Investor Overview

September 2020

CNO FINANCIAL GROUP

Important Legal Information

Forward-Looking Statements

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

Non-GAAP Measures

This presentation contains financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP). 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 the 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, CNOinc.com.

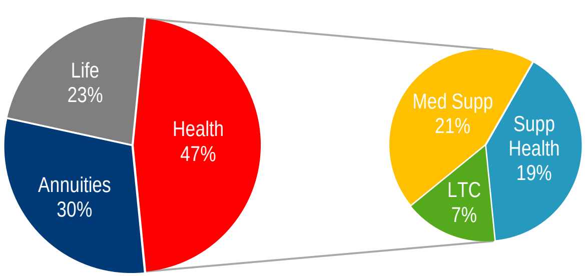
CNO Financial Group Overview

Focused on serving the protection needs of the fast-growing but underserved middle-income American market at or near retirement

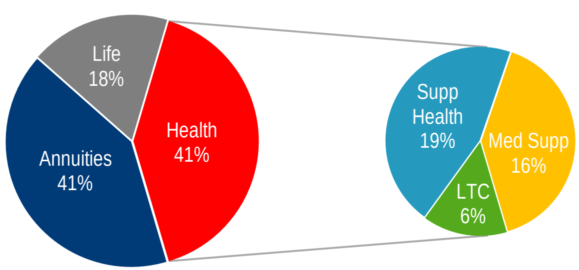
- Manufactured products include life, fixed annuities, Medicare supplement, supplemental health and limited benefit duration long-term care (LTC)
- Distribution of third party Medicare Advantage
- Demonstrated growth in agents, premiums, assets and third party fees

Total: $1.8B in Total Collected Premiums YTD 2Q20

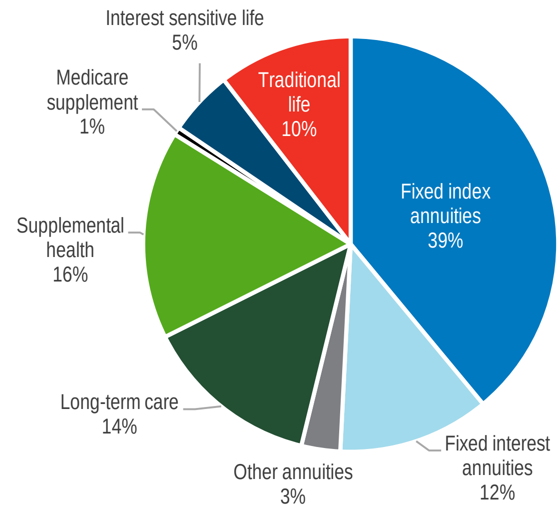
YTD 2Q20 Collected Premium by Product



YTD 2Q20 Insurance Margin by Product



Average Liabilities by Insurance Product YTD 2Q20*



*Net of reinsurance ceded

What Makes CNO Different

Exclusive Focus on Middle-Income America

Our Diverse Distribution & Integrated Approach

Health and Wealth Solutions

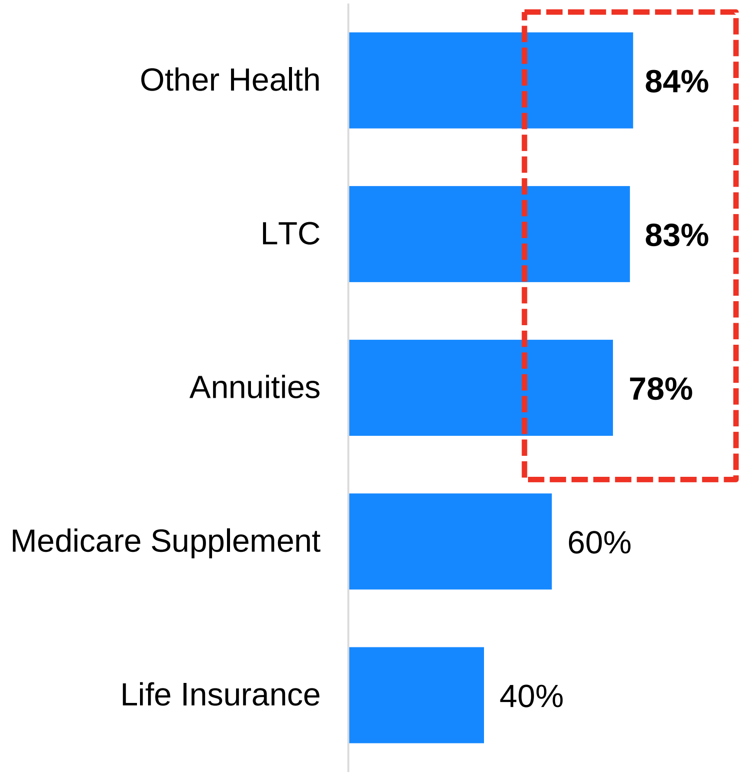
Insurance and Securities Solutions

Strong Cash Flow Generation

Well-Positioned in the Attractive Senior Middle Market

63% of middle-income households are underinsured; ~60% of baby boomers lack financial advisors[1]

Percentage of Population Age 65+ without a Financial Product



CNO Solutions

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

(1) Bankers Life Center for a Secure Retirement 2017

Highly Diversified Product Mix

Broad & balanced portfolio focused on protection needs

Product Offering	Key Points
1 Life Insurance	▪ Basic products that meet the insurance needs of the middle-market
2 Annuities	▪ Attractive and predictable return characteristics
3 Medicare	▪ Mix of protection and accumulation products to serve varied customer needs
4 Supplemental Health	▪ Product mix balances interest rate risk with shorter duration pure mortality and morbidity insurance
5 Long-Term Care	▪ Lower risk long-term care products with short-duration benefit period

Risk Management via Diversification and Natural Hedges

Relative degree of risk present (before mitigation) within each product

	Fixed Indexed Annuity	Fixed Interest Annuity	Trad Life	Interest Sensitive Life	Med Supp	Supp Health	LTC
Mortality	○	○	●	●	○	○	◑
Morbidity	○	○	○	○	●	●	●
Persistency	◕	◕	◔	◔	◑	◑	◑
Interest rate	◑	◑	◑	◑	○	○	◑
Equity	◔	○	○	◔	○	○	○

Low ○ → ● High

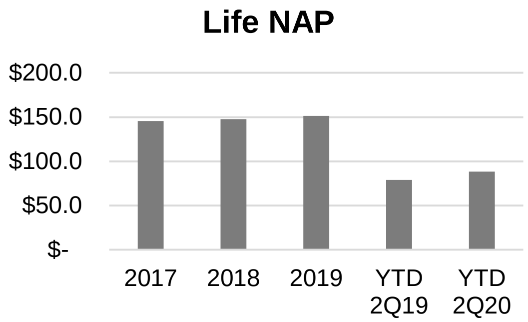
Unique Multi-Channel Operating Model

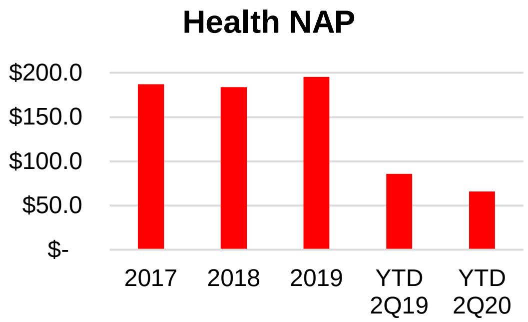
Recent realignment removes barriers between brand and channels

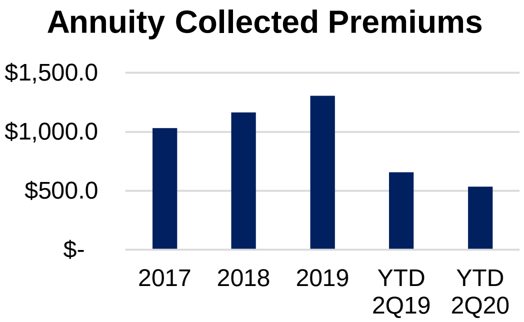
- **Consumer Division**
  - Strong career agent franchise
    - Top distributor of health/wealth protection products through ~4,100 producing agents
    - More than 265 locations nationwide
    - “Kitchen-table” sales model
  - Top 5 direct-to-consumer distribution
  - Broker-dealer and RIA offer investment and annuity products and support agent income
- **Worksite Division**
  - Wholly-owned distribution (PMA) & diverse network of independent marketing organizations and agencies
  - Web Benefits Design (WBD) digital worksite enrollment platform/benefits administrator
- **Multi-channel distribution transitioning to integrated delivery model**
  - Recent business transformation unlocks significant growth opportunities
  - Leverages products, brands, leads and fulfilment across channels
  - Captures customers through direct engagement that leads to an integrated omnichannel buying experience
  - Driving toward holistic relationships including protection & retirement planning; growth in assets & fees

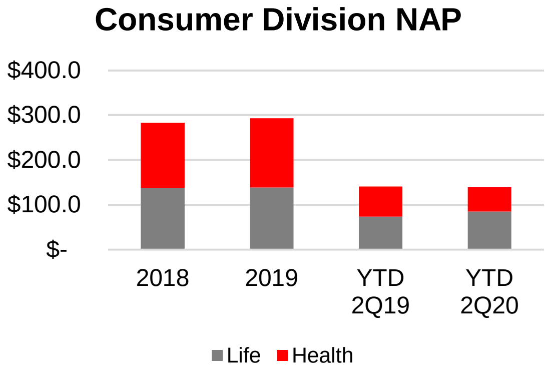
Strategic Initiatives Successfully Reinvigorating Growth; Momentum Sidelined Temporarily by COVID

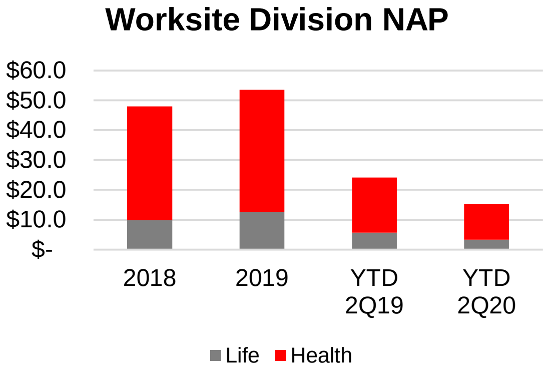
(dollars in millions)









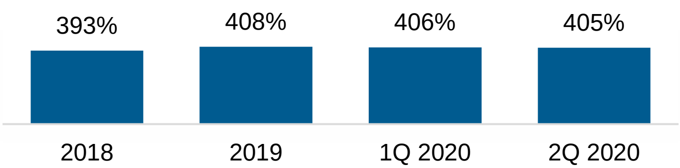


Capital and Liquidity Overview

Conservative approach to capital structure

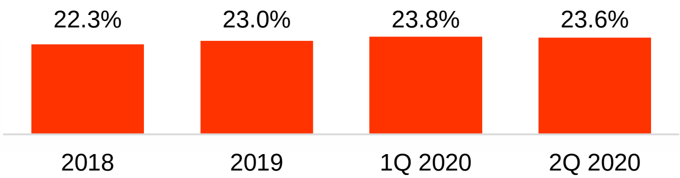
(dollars in millions)

Consolidated Risk Based Capital ("RBC") Ratio[1]



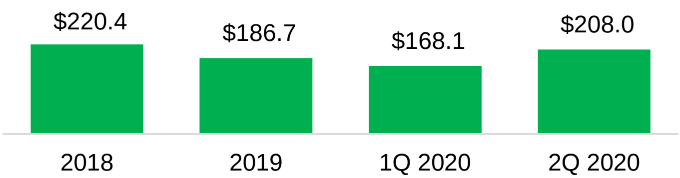
- Targeted consolidated RBC ratio of 375-400%
- Excess due to intentional conservative positioning
- RBC variability can be expected in periods of market volatility

Debt to Capital[2]



- Target leverage of 22.5 – 25.0%
- Debt covenant ceiling of 35%
- Debt capacity within limit of target leverage $80.7 million

Holding Company Liquidity



- Minimum targeted holding company liquidity of $150 million
- Liquidity bolstered by $250 million undrawn revolver
- No outstanding debt maturities until 2025

1 The ratio of the combined capital of the insurance companies to the minimum amount of capital appropriate to support the overall business operations, as determined based on the methodology developed by the National Association of Insurance Commissioners.
2 Excluding accumulated other comprehensive income (a non-GAAP measure). See the Appendix for a reconciliation to the corresponding GAAP measure.

Cash Flow Profile

Strong free cash flow generation and conversion

(dollars in millions)

	For the Quarter		Trailing Twelve Months	
	2Q19	2Q20	2Q19	2Q20
Net Operating Income[1]	$ 76.4	$ 79.4	$ 289.5	$ 311.5
Holding Company Cash Flows:				
Dividends from Subsidiaries	$ 89.9	$ 77.6	$ 281.3	$ 220.8
Management Fees	28.3	27.0	111.4	114.8
Surplus Debenture Interest	12.3	12.1	59.0	59.2
Earnings on Corporate Investments	3.7	12.5	15.3	29.1
Tax Refund	-	-	5.8	-
Other	15.4	21.0	20.0	13.2
Holding Company Sources of Cash[2]	**149.6**	**150.2**	**492.8**	**437.1**
Holding Company Expenses and Other	(13.2)	(33.0)	(83.3)	(109.0)
Interest Payments	(21.8)	(26.4)	(45.3)	(52.1)
Excess Cash Flow to Holding Company[2]	**114.6**	**90.8**	**364.2**	**276.0**
Net Proceeds from New Debt	64.9	-	64.9	-
Share Repurchases	(59.0)	(30.0)	(140.4)	(265.3)
Dividend Payments to Stockholders	(17.4)	(17.4)	(66.7)	(66.8)
Contributions to Insurance Subsidiaries	-	-	(265.0)	-
Acquisition	(68.8)	-	(68.8)	-
Net Change in Holding Company Cash and Investments	**34.3**	**43.4**	**(111.8)**	**(56.1)**
Non-Cash Changes in Investment Balances	-	(3.5)	(0.1)	-
Cash and Investments, Beginning of Period	229.8	168.1	376.0	264.1
Cash and Investments, End of Period	**$ 264.1**	**$ 208.0**	**$ 264.1**	**$ 208.0**
Free Cash Flow Conversion	**150%**	**114%**	**126%**	**89%**

1 A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.
2 Cash flows exclude capital contributions to insurance subsidiaries, acquisitions, dividend payments, stock repurchases, and financing transactions.

Excess Capital Allocation Strategy

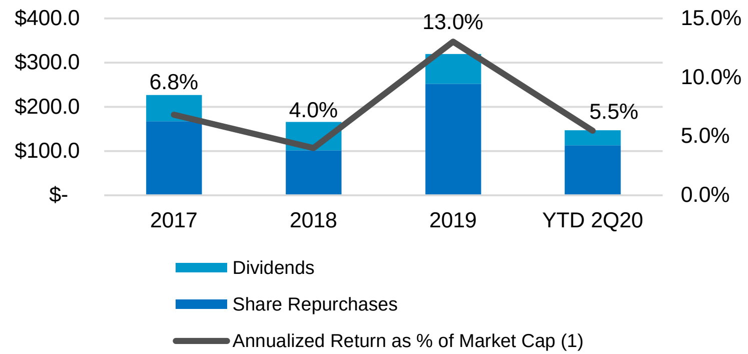
Disciplined and opportunistic approach to maximize shareholder value

Organic investments to sustain and grow the core businesses

Return capital to shareholders
- Increased dividend 9% in 2Q20; 8th consecutive annual increase
- $30 million in share repurchases in 2Q20; $113 million YTD
- Capacity to continue modest share repurchases as conditions permit

Opportunistic transactions
- Highly selective M&A to expand productivity offerings or enhance distribution

Capital Return as % of Market Capitalization



Since 2017, returned $850 million or 39% of current market capitalization (2)

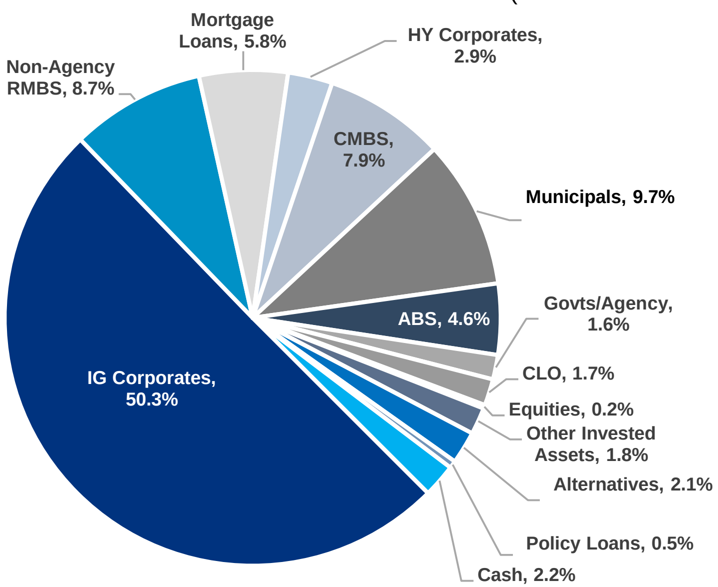
1 As of beginning of calendar year.
2 As of 6/30/2020.

Portfolio Composition

High quality; well-positioned for current environment

$26 billion of Invested Assets

(Fair Value as of 6/30/2020)



General Approach

- Positioned for stable performance across credit cycles
- Emphasizing quality
- Lower than average allocation to most higher risk categories – all carefully calibrated
- Low impairments through multiple cycles

Highlights

- **65% of portfolio in corporate and government bonds**
  - 41% BBBs; consistent with March 31
- **$21.6 billion of assets with high degree of liquidity**
  - ~$12.9 billion public corporate bonds
  - ~$5.9 billion structured securities
  - ~$2.8 billion municipal, political subdivisions, and US and foreign government bonds
- **Strong credit risk profile across portfolio**
  - Underweight COVID-19 impacted sectors
  - 96% rated NAIC 1 / 2
  - Diversified commercial and residential mortgages with low LTVs
  - Significant credit enhancement in structured products
  - Alternative investments that avoid binary outcomes

2020 Outlook

Less severe mortality impact; continued capacity to maintain modest buybacks

Scenario modeling – 2020 COVID impacts

Prior (May) projections

- Mortality
  - 80k – 120k U.S. COVID deaths
    - $20M – $30M net mortality impact
    - $250k per 1,000 deaths
- Morbidity
  - Net neutral impact
- Premium deferral / Shock lapse
  - Potential for significant favorable impact given uncertainty regarding persistency

Current (August) projections

- Mortality
  - 150k – 400k U.S. COVID deaths
    - $20M – $52M net mortality impact
    - $130k per 1,000 deaths
- Morbidity
  - Favorable in 2Q20; net neutral impact in 2H20, with potential upside, if deferred healthcare and LTC treatments become permanent
- Premium deferral / Shock lapse
  - Potential for modestly positive impact given favorable persistency observed in 2Q20

Key Outputs of Modeling

- Base case second half earnings down compared to prior year, driven primarily by COVID-19 mortality impacts
  - Expenses in total excluding significant items flat to prior year, despite accelerating investments to better position for the future
  - Investment income not allocated to product lines also generally flat
- Adverse case free cash flow supports continued modest level of share repurchase

Delivering On Our Commitments

Shifting to a tactical approach while navigating COVID environment

Turnaround / De-risking

Pre 2017

- Reinsured life block (2009)
- Recapitalized company (2012)
- Initiated dividend (2012)
- Sold Legacy Life Insurance Block (2014)
- Migrated ratings upwards–within non-investment grade ratings classes

Pivot to Growth

2017-2019

- Completed Senior Leadership additions
- Reinsured LTC block
- Achieved investment grade credit ratings
- Up-in-quality portfolio repositioning
- Sustainable momentum in recruiting and sales

COVID-19

2020

- Balancing cash conservation with investments in growth
- Conservative capital structure
- Defensive portfolio positioning
- Opportunistic capital deployment
- Benefiting from diverse product portfolio and strong retention
- Successfully pivoting to new sales approaches
- Accelerating integration of D2C and exclusive agents
- Rethinking future office footprint

Optimize Long-term Value

2021 and Beyond

- Customer-centric business realignment
- Omnichannel delivery model
- Enhance growth and margin profile
- Maximize distributable cash flow
- Accelerate pace of capital deployment
- Reduced risk and volatility
- Leverage technology

Appendix 1

COVID-19 Response: Committed to Key Stakeholders

Embracing our obligations; rising to the challenge

Supporting our Associates & Agents

- Committed to no COVID-19 related layoffs in 2020
- Introduced agent financial support programs
- Provided technology, training, & other tools to support effective working from home
- COVID-19 testing & treatment reimbursed at 100%
- Expanded PTO policies
- Free LiveHealth tele-visits
- Employee Assistance programs offering 24/7 counseling

Helping our Customers

- Call centers, claims processing, other services operating remotely
- Allowing deferral of premium payments of up to 90 days
- Enhanced digital capabilities and servicing
- Providing agents with tools to support virtual sales and servicing; digital applications
- Continuing to provide products to protect the health and retirement needs of our customers

Giving Back to Others

- Committed to maintaining 2020 annual budget for corporate donations to our philanthropic community partners
- Engaged associates in virtual volunteering opportunities to support local food banks and first responders
- Donated $300,000 to support funds for associates and agents impacted by COVID-19 or other personal financial emergencies

Experienced Management Team With a Proven Track Record

10-year average tenure; 23-year average service in the insurance sector

Name	Title	Years with CNO	Years in Insurance Sector	Age
Gary C. Bhojwani	Chief Executive Officer	4	30	52
Paul H. McDonough	Chief Financial Officer	1	18	55
Eric R. Johnson	Chief Investment Officer	23	23	59
Bruce K. Baude	Chief Operations and Technology Officer	8	15	56
Matthew J. Zimpfer	General Counsel	22	27	52
Yvonne K. Franzese	Chief Human Resources Officer	2	30	62
John R. Kline	Chief Accounting Officer	30	40	62
Rocco F. Tarasi	Chief Marketing Officer	3	3	48
Karen J. DeToro	Chief Actuary and Chief Risk Officer	1	26	49
Scott L. Goldberg	President, Consumer Division	15	19	50
Michael D. Heard	President, Worksite Division	7	22	54

Agent Counts

Producing agent count impacted by COVID; total agent count stable

	2019			2020		% Change
Consumer	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**Q/Q**
Total Quarterly Average Producing Agents[1,3]	4,602	4,579	4,709	4,531	4,066	-12%
Quarterly Average Financial Representatives[2,3]	595	596	596	591	602	1%
Worksite						
Total Quarterly Average Producing Agents[1,3]	417	420	453	421	225	-46%

1 Producing agents are agents that have submitted at least one policy in the month.
2 Financial representatives are agents who are licensed to sell certain securities brokerage products and services.
3 Quarterly average agent and advisor counts represent the average of the last 3 months.

Broker-Dealer/Registered Investment Advisor

Account values up YoY; $1.5 billion in client assets

(dollars in millions)

		2019			2020	
		2Q	3Q	4Q	1Q	2Q
Net New Client Assets in Brokerage and Advisory[1]	Brokerage	$5.1	$13.4	$17.4	$15.3	-$26.7
	Advisory	33.2	29.9	45.4	65.7	38.6
	Total	$38.3	$43.3	$62.8	$81.0	$11.9
Client Assets in Brokerage and Advisory[1] **at end of period**	Brokerage	$886.0	$913.7	$982.9	$842.3	$905.3
	Advisory	417.0	449.0	532.1	516.4	618.7
	Total	$1,303.0	$1,362.7	$1,515.0	$1,358.7	$1,524.0

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

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

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

Investment Portfolio Overview – Sector Breakdown

Underweight COVID-impacted sectors

6/30/2020
(dollars in millions)

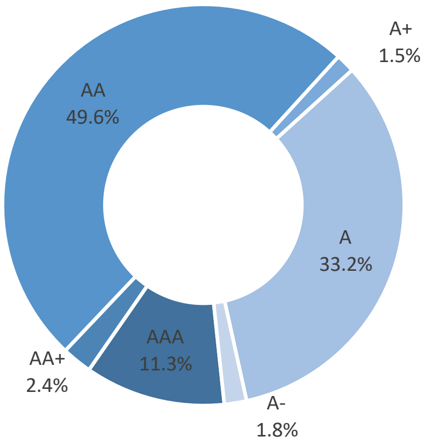
Sector	Book Value	Market Value	Unrealized Gain Loss	Portfolio%	Average NAIC	Over|Underweight
Airlines	17.2	17.7	0.5	0.07%	1.5	Underweight
Aircraft Lease Securitizations	33.9	30.2	(3.7)	0.12%	1.0	Underweight
Energy	710.6	774.9	64.2	3.02%	1.9	Underweight
Gaming	0.0	-	-	-	-	Underweight
Hotels	36.1	36.7	0.6	0.14%	2.6	Underweight
Retail ex Grocery	82.6	97.4	14.7	0.38%	1.8	Underweight
Restaurants	19.1	22.6	3.5	0.09%	2.8	Underweight
Whole Business Securitizations	399.5	397.1	(2.3)	1.55%	2.1	Overweight
CMBS	2,003.6	2,020.7	17.1	7.89%	1.0	Overweight

Investment Portfolio Overview: CLO Debt

Significant cushion against stress scenarios

6/30/2020

Ratings Composition



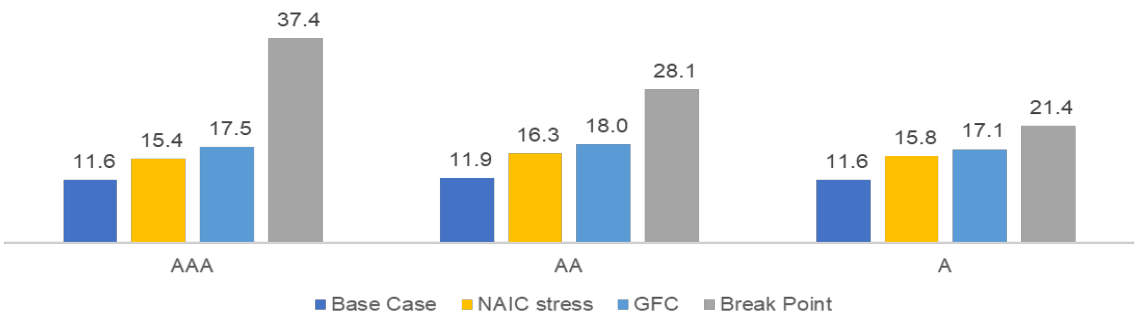
100%
AAA-A

		% of Rating Downgrade Watch	
	Portfolio	Portfolio	Index
AAA	11.3%	-	-
AA	52.0%	-	0.2%
A	36.7%	-	4.2%
BBB	-	N/A	35.8%
BB	-	N/A	51.9%

Key Portfolio Metrics

	AAA	AA	A
Credit Support			
Portfolio	37%	25%	17%
Market	37%	25%	19%
WARF			
Portfolio	3,315	3,248	3,272
Market	3,233	3,258	3,272
Diversity Score			
Portfolio	79	78	82
Market	77	76	75
EORP			
Portfolio	1.73	2.13	1.81
Market	2.26	2.11	2.12

Cumulative Loss / Breakpoint Analysis



	AAA	AA	A
CDR at Break Point	54.7%	27.8%	17.2%
CDR at Base Case	4.5%	4.5%	4.5%
CDR at GFC	5.8%	5.8%	5.8%

Investment Portfolio Overview: Commercial Mortgage Loans

Very conservatively underwritten; loss resistant

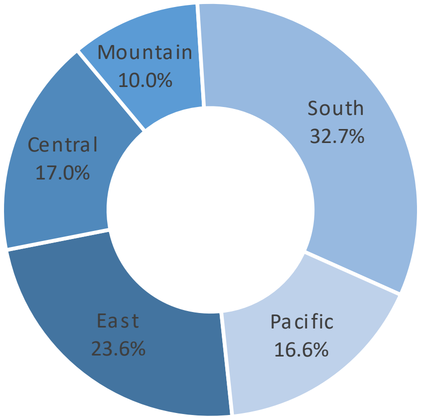
6/30/2020

Key Portfolio Facts

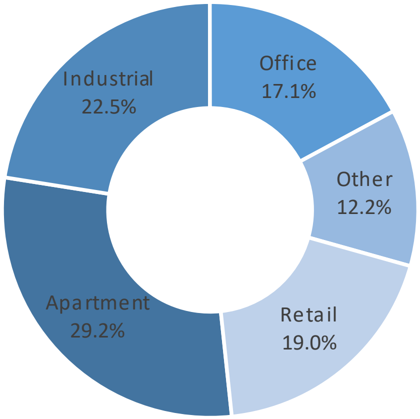
$1.4 billion of net invested assets

100%	99.5%	51%	1.97x	0.5%
First Mortgage	Rated CM1-2	Weighted Avg LTV[1]	Weighted DSCR[1]	Delinquency

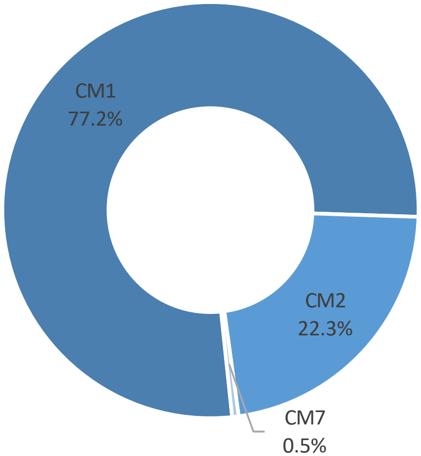
Portfolio Geography



Underlying Property Type



Ratings Composition



1 LTV and DSCR as of year-end 2019 operating statements.

Investment Portfolio Overview: CMBS

Very conservatively underwritten; loss resistant

6/30/2020

Key Portfolio Facts

$2.0 billion of net invested assets

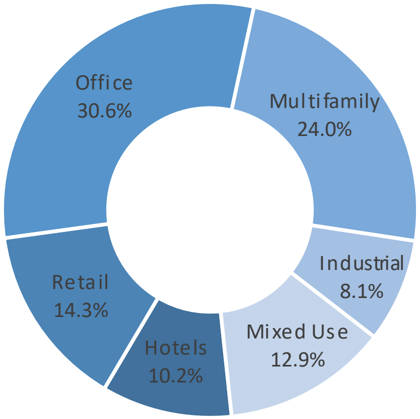
80.0%
Rated
AAA-A

60%
Weighted
Avg LTV[1]

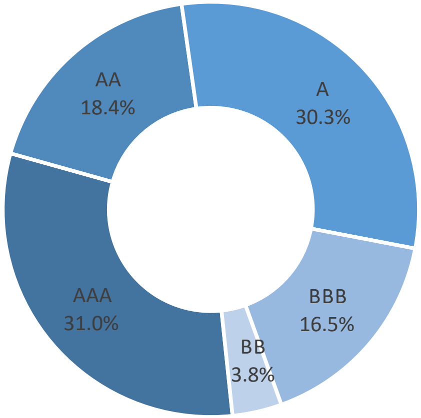
2.11x
Weighted
DSCR[1]

Rating	Book Value	Market Value	Market/ Book	Credit Support	Delinq. Rate	Hotel%	Retail%
AAA	622	647	104%	38.4%	7.6%	12.4%	21.6%
AA	369	374	102%	29.2%	6.9%	10.6%	17.9%
A	606	588	97%	20.0%	5.1%	14.0%	13.0%
BBB	330	337	102%	12.0%	0.1%	0.8%	2.5%
BB	77	74	96%	3.3%	-	-	-
	2,004	2,021	101%	25.5%	5.2%	10.2%	14.3%

Underlying Property Type



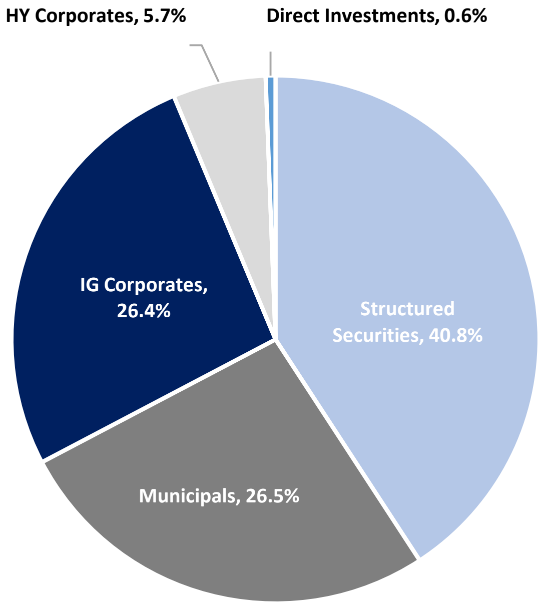
Ratings Composition



1 LTV based on appraisal at loan origination, DSCR as of year-end 2019 operating statements.

2Q20 New Money Summary

Emphasis on high quality investments



94% Investment Grade Allocation

Second Quarter Investments

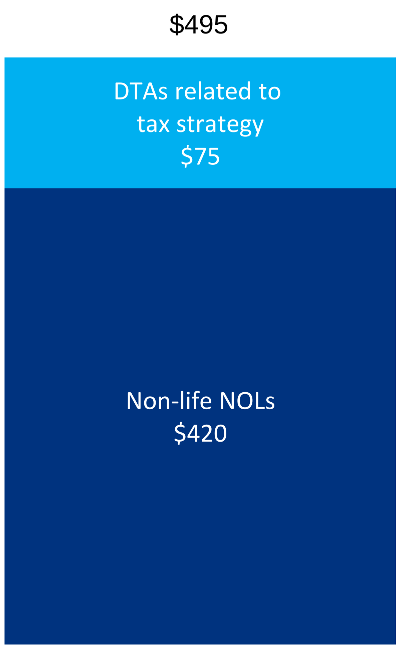
	Allocation $	Allocation %	Yield	Average Rating	Average Duration
Structured Securities	372	40.8%	4.34%	A	4.7
Municipals	241	26.5%	3.84%	AA	15.4
IG Corporates	241	26.4%	4.88%	BBB	9.8
HY Corporates	52	5.7%	6.16%	BB	4.4
Direct Investments	5	0.6%	9.49%	NR	-
Total	911	100%	4.49%	A	8.8

Tax Asset Summary

Estimated economic value of NOLs & DTAs related to tax strategy of $2.80 per share

Value of NOLs and deferred tax assets (DTAs) related to tax strategy

(dollars in millions)



Details

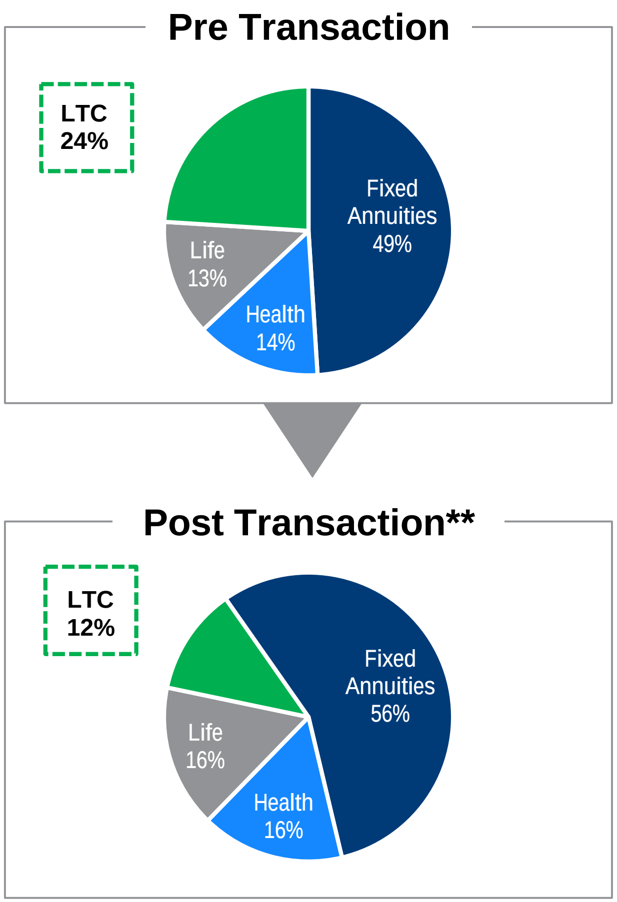
- Total estimated economic value of NOLs and DTAs related to tax strategy of approximately $400 million @ 10% discount rate ($2.80 on per share basis)
- Life NOLs have been fully utilized. Non-life NOLs are expected to offset 100% of non-life taxable income and 35% of the remaining life taxable income not offset by life NOLs through 2023.

2018 Transformative LTC Reinsurance Transaction

Divestiture of legacy LTC exposure significantly improves risk profile

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

Reserve Composition*



* *Reserve net of reinsurance*
** *As of September 30, 2018*

Retained Long-Term Care Insurance

Highly differentiated in-force block; prudently managed

- **New sales (~$25 million annually) focused on short duration products**
  - 98% of new sales for policies with 2 years or less in benefits
  - Average benefit period of 11 months
  - New business 25% reinsured since 2008

- **Reserve assumptions informed by historical experience**
  - No morbidity improvement
  - No mortality improvement
  - Minimal future rate increases
  - New money rate lowered to reflect a level rate throughout the projection horizon

- **Favorable economic profile**
  - Loss Recognition Testing margin reflecting a level new money rate is $207 million or ~9% of Net GAAP Liabilities
  - Statutory reserves ~$160 million higher than GAAP net liabilities
  - Total LTC is just 13% of overall CNO reserves
  - Potential adverse impact from severe stress scenarios is significantly reduced

Appendix 2: Financial Exhibits

2Q20 Significant Items

The table below summarizes the financial impact of significant items on our 2Q20 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended June 30, 2020			
	Actual results	Significant items		Excluding significant items
Insurance product margin				
Annuity	$ 123.8	$ 40.0	(1)	$ 72.3
		(91.5)	(1)	
Health	82.3	-		82.3
Life	36.1	5.6	(1)	41.7
Long-term care	13.2	-		13.2
Total insurance product margin	255.4	(45.9)		209.5
Allocated expenses	(128.1)	-		(128.1)
Income from insurance products	127.3	(45.9)		81.4
Fee income	5.2	-		5.2
Investment income not allocated to product lines	8.2	-		8.2
Expenses not allocated to product lines	(38.5)	23.5	(2)	(15.0)
Operating earnings before taxes	102.2	(22.4)		79.8
Income tax expense on operating income	(22.8)	4.7		(18.1)
Net operating income (3)	$ 79.4	$ (17.7)		$ 61.7
Net operating income per diluted share (3)	$0.55	$ (0.12)		$ 0.43

The footnotes to the above table are on the following page.

2Q20 Significant Items

(Continued from the previous page)

(1) Given our expectation that interest rates will remain low for the long-term, we performed an actuarial unlocking exercise in the second quarter of 2020 to reflect our assumption that average new money rates will remain flat at 4 percent forever. This change and the related impacts to persistency assumptions had a $45.6 million unfavorable impact on pre-tax earnings. As part of the actuarial unlocking exercise, we also changed our assumptions related to the future option costs we incur in providing benefits on fixed index annuities which had a favorable impact on pre-tax earnings of $91.5 million. The impact of these changes in assumptions is summarized below (dollars in millions):

	Line of business			
	Fixed index annuities	Fixed interest annuities	Interest-sensitive life	Total
	Favorable (unfavorable)			
Impacts of an average new money rate assumption of 4 percent				
Insurance policy benefits	$ (5.0)	$ —	$ (7.4)	$ (12.4)
Amortization	(25.6)	(9.4)	1.8	(33.2)
Subtotal	(30.6)	(9.4)	(5.6)	(45.6)
Impacts of changes in future option costs				
Insurance policy benefits	104.8	—	—	104.8
Amortization	(13.3)	—	—	(13.3)
Subtotal	91.5	—	—	91.5
Impact on pre-tax income	$ 60.9	$ (9.4)	$ (5.6)	$ 45.9

This actuarial unlocking exercise does not replace our comprehensive annual review of all assumptions for our insurance products, which we we plan to complete in the fourth quarter of this year. Additional adjustments may be identified based on the results of the comprehensive annual review.

(2) We increased our liability for claims and interest pursuant to the previously disclosed Global Resolution Agreement entered into in November 2018. Pursuant to this agreement, a third-party auditor is acting on behalf of 41 states and the District of Columbia for the purpose of identifying deceased insureds and contract holders where benefits are payable pursuant to unclaimed property laws. The third-party auditor has provided information that we have processed and verified allowing us to more accurately estimate the ultimate liability pursuant to this agreement.

(3) A non-GAAP measure. See pages 33 and 35 for a reconciliation to the corresponding GAAP measure.

4Q19 Significant Items

The table below summarizes the financial impact of significant items on our 4Q19 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended December 31, 2019		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	$ 60.5	$ 0.3 (1)	$ 60.8
Health	79.0	-	79.0
Life	46.7	9.7 (1)	56.4
Long-term care	14.0		14.0
Total insurance product margin	200.2	10.0	210.2
Allocated expenses	(140.6)	-	(140.6)
Income from insurance products	59.6	10.0	69.6
Fee income	11.7	-	11.7
Investment income not allocated to product lines	26.2	-	26.2
Expenses not allocated to product lines	2.8	(20.0) (2)	(17.2)
Operating earnings before taxes	100.3	(10.0)	90.3
Income tax expense on operating income	(21.7)	2.1	(19.6)
Net operating income (3)	$ 78.6	$ (7.9)	$ 70.7
Net operating income per diluted share (3)	$ 0.52	$ (0.05)	$ 0.47

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions.
(2) $20.0 million of the net favorable impact from legal and regulatory matters.
(3) A non-GAAP measure. See pages 33 and 35 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(dollars in millions)

	2Q19	3Q19	4Q19	1Q20	2Q20
Insurance product margin					
Annuity	$ 57.2	$ 56.2	$ 60.5	$ 59.5	$ 123.8
Health	78.3	77.0	79.0	73.6	82.3
Life	51.7	54.6	46.7	44.3	36.1
Long-term care	11.9	12.3	14.0	13.3	13.2
Total insurance product margin	199.1	200.1	200.2	190.7	255.4
Allocated expenses	(135.2)	(131.3)	(140.6)	(136.6)	(128.1)
Income from insurance products	63.9	68.8	59.6	54.1	127.3
Fee income	4.4	3.0	11.7	7.8	5.2
Investment income not allocated to product lines	48.3	34.3	26.2	57.4	8.2
Expenses not allocated to product lines	(19.9)	(18.2)	2.8	(13.8)	(38.5)
Operating earnings before taxes	96.7	87.9	100.3	105.5	102.2
Income tax expense on operating income	(20.3)	(18.7)	(21.7)	(21.2)	(22.8)
Net operating income	76.4	69.2	78.6	84.3	79.4
Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses (net of related amortization)	(1.7)	(2.6)	7.1	(63.7)	12.3
Net change in market value of investments recognized in earnings	6.8	4.7	(2.6)	(48.4)	31.2
Fair value changes in embedded derivative liabilities (net of related amortization)	(35.9)	(29.3)	13.4	(66.7)	(27.1)
Fair value changes related to agent deferred compensation plan	(11.6)	(6.0)	2.5	-	(13.2)
Loss on extinguishment of debt	(7.3)	-	-	-	-
Other	0.7	(1.2)	(13.3)	2.3	-
Non-operating income (loss) before taxes	(49.0)	(34.4)	7.1	(176.5)	3.2
Income tax expense (benefit):					
On non-operating income (loss)	(10.2)	(7.2)	1.4	(37.0)	0.6
Valuation allowance for deferred tax assets and other tax items	-	-	(193.7)	(34.0)	-
Net non-operating income (loss)	(38.8)	(27.2)	199.4	(105.5)	2.6
Net income (loss)	$ 37.6	$ 42.0	$ 278.0	$ (21.2)	$ 82.0

*Management believes that an analysis of earnings before net realized investment gains (losses) from sales, impairments and change in allowance for credit losses, net change in market value of investments recognized in earnings, fair value changes in embedded derivative liabilities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, loss related to reinsurance transaction, other non-operating items, corporate interest expense and taxes ("Adjusted EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because it excludes: (1) net realized investment gains (losses) from sales, impairments and change in allowance for credit losses; (2) net change in market value of investments recognized in earnings; (3) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities that are unrelated to the company's underlying fundamentals; (4) loss on extinguishment of debt; (5) fair value changes related to the agent deferred compensation plan; (6) loss related to reinsurance transaction; (7) charges in the valuation allowance for deferred tax assets and other tax items; and (8) other non-operating items consisting primarily of earnings attributable to variable interest entities. The table above provides a reconciliation of Adjusted EBIT to net income.

Information Related to Certain Non-GAAP Financial Measures

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

Operating earnings measures

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

Information Related to Certain Non-GAAP Financial Measures

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

(dollars in millions, except per-share amounts)

	2Q19	3Q19	4Q19	1Q20	2Q20
Net income (loss) applicable to common stock	$ 37.6	$ 42.0	$ 278.0	$ (21.2)	$ 82.0
Non-operating items:					
Net realized investment (gains) losses from sales and impairments, net of related amortization	1.7	2.6	(7.1)	63.7	(12.3)
Net change in market value of investments recognized in earnings	(6.8)	(4.7)	2.6	48.4	(31.2)
Fair value changes in embedded derivative liabilities, net of related amortization	35.9	29.3	(13.4)	66.7	27.1
Fair value changes related to the agent deferred compensation plan	11.6	6.0	(2.5)	-	13.2
Loss on extinguishment of debt	7.3	-	-	-	-
Other	(0.7)	1.2	13.3	(2.3)	-
Non-operating (income) loss before taxes	49.0	34.4	(7.1)	176.5	(3.2)
Income tax (expense) benefit					
On non-operating (income) loss	10.2	7.2	(1.4)	37.0	(0.6)
Valuation allowance for deferred tax assets and other tax items	-	-	193.7	34.0	-
Net non-operating (income) loss	38.8	27.2	(199.4)	105.5	(2.6)
Net operating income (a non-GAAP financial measure)	$ 76.4	$ 69.2	$ 78.6	$ 84.3	$ 79.4

	2Q19	3Q19	4Q19	1Q20	2Q20
Per diluted share:					
Net income (loss)	$ 0.24	$ 0.27	$ 1.84	$ (0.15)	$ 0.57
Net realized investment (gains) losses from sales and impairments (net of related amortization and taxes)	0.01	0.01	(0.04)	0.35	(0.07)
Net change in market value of investments recognized in earnings (net of taxes)	(0.04)	(0.02)	0.01	0.26	(0.17)
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	0.18	0.15	(0.07)	0.36	0.15
Fair value changes related to the agent deferred compensation plan (net of taxes)	0.06	0.03	(0.01)	-	0.07
Loss on extinguishment of debt	0.03	-	-	-	-
Valuation allowance for deferred tax assets and other tax items	-	-	(1.28)	(0.23)	-
Other	-	0.01	0.07	(0.01)	-
Net operating income (a non-GAAP financial measure)	$ 0.48	$ 0.45	$ 0.52	$ 0.58	$ 0.55

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)

	2Q19	3Q19	4Q19	1Q20 (a)	2Q20
Operating income	$ 76.4	$ 69.2	$ 78.6	$ 84.3	$ 79.4
Weighted average shares outstanding for basic earnings per share	158,816	154,257	150,138	145,829	143,422
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	919	1,003	1,269	-	519
Weighted average shares outstanding for diluted earnings per share	159,735	155,260	151,407	145,829	143,941
Net operating income per diluted share	$ 0.48	$ 0.45	$ 0.52	$ 0.58	$ 0.55

(a) Equivalent common shares of 768 were not included in the diluted weighted average shares outstanding due to the net less recognized in 1Q20.

Information Related to Certain Non-GAAP Financial Measures

<u>Debt to capital ratio, excluding accumulated other comprehensive income (loss)</u>

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)

	4Q18	4Q19	1Q20	2Q20
Corporate notes payable	$ 916.8	$ 989.1	$ 989.4	$ 989.7
Total shareholders' equity	3,370.9	4,677.0	3,765.8	4,731.2
Total capital	$ 4,287.7	$ 5,666.1	$ 4,755.2	$ 5,720.9
Corporate debt to capital	21.4%	17.5%	20.8%	17.3%
Corporate notes payable	$ 916.8	$ 989.1	$ 989.4	$ 989.7
Total shareholders' equity	3,370.9	4,677.0	3,765.8	4,731.2
Less accumulated other comprehensive income	(177.7)	(1,372.5)	(595.2)	(1,520.2)
Total capital	$ 4,110.0	$ 4,293.6	$ 4,160.0	$ 4,200.7
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	22.3%	23.0%	23.8%	23.6%