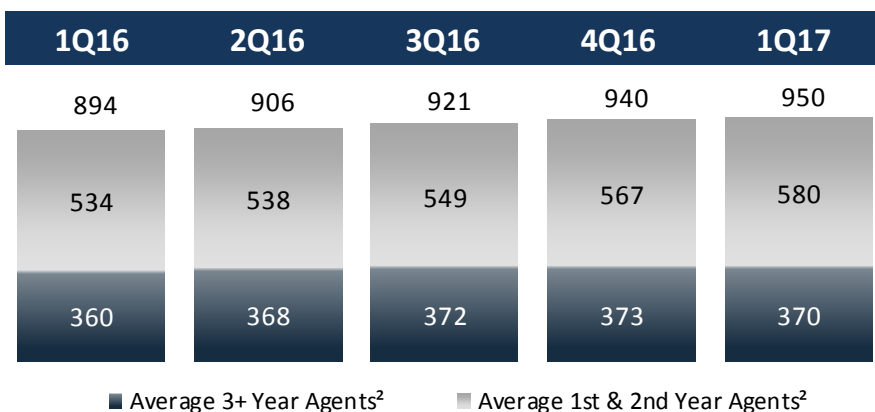
4 Includes Medicare Advantage, Medicare supplement, PDP, Dental/Vision and ACA products (prior periods have been restated to include ACA product sales).

1Q17 Sales and Distribution Results

Washington National

- Total collected premiums up 5%
 - First year collected premiums up 2% on higher supplemental health sales
- Total life and health new annualized premium up 5%
 - Worksite up 2%, due to growth in the agent force and recent enhancements to our universal life product
 - Individual up 7%, primarily due to positive momentum from field leadership realignment
- Average Producing Agent count grew 6% on continued strong recruiting and retention

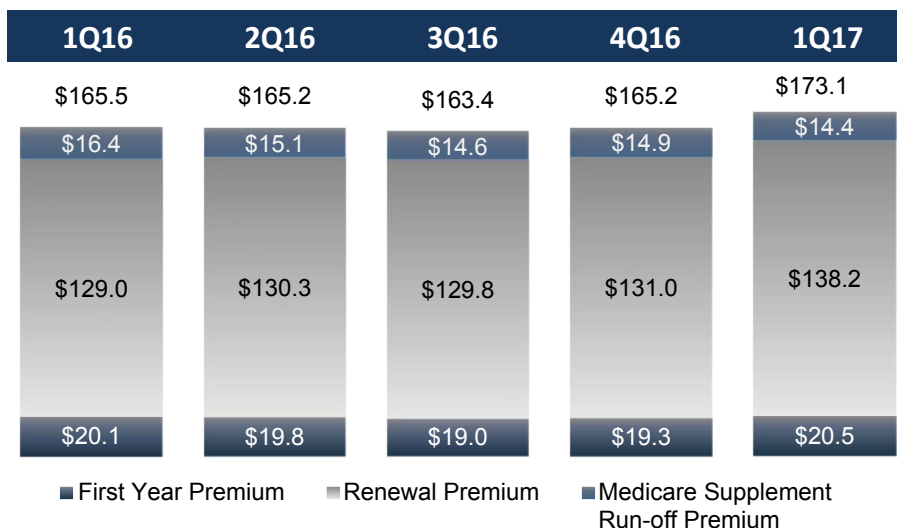
Sales Force (PMA Producing Agents¹ Only)



¹ Defined as PMA agents with \$1,000 or more of NAP in the prior 12 months.

² Last twelve months (LTM) average of the monthly end of period Producing Agent count.

Collected Premiums (\$ millions)



Growth Highlights (\$ millions, policies thousands)

	1Q16	1Q17	% Change
New Annualized Premium³			
Supplemental Health	\$22.0	\$22.9	4.1%
Life	1.4	1.7	21.4%
Total	\$23.4	\$24.6	5.1%
Policies Inforce			
Supplemental Health	771.7	782.7	1.4%
Life	109.4	108.6	-0.7%
Medicare Supplement/Other	24.4	21.6	-11.5%
Annuity	53.3	51.7	-3.0%
Total	958.8	964.6	0.6%

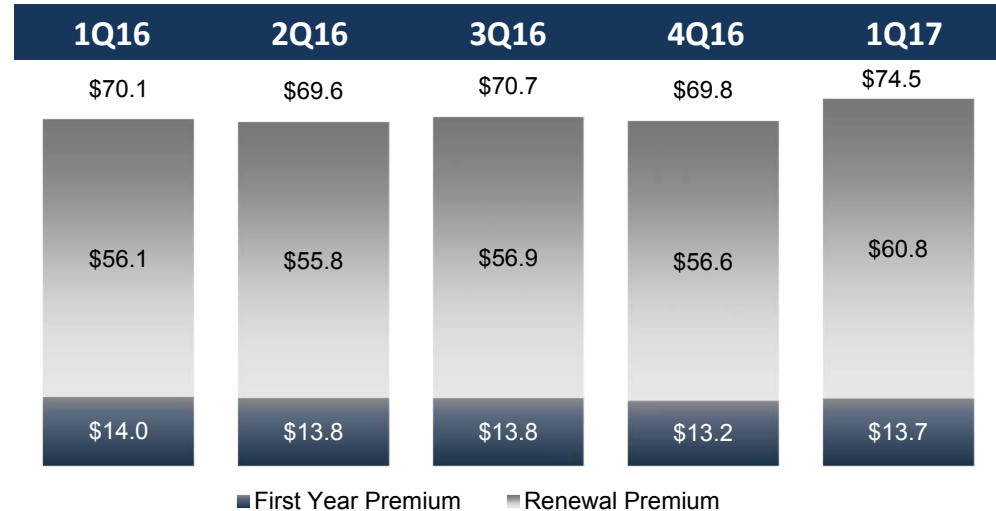
³ Measured as 100% of new term life and health annualized premiums and 10% of single premium whole life deposits.

1Q17 Sales and Distribution Results

Colonial Penn

- Total collected premiums up 6% due to steady sales growth and persistency
 - First year collected premiums down 2%
- New annualized premium down 10%, due to competition for television advertising
 - Remain disciplined and opportunistic with television advertising spend
- Continue to effectively diversify lead generation away from non-deferrable television advertising to web & direct mail

Collected Premiums (\$ millions)



Growth Highlights (\$ millions, policies thousands)

	1Q16	1Q17	% Change
New Annualized Premium¹			
Life	\$24.1	\$21.8	-9.5%
Policies Inforce			
Life	847.3	849.9	0.3%
Other	3.8	3.4	-10.5%
Total	851.1	853.3	0.3%

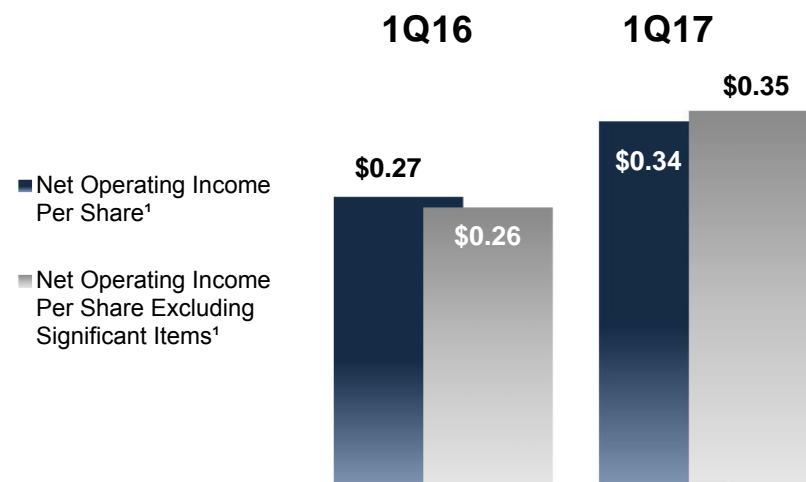
¹ Measured as 100% of new life annualized premiums.

1Q17 Earnings Highlights (\$ millions, except per share data)

Financial Highlights

- Net income per diluted share of \$0.36
- Net operating income per diluted share¹ of \$0.34 reflects favorable underwriting margins and investment income, partially offset by higher expenses due to guaranty fund assessment true-up
- Excluding significant items, Net Operating EPS of \$0.35, up 35%
- Operating ROE¹ of 8.8%

1Q17 Financial Results



Net Operating Income ¹	\$49.6	\$59.8
Net Operating Income Excl. Significant Items ¹	\$46.6	\$61.7
Weighted Average Shares Outstanding	182.1	175.1

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

Segment Results (\$ millions)

Segment Adjusted EBIT Excluding Significant Items¹

	1Q16	2Q16	3Q16	4Q16	1Q17
Bankers Life	\$69.9	\$88.8	\$82.9	\$90.7	\$91.4
Washington National	\$26.3	\$21.5	\$25.2	\$29.9	\$24.8
Colonial Penn	(\$6.8)	\$3.0	\$0.9	\$7.1	(\$0.3)
LTC in run-off				(\$1.3)	\$0.4
Corporate	(\$5.1)	(\$7.0)	(\$4.4)	(\$17.5)	(\$8.9)
Total CNO	\$84.3	\$106.3	\$104.6	\$108.9	\$107.4

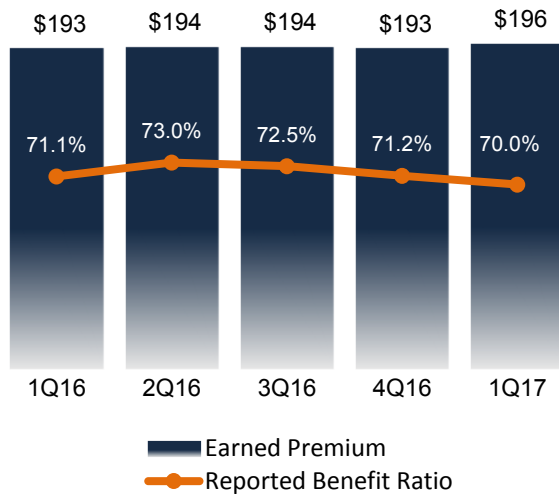
Segment Highlights

- Bankers Life results reflect higher Annuity, LTC and Medicare supplement margins
- Washington National results reflect lower Supplemental Health margins
- Colonial Penn results reflect favorable mortality and lower direct marketing costs
- LTC in run-off results in-line with expectations
- Corporate results reflect higher expenses partially offset by higher investment income

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

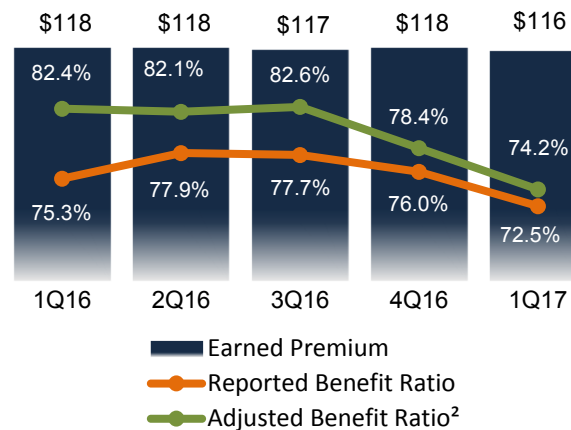
Health Margins (\$ millions)

Bankers Life Medicare Supplement Benefit Ratio



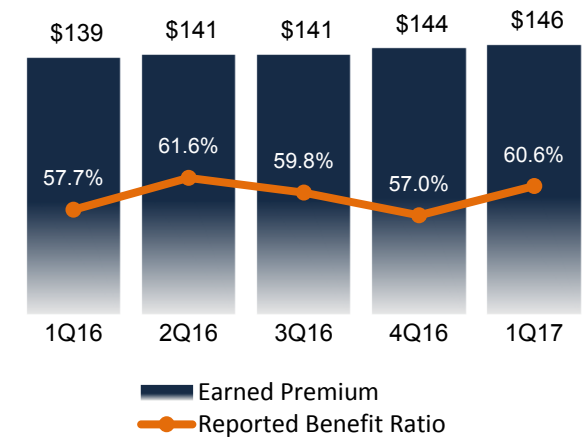
- Benefit ratio of 70.0% reflects favorable incurred claims
- 2017 Outlook: Benefit ratio of 71-74%**

Bankers Life Long-term Care IABR¹



- Adjusted IABR² of 74.2%, excluding shock lapse impacts, reflects favorable persistency and incurred claims
- No FLR accrual in 1Q17
- 2017 Outlook: IABR¹ of 77-82%**

Washington National Supplemental Health IABR¹

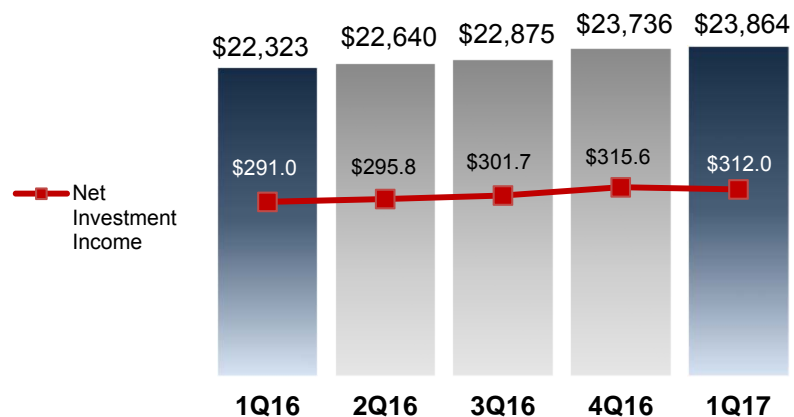


- IABR¹ of 60.6% is in line with expectations
- 2017 Outlook: IABR¹ of 58-61%**

1 Interest-adjusted benefit ratio (IABR); a non-GAAP measure. Refer to the Appendix for the corresponding GAAP measure.
 2 Adjusted benefit ratio; long-term care IABR¹ excluding impact of policyholder actions following rate increases

Investment Results (\$ millions)

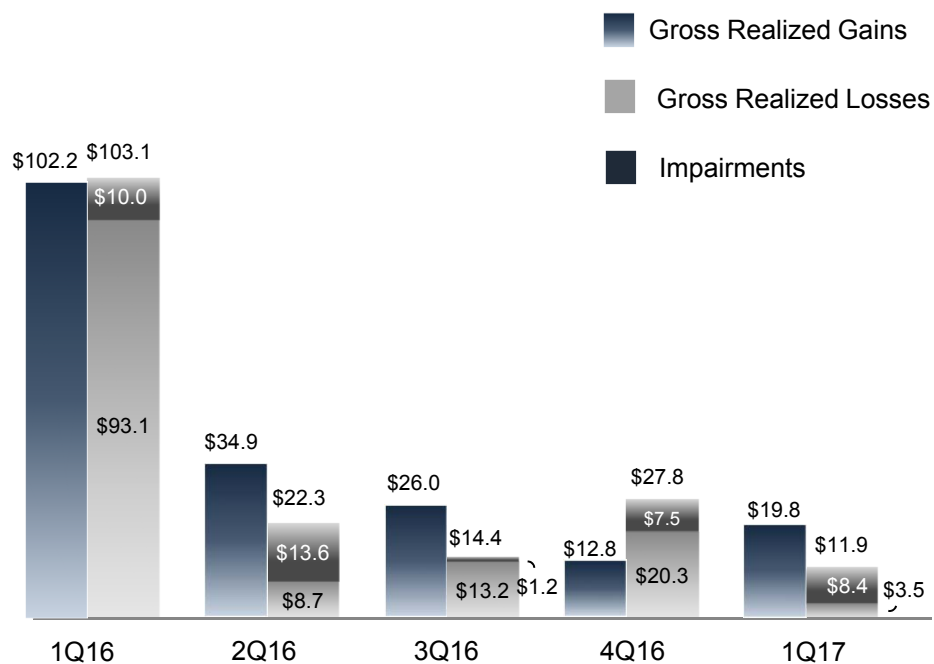
Average Invested Assets and Cash



New Money Rate	4.90%	5.50%	5.29%	5.02%	5.23%
Earned Yield ¹ :	5.47%	5.52%	5.59%	5.58%	5.42%
Pre-Pay/Call/Make-whole Income	\$6.3	\$1.8	\$5.4	\$5.3	\$0.6
Alternative Investment Income	(\$3.7)	\$4.6	\$4.7	\$6.7	\$8.5

- New money rate up slightly; purchases focused on longer duration asset/liability matching
- Nominal prepayment/call activity in the quarter
- Strong Alternatives results benefiting from increased credit and real asset allocation along with higher equity markets

Realized Gains, Losses and Impairments



- Portfolio turnover and realized gains/losses remain low in light of market reinvestment yields
- Continued favorable credit performance (low impairments)
- Continue to reposition recaptured assets; remaining balance of \$88 million as of 3/31/17

¹ Earned Yield excludes FHLB.

1Q17 Capital & Liquidity Highlights

Continued strength in key capital measures

- Estimated consolidated risk-based capital of 446%
- Leverage¹ of 19.1%
- Book value per diluted share¹ increased to \$22.31 from \$22.02 at December 31, 2016
- Holding company cash and investments of \$314 million, up \$50 million from December 31, 2016
- Repurchased \$43.0 million of common stock in the quarter at an average cost of \$20.61 per share
 - Maintaining 2017 repurchase guidance of \$200 to \$275 million, absent compelling alternatives

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

Wrap Up

- Focused on middle-income market key to our sustainable competitive advantage
 - Multiple channels to reach the market
 - Diversified products and services to meet customers' needs
- Investor Day June 5th at the New York Stock Exchange, themes for the day expected to include:
 - Insights on our diversified business
 - Plans to grow our customer base and serve them more broadly
 - Leveraging data to drive profitable growth
 - Long-term care inforce dynamics and risk reduction considerations



Questions and Answers



Appendix

Growth Scorecard (\$ millions)

		2016				2017	% Change
		1Q	2Q	3Q	4Q	1Q	vs Prior Year
First Year Collected Premiums	Bankers Life	\$294.5	\$270.4	\$304.8	\$342.1	\$311.1	5.6%
	Washington National	20.1	19.8	19.0	19.3	20.5	2.0%
	Colonial Penn	14.0	13.8	13.8	13.2	13.7	-2.1%
	Total CNO	\$328.6	\$304.0	\$337.6	\$374.6	\$345.3	5.1%
Collected Premiums	Bankers Life	\$660.7	\$628.2	\$665.9	\$711.6	\$687.8	4.1%
	Washington National	165.5	165.2	163.4	165.2	173.1	4.6%
	Colonial Penn	70.1	69.6	70.7	69.8	74.5	6.3%
	LTC in run-off	-	-	-	4.7	4.6	100.0%
	Total CNO	\$896.3	\$863.0	\$900.0	\$951.3	\$940.0	4.9%
Policies Inforce¹ (thousands)	Bankers Life	1,679.7	1,682.6	1,680.4	1,686.9	1,673.5	-0.4%
	Washington National	958.9	961.0	959.9	961.7	964.6	0.6%
	Colonial Penn	851.1	851.8	852.3	846.4	853.3	0.3%
	LTC in run-off	-	-	10.5	10.2	10.1	100.0%
	Total CNO	3,489.7	3,495.4	3,503.1	3,505.2	3,501.5	0.3%
New Annualized Premium²	Life Insurance	\$47.9	\$42.8	\$39.9	\$33.5	\$41.9	-12.5%
	Health Insurance	46.0	46.8	45.7	56.2	49.4	7.3%
	Total Life & Health Insurance	\$93.9	\$89.6	\$85.6	\$89.7	\$91.3	-2.8%
Annuity Account Values	Bankers Life	\$7,586.1	\$7,589.4	\$7,675.9	\$7,788.5	\$7,869.7	3.7%
	Washington National	454.2	440.4	427.1	413.7	404.5	-10.9%
	Total	\$8,040.3	\$8,029.8	\$8,103.0	\$8,202.2	\$8,274.2	2.9%
Annuity Collected Premiums	Bankers Life	\$233.6	\$206.4	\$245.1	\$284.9	\$257.5	10.2%
Fee Revenue	Bankers Life	\$6.3	\$7.3	\$9.6	\$10.7	\$10.1	60.3%

1 Includes third party products sold. See page 24 for a reconciliation to total policies inforce.

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

Average Producing Agent Counts¹

	Bankers Life ²				Washington National ³			
	1st Yr	2nd Yr	3rd Yr +	Total	1st Yr	2nd Yr	3rd Yr +	Total
3/31/2017	1,994	533	1,877	4,404	440	140	370	950
12/31/2016	2,037	567	1,875	4,478	435	132	373	940
9/30/2016	2,081	584	1,875	4,539	425	125	372	921
6/30/2016	2,123	598	1,882	4,603	418	120	368	906
3/31/2016	2,194	604	1,888	4,686	412	122	360	894
12/31/2015	2,265	739	1,912	4,916	398	126	352	876
9/30/2015	2,311	635	1,884	4,831	385	129	345	859
6/30/2015	2,335	653	1,865	4,853	376	130	338	844
3/31/2015	2,338	676	1,839	4,852	367	126	334	826

1 Agent counts at the end of each month used to calculate the last twelve month average

2 Defined as the number of agents that have sold at least one policy in the period

3 Defined as active PMA appointed agents with \$1,000 or more of New Annualized Premium in the prior 12 months

Bankers Life LTC - 2016 Testing Margins

- \$320 million of aggregate margin, however, the block has multiple product and issue year cohorts
- Four distinct product coverage categories:
 - Nursing Home
 - Comprehensive
 - Home Health Care
 - Short Term Care
- Three issue year categories:
 - Policies issued prior to 2003
 - Policies issued between 2003 and 2007
 - Policies issued after 2007

Margins are strongest in more recent issue years and primarily negative for policies issued prior to 2003

Bankers Life LTC - Key Points of Differentiation

- **Sold primarily to middle-income individuals at/near retirement**

- Results in higher average issue age (~67) and higher average attained age (~77)
- Assets and liabilities matched
- Lower average benefit periods; 87% of policies with benefit period of four years or less and only 4% of policies with lifetime benefits
- Continue to offer solutions to address critical need
 - Over 90% of current sales have benefit periods of two years or less
 - Coinsurance on new business since 2008; independent review of underwriting and claim practices
 - Products periodically re-priced to reflect current key assumptions (interest rates, claim trends, etc)
 - New sales are ~1% of CNO first year collected premiums

- **Proactive in-force management**

- Largely completed five rounds of actuarially justified rate increases since 2006
- Piloting and implementing initiatives to bend the claim cost curve
- Comprehensive claim and persistency studies conducted (and reviewed by third party) in 2014 and 2015
- Solid track record; claim reserves have been net redundant over the past several years

1Q17 Holding Company Liquidity (\$ millions)

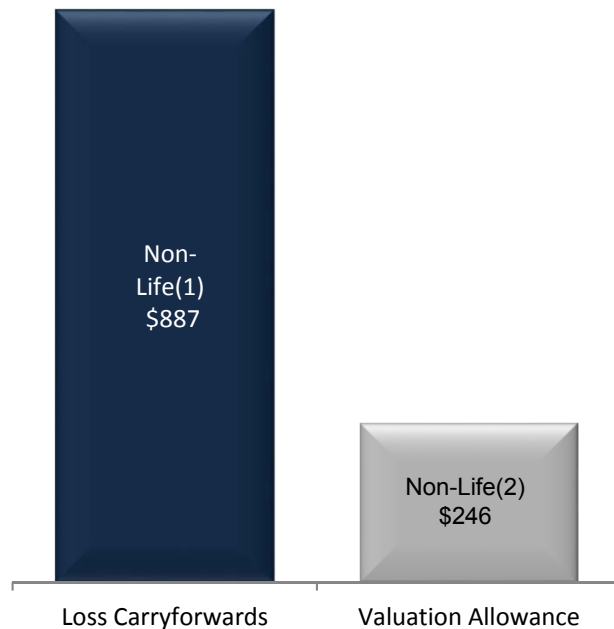
Cash and Investments Balance - December 31, 2016	\$263.6
Sources	
Dividends from Insurance Subsidiaries	128.4
Service and Investment Fees, Net	17.0
Surplus Debenture Interest	12.0
Interest/Earnings on Corporate Investments	5.3
Other	1.6
Total Sources	164.3
Uses	
Contributions to Non-insurance Subsidiaries	2.0
Share Repurchases ¹	38.5
Interest	0.7
Common Stock Dividends	14.0
Intercompany Payments ²	41.4
General Expenses	10.9
Other	9.8
Total Uses	117.3
Non-Cash Changes in Investment Balances	3.0
Cash and Investments Balance - March 31, 2017	\$313.6

¹ \$4.5 million of 1Q 2017 reported repurchases settled in 2Q 2017.

² Settlement of intercompany balances related to previously disclosed 4Q2016 IRS tax settlement.

Tax Asset Summary (\$ millions)

Loss Carryforwards



1 Excludes \$12 million related to state operating loss carryforwards.

2 Excludes \$10 million related to state operating loss carryforwards.

Details

- Total estimated economic value of NOLs of \$415 million @ 10% discount rate
- Increase in both tax asset and valuation allowance due to adoption of new accounting guidance for tax benefits on stock options. This increased tax asset by \$16 million with a corresponding increase to valuation allowance. No net financial impact related to adoption

Policies Inforce

The following summarizes total policies inforce as of the end of the period indicated.

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Policies inforce:					
Bankers Life	1,531,842	1,533,894	1,531,204	1,526,344	1,519,474
Washington National	958,833	961,003	959,867	961,689	964,642
Colonial Penn	851,138	851,789	852,305	846,372	853,307
Long-term care in run-off	-	-	10,480	10,260	10,068
Total policies inforce	3,341,813	3,346,686	3,353,856	3,344,665	3,347,491
Third party policies inforce sold by					
Bankers Life agents	147,838	148,718	149,255	160,548	154,005
Total policies inforce and third party policies inforce sold by Bankers Life agents	3,489,651	3,495,404	3,503,111	3,505,213	3,501,496

1Q16 Significant Items

The table below summarizes the financial impact of significant items on our 1Q16 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, 2016		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 77.6	\$ (7.7) (1)	\$ 69.9
Washington National	26.3	-	26.3
Colonial Penn	(6.8)	-	(6.8)
Adjusted EBIT from business segments	97.1	(7.7)	89.4
Corporate Operations, excluding corporate interest expense	(8.1)	3.0 (2)	(5.1)
Adjusted EBIT	89.0	(4.7)	84.3
Corporate interest expense	(11.4)	-	(11.4)
Operating earnings before tax	77.6	(4.7)	72.9
Tax expense on operating income	28.0	(1.7)	26.3
Net operating income*	<u>\$ 49.6</u>	<u>\$ (3.0)</u>	<u>\$ 46.6</u>
Net operating income per diluted share*	<u>\$ 0.27</u>	<u>\$ (0.01)</u>	<u>\$ 0.26</u>

(1) Pre-tax earnings in the Bankers Life segment included the \$7.7 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 Corporate segment included \$3.0 million of accelerated stock compensation expense related to retirement eligible employees.

* A non-GAAP measure. See pages 30 and 32 for a reconciliation to the corresponding GAAP measure.

2Q16 Significant Items

The table below summarizes the financial impact of significant items on our 2Q16 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, 2016		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 93.3	\$ (4.5) (1)	\$ 88.8
Washington National	21.5	-	21.5
Colonial Penn	3.0	-	3.0
Adjusted EBIT from business segments	117.8	(4.5)	113.3
Corporate Operations, excluding corporate interest expense	(7.0)	-	(7.0)
Adjusted EBIT	110.8	(4.5)	106.3
Corporate interest expense	(11.4)	-	(11.4)
Operating earnings before tax	99.4	(4.5)	94.9
Tax expense on operating income	35.7	(1.6)	34.1
Net operating income *	\$ 63.7	\$ (2.9)	\$ 60.8
Net operating income per diluted share*	\$ 0.35	\$ (0.01)	\$ 0.34

(1) Pre-tax earnings in the Bankers Life segment included the \$4.5 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 30 and 32 for a reconciliation to the corresponding GAAP measure.

3Q16 Significant Items

The table below summarizes the financial impact of significant items on our 3Q16 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, 2016		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 88.1	\$ (5.2) (1)	\$ 82.9
Washington National	25.2	-	25.2
Colonial Penn	0.9	-	0.9
Adjusted EBIT from business segments	114.2	(5.2)	109.0
Corporate Operations, excluding corporate interest expense	(4.4)	-	(4.4)
Adjusted EBIT	109.8	(5.2)	104.6
Corporate interest expense	(11.5)	-	(11.5)
Operating earnings before tax	98.3	(5.2)	93.1
Tax expense on operating income	34.0	(1.8)	32.2
Net operating income *	\$ 64.3	\$ (3.4)	\$ 60.9
Net operating income per diluted share*	\$ 0.37	\$ (0.02)	\$ 0.35

(1) Pre-tax earnings in the Bankers Life segment included the \$5.2 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 30 and 32 for a reconciliation to the corresponding GAAP measure.

4Q16 Significant Items

The table below summarizes the financial impact of significant items on our 4Q16 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, 2016		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 138.9	\$ (48.2) (1)	\$ 90.7
Washington National	29.9	-	29.9
Colonial Penn	4.6	2.5 (2)	7.1
Long-term care in run-off	(3.9)	2.6 (3)	(1.3)
Adjusted EBIT from business segments	169.5	(43.1)	126.4
Corporate Operations, excluding corporate interest expense	(23.0)	5.5 (4)	(17.5)
Adjusted EBIT	146.5	(37.6)	108.9
Corporate interest expense	(11.5)	-	(11.5)
Operating earnings before tax	135.0	(37.6)	97.4
Tax expense on operating income	50.1	(13.5)	36.6
Net operating income *	\$ 84.9	\$ (24.1)	\$ 60.8
Net operating income per diluted share*	\$ 0.49	\$ (0.14)	\$ 0.35

(1) Pre-tax earnings in the Bankers Life segment included: (i) \$45.8 million of favorable impacts for adjustments arising from our comprehensive annual actuarial review of assumptions, and (ii) the \$2.4 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 were reduced \$2.5 million related to the impact of loss recognition on a closed block of payout annuities.

(3) Pre-tax earnings in Long-term care in run-off segment were reduced by \$2.6 million related to the impact of loss recognition on this closed block of long-term care business.

(4) Pre-tax earnings in the Corporate segment included a \$5.5 million increase to legal reserves related to legacy business of our predecessor.

* A non-GAAP measure. See pages 30 and 32 for a reconciliation to the corresponding GAAP measure.

1Q17 Significant Items

The table below summarizes the financial impact of significant items on our 1Q17 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, 2017		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	\$ 89.7	\$ 1.7 (1)	\$ 91.4
Washington National	23.5	1.3 (2)	24.8
Colonial Penn	(0.3)	-	(0.3)
Long-term care in run-off	0.4	-	0.4
Adjusted EBIT from business segments	113.3	3.0	116.3
Corporate Operations, excluding corporate interest expense	(8.9)	-	(8.9)
Adjusted EBIT	104.4	3.0	107.4
Corporate interest expense	(11.5)	-	(11.5)
Operating earnings before tax	92.9	3.0	95.9
Tax expense on operating income	33.1	1.1	34.2
Net operating income *	<u>\$ 59.8</u>	<u>\$ 1.9</u>	<u>\$ 61.7</u>
Net operating income per diluted share*	<u>\$ 0.34</u>	<u>\$ 0.01</u>	<u>\$ 0.35</u>

(1) Pre-tax earnings in the Bankers Life segment included: (i) a \$3.5 million expense increase for estimated future state guaranty association assessments, net of premium tax offsets, related to the liquidation of Penn Treaty Network America Insurance Company ("Penn Treaty"); partially offset by (ii) the \$1.8 million release of long-term care reserves (net of the reduction in insurance intangibles) due to the impact of policy holder actions following rate increases.

(2) Pre-tax earnings in the Washington National segment included a \$1.3 million expense increase related to the aforementioned estimated future state guaranty association assessments, net of premium tax offsets, related to Penn Treaty.

* A non-GAAP measure. See pages 30 and 32 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(\$ millions)

	1Q16	2Q16	3Q16	4Q16	1Q17
Bankers Life	\$ 77.6	\$ 93.3	\$ 88.1	\$ 138.9	\$ 89.7
Washington National	26.3	21.5	25.2	29.9	23.5
Colonial Penn	(6.8)	3.0	0.9	4.6	(0.3)
Long-term care in run-off	-	-	-	(3.9)	0.4
Adjusted EBIT from business segments	97.1	117.8	114.2	169.5	113.3
Corporate operations, excluding interest expense	(8.1)	(7.0)	(4.4)	(23.0)	(8.9)
Adjusted EBIT*	89.0	110.8	109.8	146.5	104.4
Corporate interest expense	(11.4)	(11.4)	(11.5)	(11.5)	(11.5)
Operating earnings before taxes	77.6	99.4	98.3	135.0	92.9
Tax expense on period income	28.0	35.7	34.0	50.1	33.1
Net operating income	49.6	63.7	64.3	84.9	59.8
Net realized investment gains (losses), net of related amortization	(1.0)	12.0	11.4	(14.8)	7.9
Fair value changes in embedded derivative liabilities, net of related amortization	(29.5)	(16.5)	9.4	46.2	(4.4)
Fair value changes and amendment related to the agent deferred compensation plan	(6.0)	(12.3)	6.3	15.1	-
Loss on reinsurance transaction	-	-	(75.4)	-	-
Other	(0.6)	0.1	(0.7)	(0.8)	0.3
Non-operating income (loss) before taxes	(37.1)	(16.7)	(49.0)	45.7	3.8
Income tax expense (benefit):					
On non-operating income (loss)	(13.0)	(5.9)	(17.1)	16.0	1.3
Valuation allowance for deferred tax assets and other tax items	(20.0)	(7.0)	13.8	(119.6)	-
Net non-operating income (loss)	(4.1)	(3.8)	(45.7)	149.3	2.5
Net income	\$ 45.5	\$ 59.9	\$ 18.6	\$ 234.2	\$ 62.3

*Management believes that an analysis of earnings before net realized investment gains (losses), fair value changes in embedded derivative liabilities, fair value changes and amendment related to the agent deferred compensation plan, loss on 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); (2) 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; (3) fair value changes and amendment related to the agent deferred compensation plan; (4) loss on reinsurance transaction; (5) charges in the valuation allowance for deferred tax assets and other tax items; and (6) other non-operating items consisting primarily of earnings attributable to variable interest entities. The table above provides a reconciliation of Adjusted EBIT to net income.

Information Related to Certain Non-GAAP Financial Measures

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

Operating earnings measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses, 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 and amendment related to the agent deferred compensation plan, loss on 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 applicable to common stock to net operating income (and related per-share amounts) is as follows (dollars in millions, except per-share amounts):

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Net income applicable to common stock	\$ 45.5	\$ 59.9	\$ 18.6	\$ 234.2	\$ 62.3
Non-operating items:					
Net realized investment (gains) losses, net of related amortization	1.0	(12.0)	(11.4)	14.8	(7.9)
Fair value changes in embedded derivative liabilities, net of related amortization	29.5	16.5	(9.4)	(46.2)	4.4
Fair value changes and amendment related to the agent deferred compensation plan	6.0	12.3	(6.3)	(15.1)	-
Loss on reinsurance transaction	-	-	75.4	-	-
Other	0.6	(0.1)	0.7	0.8	(0.3)
Non-operating income (loss) before taxes	<u>37.1</u>	<u>16.7</u>	<u>49.0</u>	<u>(45.7)</u>	<u>(3.8)</u>
Income tax (expense) benefit:					
On non-operating (income) loss	13.0	5.9	17.1	(16.0)	(1.3)
Valuation allowance for deferred tax assets and other tax items	20.0	7.0	(13.8)	119.6	-
Net non-operating (income) loss	<u>4.1</u>	<u>3.8</u>	<u>45.7</u>	<u>(149.3)</u>	<u>(2.5)</u>
Net operating income (a non-GAAP financial measure)	<u>\$ 49.6</u>	<u>\$ 63.7</u>	<u>\$ 64.3</u>	<u>\$ 84.9</u>	<u>\$ 59.8</u>
Per diluted share:					
Net income	\$ 0.25	\$ 0.33	\$ 0.11	\$ 1.34	\$ 0.36
Net realized investment (gains) losses (net of related amortization and taxes)	-	(0.04)	(0.04)	0.06	(0.03)
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	0.11	0.06	(0.04)	(0.17)	0.01
Fair value changes and amendment related to the agent deferred compensation plan (net of taxes)	0.02	0.04	(0.02)	(0.06)	-
Valuation allowance for deferred tax assets and other tax items	(0.11)	(0.04)	0.08	(0.68)	-
Loss on reinsurance transaction (net of taxes)	-	-	0.28	-	-
Other	-	-	-	-	-
Net operating income (a non-GAAP financial measure)	<u>\$ 0.27</u>	<u>\$ 0.35</u>	<u>\$ 0.37</u>	<u>\$ 0.49</u>	<u>\$ 0.34</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):

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Operating income	\$ <u>49.6</u>	\$ <u>63.7</u>	\$ <u>64.3</u>	\$ <u>84.9</u>	\$ <u>59.8</u>
Weighted average shares outstanding for basic earnings per share	180,350	178,323	174,247	173,634	173,431
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	<u>1,778</u>	<u>1,944</u>	<u>1,476</u>	<u>1,539</u>	<u>1,634</u>
Weighted average shares outstanding for diluted earnings per share	<u>182,128</u>	<u>180,267</u>	<u>175,723</u>	<u>175,173</u>	<u>175,065</u>
Net operating income per diluted share	\$ <u>0.27</u>	\$ <u>0.35</u>	\$ <u>0.37</u>	\$ <u>0.49</u>	\$ <u>0.34</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 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.

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>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Total shareholders' equity	\$ 4,226.6	\$ 4,456.2	\$ 4,493.8	\$ 4,486.9	\$ 4,606.8
Shares outstanding for the period	179,098,447	176,240,559	173,543,965	173,753,614	172,103,802
Book value per share	\$ 23.60	\$ 25.28	\$ 25.89	\$ 25.82	\$ 26.77
<hr/>					
Total shareholders' equity	\$ 4,226.6	\$ 4,456.2	\$ 4,493.8	\$ 4,486.9	\$ 4,606.8
Less accumulated other comprehensive income	(540.5)	(777.8)	(855.5)	(622.4)	(729.6)
Adjusted shareholders' equity excluding AOCI	\$ 3,686.1	\$ 3,678.4	\$ 3,638.3	\$ 3,864.5	\$ 3,877.2
Shares outstanding for the period	179,098,447	176,240,559	173,543,965	173,753,614	172,103,802
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	1,803,822	1,744,508	1,349,207	1,721,878	1,714,212
Diluted shares outstanding	180,902,269	177,985,067	174,893,172	175,475,492	173,818,014
Book value per diluted share (a non-GAAP financial measure)	\$ 20.38	\$ 20.67	\$ 20.80	\$ 22.02	\$ 22.31

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. The interest-adjusted benefit ratio excluding the impact of rate increases eliminates the release of reserves due to the impact of policyholder actions following rate increases.

(Dollars in millions)

	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Bankers Life					
Long-term care benefit ratios					
Earned premium	\$ 118.5	\$ 118.3	\$ 116.6	\$ 117.8	\$ 115.6
Benefit ratio before imputed interest income on reserves	132.9%	134.7%	137.7%	134.7%	132.6%
Interest-adjusted benefit ratio	75.3%	77.9%	77.7%	76.0%	72.5%
Interest-adjusted benefit ratio, excluding the impact of reserve releases due to rate increases	82.4%	82.1%	82.6%	78.4%	74.2%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 29.3	\$ 26.2	\$ 26.0	\$ 28.3	\$ 31.8
Adjusted underwriting margin (excluding the impact of reserve releases due to rate increases)	20.9	21.1	20.3	25.6	29.8
Washington National					
Supplemental health benefit ratios					
Earned premium	\$ 139.2	\$ 140.9	\$ 141.5	\$ 144.0	\$ 145.6
Benefit ratio before imputed interest income on reserves	81.2%	85.7%	84.0%	81.0%	84.6%
Interest-adjusted benefit ratio	57.7%	61.6%	59.8%	57.0%	60.6%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	\$ 58.9	\$ 54.0	\$ 56.9	\$ 62.0	\$ 57.3

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, 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 and amendment related to the agent deferred compensation plan, loss on reinsurance transaction, changes in the valuation allowance for deferred tax assets and other tax items, loss on extinguishment of debt and other non-operating items consisting primarily of earnings attributable to variable interest entities (“net operating income,” a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company’s underlying fundamentals.

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

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

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

Information Related to Certain Non-GAAP Financial Measures

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

	Trailing Twelve Months Ended				
	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Operating income	<u>\$ 264.2</u>	<u>\$ 267.1</u>	<u>\$ 274.6</u>	<u>\$ 262.5</u>	<u>\$ 272.7</u>
Operating income, excluding significant items	<u>\$ 248.8</u>	<u>\$ 243.0</u>	<u>\$ 239.6</u>	<u>\$ 229.1</u>	<u>\$ 244.2</u>
Net Income	<u>\$ 263.4</u>	<u>\$ 276.5</u>	<u>\$ 261.3</u>	<u>\$ 358.2</u>	<u>\$ 375.0</u>
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	<u>\$ 2,981.7</u>	<u>\$ 2,977.9</u>	<u>\$ 2,991.1</u>	<u>\$ 3,026.5</u>	<u>\$ 3,083.9</u>
Average common shareholders' equity	<u>\$ 4,290.9</u>	<u>\$ 4,236.6</u>	<u>\$ 4,288.4</u>	<u>\$ 4,372.3</u>	<u>\$ 4,463.4</u>
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.9%	9.0%	9.2%	8.7%	8.8%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.3%	8.2%	8.0%	7.6%	7.9%
Return on equity	6.1%	6.5%	6.1%	8.2%	8.4%

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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 (dollars in millions):

	<u>Net Operating income</u>	<u>Significant items (a)</u>	<u>Net Operating income, excluding significant items</u>	<u>Net Operating income, excluding significant items - trailing four quarters</u>	<u>Net income</u>	<u>Net income - trailing four quarters</u>
2Q15	\$ 60.8	\$ 5.8	\$ 66.6	\$ 265.9	\$ 46.8	\$ 300.9
3Q15	56.8	7.5	64.3	260.7	33.8	217.3
4Q15	97.0	(25.7)	71.3	262.3	137.3	270.7
1Q16	49.6	(3.0)	46.6	248.8	45.5	263.4
2Q16	63.7	(2.9)	60.8	243.0	59.9	276.5
3Q16	64.3	(3.4)	60.9	239.6	18.6	261.3
4Q16	84.9	(24.1)	60.8	229.1	234.2	358.2
1Q17	59.8	1.9	61.7	244.2	62.3	375.0

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

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

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

	Twelve Months Ended				
	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Pretax operating earnings (a non-GAAP financial measure)	\$ 407.4	\$ 413.0	\$ 423.5	\$ 410.3	\$ 425.6
Income tax (expense) benefit	<u>(143.2)</u>	<u>(145.9)</u>	<u>(148.9)</u>	<u>(147.8)</u>	<u>(152.9)</u>
Operating return	<u>264.2</u>	<u>267.1</u>	<u>274.6</u>	<u>262.5</u>	<u>272.7</u>
Non-operating items:					
Net realized investment gains (losses), net of related amortization	(46.2)	(23.8)	6.6	7.6	16.5
Fair value changes in embedded derivative liabilities, net of related amortization	(4.9)	(47.1)	(22.0)	9.6	34.7
Fair value changes and amendment related to the agent deferred compensation plan	9.1	(3.2)	3.1	3.1	9.1
Loss on reinsurance transaction	-	-	(75.4)	(75.4)	(75.4)
Loss on extinguishment of debt	(32.8)	-	-	-	-
Other	<u>(6.7)</u>	<u>(3.0)</u>	<u>(3.0)</u>	<u>(2.0)</u>	<u>(1.1)</u>
Non-operating income (loss) before taxes	(81.5)	(77.1)	(90.7)	(57.1)	(16.2)
Income tax expense (benefit):					
On non-operating income (loss)	(28.2)	(27.0)	(31.7)	(20.0)	(5.7)
Valuation allowance for deferred tax assets and other tax items	<u>(52.5)</u>	<u>(59.5)</u>	<u>(45.7)</u>	<u>(132.8)</u>	<u>(112.8)</u>
Net non-operating income (loss)	<u>(0.8)</u>	<u>9.4</u>	<u>(13.3)</u>	<u>95.7</u>	<u>102.3</u>
Net income	<u>\$ 263.4</u>	<u>\$ 276.5</u>	<u>\$ 261.3</u>	<u>\$ 358.2</u>	<u>\$ 375.0</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>1Q15</u>	<u>2Q15</u>	<u>3Q15</u>	<u>4Q15</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,026.1	\$ 2,989.7	\$ 2,924.9	\$ 3,011.6
Net operating loss carryforwards	793.3	769.5	735.7	724.1
Accumulated other comprehensive income	934.2	605.0	510.4	402.8
Common shareholders' equity	<u>\$ 4,753.6</u>	<u>\$ 4,364.2</u>	<u>\$ 4,171.0</u>	<u>\$ 4,138.5</u>
	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,975.3	\$ 3,010.1	\$ 3,010.1	\$ 3,209.5
Net operating loss carryforwards	710.8	668.3	628.2	655.0
Accumulated other comprehensive income	540.5	777.8	855.5	622.4
Common shareholders' equity	<u>\$ 4,226.6</u>	<u>\$ 4,456.2</u>	<u>\$ 4,493.8</u>	<u>\$ 4,486.9</u>
	<u>1Q17</u>			
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,236.6			
Net operating loss carryforwards	640.6			
Accumulated other comprehensive income	729.6			
Common shareholders' equity	<u>\$ 4,606.8</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>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,981.7	\$ 2,977.9	\$ 2,991.1	\$ 3,026.5	\$ 3,083.9
Net operating loss carryforwards	745.3	722.4	696.3	674.2	656.8
Accumulated other comprehensive income	<u>563.9</u>	<u>536.3</u>	<u>601.0</u>	<u>671.6</u>	<u>722.7</u>
Common shareholders' equity	<u>\$ 4,290.9</u>	<u>\$ 4,236.6</u>	<u>\$ 4,288.4</u>	<u>\$ 4,372.3</u>	<u>\$ 4,463.4</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>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
Corporate notes payable	\$ 911.5	\$ 912.0	\$ 912.5	\$ 912.9	\$ 913.4
Total shareholders' equity	<u>4,226.6</u>	<u>4,456.2</u>	<u>4,493.8</u>	<u>4,486.9</u>	<u>4,606.8</u>
Total capital	<u>\$ 5,138.1</u>	<u>\$ 5,368.2</u>	<u>\$ 5,406.3</u>	<u>\$ 5,399.8</u>	<u>\$ 5,520.2</u>
Corporate debt to capital	<u>17.7%</u>	<u>17.0%</u>	<u>16.9%</u>	<u>16.9%</u>	<u>16.5%</u>
<hr/>					
Corporate notes payable	\$ 911.5	\$ 912.0	\$ 912.5	\$ 912.9	\$ 913.4
Total shareholders' equity	4,226.6	4,456.2	4,493.8	4,486.9	4,606.8
Less accumulated other comprehensive income	<u>(540.5)</u>	<u>(777.8)</u>	<u>(855.5)</u>	<u>(622.4)</u>	<u>(729.6)</u>
Total capital	<u>\$ 4,597.6</u>	<u>\$ 4,590.4</u>	<u>\$ 4,550.8</u>	<u>\$ 4,777.4</u>	<u>\$ 4,790.6</u>
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	<u>19.8%</u>	<u>19.9%</u>	<u>20.1%</u>	<u>19.1%</u>	<u>19.1%</u>