

For Immediate Release

CNO Financial Group Reports First Quarter 2021 Results

**Solid first quarter earnings; sales momentum returning to pre-pandemic levels;
completed \$100 million in share repurchases**

Carmel, Ind., April 28, 2021 - CNO Financial Group, Inc. (NYSE: CNO) today announced that for the quarter ending March 31, 2021, net income was \$147.4 million, or \$1.08 per diluted share, compared to a net loss of \$21.2 million, or \$0.15 per diluted share, in 1Q20. Net operating income (1) in 1Q21 was \$75.2 million, or \$0.55 per diluted share, compared to \$84.3 million, or \$0.58 per diluted share, in 1Q20.

"CNO delivered another solid quarter, reflecting our continued ability to successfully navigate the pandemic from a position of strength," said Gary C. Bhojwani, chief executive officer. "Our performance throughout the challenges of COVID demonstrate the value of our diversified model. Within our Consumer Division, we generated record life sales and we are approaching pre-pandemic levels of growth in our annuities and broker-dealer client assets. Worksite sales continue to rebound, as expected, as workplaces reopen."

"We repurchased \$100 million in stock in the first quarter and completed the DirectPath acquisition, while maintaining a strong capital and liquidity position," added Bhojwani. "As we look forward to a world beyond COVID, we see significant long-term opportunities to continue serving our existing clients, grow our business within the middle market and deliver value to our shareholders."

First Quarter 2021 Highlights

- Earnings (loss) per diluted share of \$1.08 in 1Q21 compared to (\$0.15) in 1Q20
- Operating (1) EPS of \$0.55 in 1Q21 compared to \$0.58 in 1Q20
- Life new annualized premiums ("NAP") (4) up a record 29% from 1Q20; direct-to-consumer NAP (4) up 38% from 1Q20
- Insurance product margin up 10% from 1Q20; favorably impacted by health care deferrals
- Book value per share was \$36.75, up 40% from 1Q20; book value per diluted share, excluding accumulated other comprehensive income (2), was \$24.83, up 13% from 1Q20
- Returned \$116.3 million to shareholders in the form of share repurchases (\$100.0 million) and dividends (\$16.3 million); reduced weighted average share count by 6% since 1Q20
- Generated return on equity (ROE) of 9.6%; operating ROE, as adjusted (6), of 12.3%
- Completed the acquisition of DirectPath, LLC, a leading national provider of employee benefits management services to employers and employees (Read press release [here](#))

FINANCIAL SUMMARY

Quarter End

(Amounts in millions, except per share data)
(Unaudited)

Net operating income, a non-GAAP^(a) financial measure, is used consistently by CNO's management to evaluate the operating performance of the Company and is a measure commonly used in the life insurance industry. It differs from net income primarily because it excludes certain non-operating items such as realized investment gains (losses), changes in fair values of embedded derivatives, equity securities and the liability for a deferred compensation plan, and certain significant and unusual items included in net income. Management believes an analysis of net operating income is important in understanding the profitability and operating trends of the Company's business. Net income is the most directly comparable GAAP measure.

| | Per diluted share | | | Quarter ended | | |
|--|-------------------|------------------|------------|-----------------|------------------|-------------|
| | Quarter ended | | | March 31, | | |
| | 2021 | 2020 | % change | 2021 | 2020 | % change |
| Income from insurance products ^(b) | \$ 0.50 | \$ 0.37 | 35 | \$ 68.6 | \$ 54.1 | 27 |
| Fee income | 0.05 | 0.05 | — | 7.3 | 7.8 | (6) |
| Investment income not allocated to product lines ^(c) | 0.32 | 0.40 | (20) | 43.0 | 57.4 | (25) |
| Expenses not allocated to product lines | (0.16) | (0.09) | (78) | (22.0) | (13.8) | (59) |
| Operating earnings before taxes | 0.71 | 0.73 | | 96.9 | 105.5 | |
| Income tax expense on operating income | (0.16) | (0.15) | (7) | (21.7) | (21.2) | (2) |
| Net operating income (1) | 0.55 | 0.58 | (5) | 75.2 | 84.3 | (11) |
| Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses (net of related amortization) | 0.03 | (0.44) | | 3.6 | (63.7) | |
| Net change in market value of investments recognized in earnings | (0.05) | (0.33) | | (6.4) | (48.4) | |
| Fair value changes in embedded derivative liabilities (net of related amortization) | 0.60 | (0.46) | | 82.1 | (66.7) | |
| Other | 0.10 | 0.02 | | 13.8 | 2.3 | |
| Non-operating income (loss) before taxes | 0.68 | (1.21) | | 93.1 | (176.5) | |
| Income tax (expense) benefit on non-operating income (loss) | (0.15) | 0.25 | | (20.9) | 37.0 | |
| Valuation allowance for deferred tax assets and other tax items | — | 0.23 | | — | 34.0 | |
| Net non-operating income (loss) | 0.53 | (0.73) | | 72.2 | (105.5) | |
| Net income (loss) | \$ 1.08 | \$ (0.15) | | \$ 147.4 | \$ (21.2) | |
| Weighted average diluted shares outstanding | 136.7 | 145.8 | | | | |

- (a) GAAP is defined as accounting principles generally accepted in the United States of America.
- (b) Income from insurance products is the sum of the insurance margins of the annuity, health and life segments, less allocated insurance administrative expenses. It excludes the fee income segment, excess investment income, parent company expenses and income taxes. Insurance margin is management's measure of the profitability of its annuity, health and life segments' performance and consists of premiums plus allocated investment income less insurance policy benefits, interest credited, commissions, advertising expense and amortization of acquisition costs.
- (c) Investment income not allocated to product lines is defined as net investment income less: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable and investment borrowings; and (iv) certain expenses related to benefit plans that are offset by special-purpose investment income.

FINANCIAL SUMMARY (continued)

Management vs. GAAP Measures

(Dollars in millions, except per share data)
(Unaudited)

Shareholders' equity, excluding accumulated other comprehensive income, and book value per share, excluding accumulated other comprehensive income, are non-GAAP measures that are utilized by management to view the business without the effect of accumulated other comprehensive income which is primarily attributable to fluctuations in interest rates associated with fixed maturities, available for sale. Management views the business in this manner because the Company has the ability and generally, the intent, to hold investments to maturity and meaningful trends can be more easily identified without the fluctuations.

| | Quarter ended | |
|---|---------------|------------|
| | March 31, | |
| | 2021 | 2020 |
| Trailing twelve months return on equity ^(a) | 9.6 % | 7.8 % |
| Trailing twelve months operating return on equity, excluding accumulated other comprehensive income and net operating loss carryforwards (a non-GAAP financial measure) (6) | 12.3 % | 11.4 % |
| Trailing twelve months operating return, excluding significant items, on equity, excluding accumulated other comprehensive income and net operating loss carryforwards (a non-GAAP financial measure) (6) | 11.7 % | 11.1 % |
| | | |
| Shareholders' equity | \$ 4,860.7 | \$ 3,765.8 |
| Accumulated other comprehensive income | (1,518.1) | (595.2) |
| | | |
| Shareholders' equity, excluding accumulated other comprehensive income | 3,342.6 | 3,170.6 |
| Net operating loss carryforwards | (323.1) | (469.4) |
| Shareholders' equity, excluding accumulated other comprehensive income and net operating loss carryforwards | \$ 3,019.5 | \$ 2,701.2 |
| | | |
| Book value per diluted share | \$ 36.11 | \$ 26.16 |
| Accumulated other comprehensive income | (11.28) | (4.13) |
| | | |
| Book value per diluted share, excluding accumulated other comprehensive income (a non-GAAP financial measure) (2) | \$ 24.83 | \$ 22.03 |

(a) Calculated using average shareholders' equity for the measurement period.

INSURANCE OPERATIONS
Comparing 1Q2021 with 1Q2020

Annuity products accounted for 28 percent of the Company's margin for the quarter.

Annuity premiums collected increased 11 percent and annuity account values increased 5 percent.

Health products accounted for 59 percent of the Company's insurance margin for the quarter and 66 percent of insurance policy income.

Life products accounted for 13 percent of the Company's insurance margin for the quarter and 33 percent of insurance policy income.

Sales of health products decreased by 19 percent and sales of life products were up 29 percent.

ANNUITY COLLECTED PREMIUMS

(Dollars in millions)
(Unaudited)

| | Quarter ended March 31, | | % change |
|-----------------------------------|-------------------------|----------|-------------|
| | 2021 | 2020 | |
| Annuity collected premiums | \$ 325.4 | \$ 292.2 | 11 |

INSURANCE POLICY INCOME

(Dollars in millions)
(Unaudited)

| | Quarter ended March 31, | | % change |
|--------------------------------------|-------------------------|-----------------|-------------|
| | 2021 | 2020 | |
| Annuity riders | \$ 5.4 | \$ 5.6 | (4) |
| Health | 416.5 | 429.0 | (3) |
| Life | 210.5 | 194.1 | 8 |
| Total insurance policy income | \$ 632.4 | \$ 628.7 | 1 |

**SALES MEASURED AS NEW ANNUALIZED PREMIUMS FOR
LIFE AND HEALTH PRODUCTS**

(Dollars in millions)
(Unaudited)

| | Quarter ended March 31, | | % change |
|--|-------------------------|----------------|-------------|
| | 2021 | 2020 | |
| Health | \$ 35.7 | \$ 44.0 | (19) |
| Life | 53.0 | 41.1 | 29 |
| Total new annualized premiums (4) | \$ 88.7 | \$ 85.1 | 4 |

INSURANCE MARGIN

(Amounts in millions, except per share data)
(Unaudited)

Insurance margin is management's measure of profitability of its annuity, health and life segments' performance and consists of premiums plus allocated investment income less insurance policy benefits, interest credited, commissions, advertising expense and amortization of acquisition costs. Income from insurance products is the sum of the insurance margins of the annuity, health and life segments, less allocated insurance administrative expenses. It excludes the fee income segment, investment income not allocated to product lines, expenses not allocated to product lines and income taxes. Management believes this information helps provide a better understanding of the business and a more meaningful analysis of our operations. Insurance income, a non-GAAP measure, is a component of net operating income, which is reconciled to net income in the Financial Summary section above.

| | Quarter ended | | | | |
|---------------------------------------|-------------------|---------------------------------------|-------------------|---------------------------------------|-------------|
| | March 31, 2021 | % of insurance policy income | March 31, 2020 | % of insurance policy income | % change |
| Margin | | | | | |
| Annuity interest margin | \$ 57.9 | | \$ 59.5 | | (3) |
| Life insurance interest margin | 14.2 | | 18.0 | | (21) |
| Total interest-sensitive margin | <u>72.1</u> | | <u>77.5</u> | | (7) |
| Insurance margin | | | | | |
| Health | 124.7 | 30 | 86.9 | 20 | 43 |
| Life (a) | 12.9 | 8 | 26.3 | 17 | (51) |
| Total other insurance margin | <u>137.6</u> | 23 | <u>113.2</u> | 19 | 22 |
| Total insurance margin | 209.7 | | 190.7 | | |
| Allocated expenses | (141.1) | | (136.6) | | |
| Income from insurance products | <u>\$ 68.6</u> | | <u>\$ 54.1</u> | | |
| Per diluted share | <u>\$ 0.50</u> | | <u>\$ 0.37</u> | | |
| Weighted average diluted shares | <u>136.7</u> | | <u>145.8</u> | | |

(a) Net of \$23.3 million and \$20.0 million of non-deferred television advertising expense related to our direct distribution channel in the 2021 and 2020 periods, respectively.

Total allocated expenses were \$141.1 million, up 3 percent from the year-ago quarter.

ANNUITY RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Annuity margin

| | Quarter ended | |
|--------------------------|----------------|----------------|
| | March 31, | |
| | 2021 | 2020 |
| Fixed index annuities | \$ 48.3 | \$ 44.4 |
| Fixed interest annuities | 8.8 | 11.3 |
| Other annuities | 0.8 | 3.8 |
| Total | \$ 57.9 | \$ 59.5 |

Annuity collected premiums

| | Quarter ended | |
|----------------------------|---------------|----------|
| | March 31, | |
| | 2021 | 2020 |
| Annuity collected premiums | \$ 325.4 | \$ 292.2 |

Average net insurance liabilities (5)

| | Quarter ended | |
|--------------------------|-------------------|-------------------|
| | March 31, | |
| | 2021 | 2020 |
| Fixed index annuities | \$ 7,464.8 | \$ 6,921.4 |
| Fixed interest annuities | 1,951.6 | 2,146.2 |
| Other annuities | 512.2 | 551.5 |
| Total | \$ 9,928.6 | \$ 9,619.1 |

Margin/average net insurance liabilities ^(a)

| | Quarter ended | |
|--------------------------|---------------|---------------|
| | March 31, | |
| | 2021 | 2020 |
| Fixed index annuities | 2.59 % | 2.57 % |
| Fixed interest annuities | 1.80 % | 2.11 % |
| Other annuities | 0.62 % | 2.76 % |
| Total | 2.33 % | 2.47 % |

(a) Defined as annualized quarterly annuity margin divided by average net insurance liabilities (5).

HEALTH INSURANCE RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Health margin

| | Quarter ended | | | | |
|--------------------------------------|------------------------------|-----------|------------------------------|-----------|-----------|
| | March 31, | | | | |
| | 2021 | | 2020 | | % change |
| Amount | % of insurance policy income | Amount | % of insurance policy income | | |
| Supplemental health and other health | \$ 50.4 | 30 | \$ 42.2 | 25 | 19 |
| Medicare supplement | 38.2 | 21 | 31.4 | 16 | 22 |
| Long-term care | 36.1 | 55 | 13.3 | 20 | 171 |
| Total | \$ 124.7 | 30 | \$ 86.9 | 20 | 43 |

Health insurance policy income

| | Quarter ended | | |
|--------------------------------------|-----------------|-----------------|------------|
| | March 31, | | |
| | 2021 | 2020 | % change |
| Supplemental health and other health | \$ 169.8 | \$ 169.8 | — |
| Medicare supplement | 181.0 | 192.3 | (6) |
| Long-term care | 65.7 | 66.9 | (2) |
| Total | \$ 416.5 | \$ 429.0 | (3) |

Health NAP (4)

| | Quarter ended | | |
|--------------------------------------|----------------|----------------|-------------|
| | March 31, | | |
| | 2021 | 2020 | % change |
| Supplemental health and other health | \$ 21.1 | \$ 28.4 | (26) |
| Medicare supplement | 8.2 | 9.7 | (15) |
| Long-term care | 6.4 | 5.9 | 8 |
| Total | \$ 35.7 | \$ 44.0 | (19) |

LIFE INSURANCE RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Life margin

| | Quarter ended | | | | |
|--------------------------------|------------------------------|--------|------------------------------|----|----------|
| | March 31, | | | | |
| | 2021 | | 2020 | | % change |
| Amount | % of insurance policy income | Amount | % of insurance policy income | | |
| Life insurance interest margin | \$ 1.9 | | \$ 1.5 | | 27 |
| Life insurance margin: | | | | | |
| Traditional life | 12.9 | 8 | 26.3 | 17 | (51) |
| Interest sensitive life | 12.3 | 30 | 16.5 | 42 | (25) |
| Subtotal | 25.2 | 12 | 42.8 | 22 | (41) |
| Total margin | <u>\$ 27.1</u> | | <u>\$ 44.3</u> | | (39) |

Life insurance policy income

| | Quarter ended | | |
|-------------------------|-----------------|-----------------|----------|
| | March 31, | | |
| | 2021 | 2020 | % change |
| Traditional life | \$ 169.7 | \$ 154.5 | 10 |
| Interest sensitive life | 40.8 | 39.6 | 3 |
| Total | <u>\$ 210.5</u> | <u>\$ 194.1</u> | 8 |

Life NAP (4)

| | Quarter ended | | |
|-------------------------|----------------|----------------|----------|
| | March 31, | | |
| | 2021 | 2020 | % change |
| Traditional life | \$ 45.9 | \$ 33.0 | 39 |
| Interest sensitive life | 7.1 | 8.1 | (12) |
| Total | <u>\$ 53.0</u> | <u>\$ 41.1</u> | 29 |

Average net insurance liabilities (5) and interest margin

| | Quarter ended | | |
|---|---------------|----------|----------|
| | March 31, | | |
| | 2021 | 2020 | % change |
| Interest sensitive life products | \$ 954.7 | \$ 900.1 | 6 |
| Interest margin/average net insurance liabilities (5) | 0.80 % | 0.67 % | 19 |

QUARTERLY AVERAGE EXCLUSIVE PRODUCING AGENTS

| | Average Exclusive Producing Agent Count | | |
|---------------------------|---|-------|--------|
| | Quarter ended | | % |
| | March 31, | | |
| | 2021 | 2020 | change |
| Consumer | | | |
| Field agents (a) (c) | 4,389 | 4,531 | (3) |
| Tele-sales agents | 258 | 238 | 8 |
| Total agents | 4,647 | 4,769 | (3) |
| Registered agents (b) (c) | 646 | 609 | 6 |
| Worksite (a) (c) | 241 | 421 | (43) |

- (a) Producing agents are exclusive agents that have submitted at least one policy in the month.
(b) Registered agents are dually licensed as insurance agents and financial representatives who can buy and sell securities for clients, and/or investment advisors who can provide ongoing investment advice for clients.
(c) Agent counts represent the average of the last 3 months.

INVESTMENTS

INVESTMENT INCOME NOT ALLOCATED TO PRODUCT LINES

(Dollars in millions, except per share data)

Management uses investment income not allocated to product lines as the measure to evaluate the performance of the investment segment. It is defined as net investment income less the investment income allocated to our product segments and interest expense on debt. We also view investment income not allocated to product lines per diluted share as an important and useful measure to evaluate performance of the investment segment as it takes into consideration our share repurchase program.

| | Quarter ended March 31, | | % |
|---|-------------------------|----------|-------|
| | 2021 | 2020 | |
| Net investment income | \$ 338.2 | \$ 169.6 | 99 |
| Allocated to product lines: | | | |
| Annuity | (115.7) | (117.4) | (1) |
| Health | (71.5) | (70.4) | 2 |
| Life | (35.8) | (34.3) | 4 |
| Equity returns credited to policyholder account balances | (42.5) | 136.5 | (131) |
| Amounts allocated to product lines and credited to policyholder account balances | (265.5) | (85.6) | 210 |
| Amount related to variable interest entities and other non-operating items | (7.8) | (11.6) | (33) |
| Interest expense on corporate debt | (15.5) | (13.6) | 14 |
| Interest expense on investment borrowings | (2.7) | (9.1) | (70) |
| Less amounts credited to deferred compensation plans (offsetting investment income) | (3.7) | 7.7 | (148) |
| Total adjustments | (29.7) | (26.6) | |
| Investment income not allocated to product lines | \$ 43.0 | \$ 57.4 | (25) |
| | | | |
| Per diluted share | \$ 0.32 | \$ 0.40 | |

INVESTMENT PORTFOLIO

(Dollars in millions)

The composition of the investment portfolio at March 31, 2021 is as follows:

| | \$ | % of total |
|---|--------------------|------------|
| Fixed maturities, available for sale, at fair value | \$ 22,610.4 | 84 |
| Equity securities at fair value | 164.4 | 1 |
| Mortgage loans | 1,297.7 | 5 |
| Policy loans | 121.0 | — |
| Trading securities | 242.6 | 1 |
| Investments held by variable interest entities | 1,224.0 | 5 |
| Other invested assets | 1,195.1 | 4 |
| Total investment portfolio | <u>\$ 26,855.2</u> | <u>100</u> |

Fixed maturities, available for sale, at amortized cost by asset class as of March 31, 2021 are as follows:

| | Investment grade | Below investment grade | Total |
|--|---------------------|------------------------------|--------------------|
| Corporate securities | \$ 11,717.8 | \$ 777.0 | \$ 12,494.8 |
| United States Treasury securities and obligations of the United States government and agencies | 163.6 | — | 163.6 |
| States and political subdivisions | 2,354.3 | 12.5 | 2,366.8 |
| Foreign governments | 82.1 | 0.2 | 82.3 |
| Asset-backed securities | 941.9 | 96.9 | 1,038.8 |
| Agency residential mortgage-backed securities | 48.0 | — | 48.0 |
| Non-agency residential mortgage-backed securities | 883.7 | 920.1 (a) | 1,803.8 |
| Collateralized loan obligations | 462.4 | — | 462.4 |
| Commercial mortgage-backed securities | 1,797.2 | 93.9 | 1,891.1 |
| Total | <u>\$ 18,451.0</u> | <u>\$ 1,900.6</u> | <u>\$ 20,351.6</u> |

(a) Certain structured securities rated below investment grade by Nationally Recognized Statistical Rating Organizations may be assigned a NAIC 1 or NAIC 2 designation based on the cost basis of the security relative to estimated recoverable amounts as determined by the National Association of Insurance Commissioners (NAIC).

The fair value of CNO's available for sale fixed maturity portfolio was \$22.6 billion compared with an amortized cost of \$20.4 billion. Net unrealized gains were comprised of gross unrealized gains of \$2.3 billion and gross unrealized losses of \$77 million. The allowance for credit losses was \$5.3 million at March 31, 2021.

At both amortized cost and fair value, 91 percent of fixed maturities, available for sale, were rated "investment grade".

Acquisitions of fixed maturity investments during the quarter totaled \$1.9 billion. Comparable information for acquisitions of fixed maturity investments is as follows:

| | Fixed maturity acquisitions Quarter ended March 31, | |
|---|---|------------|
| | 2021 | 2020 |
| Total fixed maturity acquisitions (dollars in millions) | \$ 1,871.4 | \$ 1,982.7 |
| Annual effective yield | 3.25 | 3.96 |
| Average rating | A- | A- |
| Average life (in years) | 10.7 | 5.3 |

Non-Operating Items

Net realized investment gains in 1Q21 were \$3.6 million (net of related amortization) including the favorable change in the allowance for credit losses of \$9.6 million which were recorded in earnings. Net realized investment losses in 1Q20 were \$63.7 million (net of related amortization) including other-than-temporary impairment losses of \$8.1 million and the unfavorable change in allowance for credit losses of \$47.3 million which were recorded in earnings.

During 1Q21 and 1Q20, we recognized a decrease in earnings of \$6.4 million and \$48.4 million, respectively, due to the net change in market value of investments recognized in earnings.

During 1Q21 and 1Q20, we recognized an increase (decrease) in earnings of \$82.1 million and \$(66.7) million, respectively, resulting from changes in the estimated fair value of embedded derivative liabilities related to our fixed index annuities, net of related amortization. Such amounts include the impacts of changes in market interest rates used to determine the derivative's estimated fair value.

In 1Q21, other non-operating items included an increase in earnings of \$13.2 million for the mark-to-market change in the agent deferred compensation plan liability which was impacted by changes in the underlying actuarial assumptions used to value the liability. We recognize the mark-to-market change in the estimated value of this liability through earnings as assumptions change.

During 1Q20, we recognized a \$34.0 million income tax benefit related to certain provisions of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act which permitted the carryback of net operating losses to prior periods.

Statutory (based on non-GAAP measures) and GAAP Capital Information

Our consolidated statutory risk-based capital ratio was estimated at 407% at March 31, 2021, reflecting estimated 1Q21 statutory operating income of \$40 million and the payment of insurance company dividends to the holding company of \$83.1 million during 1Q21.

During the first quarter of 2021, we repurchased \$100.0 million of common stock under our securities repurchase program (including \$2.2 million of repurchases settled in 2Q21). We repurchased 4.1 million common shares at an average cost of \$24.34 per share. As of March 31, 2021, we had 132.3 million shares outstanding and had authority to repurchase up to an additional \$169.3 million of our common stock. During 1Q21, dividends paid on common stock totaled \$16.3 million.

Unrestricted cash and investments held by our holding company were \$324 million at March 31, 2021, compared to \$388 million at December 31, 2020.

Book value per common share was \$36.75 at March 31, 2021 compared to \$40.54 at December 31, 2020. Book value per diluted share, excluding accumulated other comprehensive income (2), was \$24.83 at March 31, 2021, compared to \$23.95 at December 31, 2020.

The debt-to-capital ratio was 19.0 percent and 17.2 percent at March 31, 2021 and December 31, 2020, respectively. Our debt-to-total capital ratio, excluding accumulated other comprehensive income (3) was 25.4 percent at March 31, 2021 compared to 25.6 percent at December 31, 2020.

Return on equity for the trailing four quarters ended March 31, 2021 and 2020, was 9.6% and 7.8%, respectively. Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income and net operating loss carryforwards (6) for the trailing four quarters ended March 31, 2021 and 2020, was 11.7% and 11.1%, respectively.

In this news release, CNO includes non-GAAP measures to enhance investors' understanding of management's view of the business. The non-GAAP measures are not a substitute for GAAP, but rather a supplement to increase transparency by providing broader perspective. CNO's definitions of non-GAAP measures may differ from other companies' definitions. More detailed information including various GAAP and non-GAAP measurements are located at CNOinc.com in the Investors section under SEC Filings.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS:

This press release may contain forward-looking statements within the meaning of federal securities laws. These prospective statements reflect management's current expectations, but are not guarantees of future performance. Accordingly, please refer to CNO's cautionary statement regarding forward-looking statements, and the business environment in which the Company operates, contained in the Company's Form 10-K for the year ended December 31, 2020 and any subsequent Form 10-Q on file with the Securities and Exchange Commission and on the Company's website at CNOinc.com in the Investors section. CNO specifically disclaims any obligation to update or revise any forward-looking statement because of new information, future developments or otherwise.

EARNINGS RELEASE CONFERENCE CALL WEBCAST:

The Company will host a conference call to discuss results on April 29, 2021 at 11:00 a.m. Eastern Time. During the call, we will be referring to a presentation that will be available at the Investors section of the company's website.

To participate by dial-in, please register at <http://www.directeventreg.com/registration/event/3534588>. Upon registering, you will be provided with call details and a registrant ID used to track attendance on the conference call. Reminders will also be sent to registered participants via email.

For those investors who prefer to listen to the call online, we will be broadcasting the call live via webcast. The event can be accessed through the Investors section of the company's website: ir.CNOinc.com. Participants should go to the website at least 15 minutes before the event to register and download any necessary audio software.

ABOUT CNO FINANCIAL GROUP

CNO Financial Group, Inc. (NYSE: CNO) secures the future of middle-income America. CNO provides life and health insurance, annuities, financial services, and workforce benefits solutions through our family of brands, including Bankers Life, Colonial Penn and Washington National. Our customers work hard to save for the future, and we help protect their health, income and retirement needs with 3.2 million policies and more than \$35 billion in total assets. Our 3,400 associates, 5,000 exclusive agents and 4,000 independent partner agents guide individuals, families and businesses through a lifetime of financial decisions. For more information, visit CNOinc.com.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(Dollars in millions)
(unaudited)

| | March 31, 2021 | December 31, 2020 |
|--|-------------------|----------------------|
| ASSETS | | |
| Investments: | | |
| Fixed maturities, available for sale, at fair value (net of allowance for credit losses: March 31, 2021 - \$5.3 and December 31, 2020 - \$2.2; amortized cost: March 31, 2021 - \$20,351.6 and December 31, 2020 - \$19,921.1) | \$ 22,610.4 | \$ 23,383.6 |
| Equity securities at fair value | 164.4 | 151.2 |
| Mortgage loans (net of allowance for credit losses: March 31, 2021 - \$8.8 and December 31, 2020 - \$11.8) | 1,297.7 | 1,358.7 |
| Policy loans | 121.0 | 123.0 |
| Trading securities | 242.6 | 232.0 |
| Investments held by variable interest entities (net of allowance for credit losses: March 31, 2021 - \$5.4 and December 31, 2020 - \$15.1; amortized cost: March 31, 2021 - \$1,234.3 and December 31, 2020 - \$1,211.3) | 1,224.0 | 1,189.4 |
| Other invested assets | 1,195.1 | 1,146.4 |
| Total investments | 26,855.2 | 27,584.3 |
| Cash and cash equivalents - unrestricted | 662.9 | 937.8 |
| Cash and cash equivalents held by variable interest entities | 76.0 | 54.1 |
| Accrued investment income | 216.8 | 205.8 |
| Present value of future profits | 241.3 | 249.4 |
| Deferred acquisition costs | 1,168.4 | 1,027.8 |
| Reinsurance receivables (net of allowance for credit losses: March 31, 2021 - \$4.0 and December 31, 2020 - \$4.0) | 4,509.3 | 4,584.3 |
| Income tax assets, net | 358.2 | 199.4 |
| Assets held in separate accounts | 4.3 | 4.2 |
| Other assets | 567.1 | 492.8 |
| Total assets | \$ 34,659.5 | \$ 35,339.9 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Liabilities for insurance products: | | |
| Policyholder account liabilities | \$ 12,571.3 | \$ 12,540.6 |
| Future policy benefits | 11,546.6 | 11,744.2 |
| Liability for policy and contract claims | 558.7 | 561.8 |
| Unearned and advanced premiums | 262.4 | 252.6 |
| Liabilities related to separate accounts | 4.3 | 4.2 |
| Other liabilities | 925.2 | 821.8 |
| Investment borrowings | 1,642.0 | 1,642.5 |
| Borrowings related to variable interest entities | 1,151.7 | 1,151.8 |
| Notes payable – direct corporate obligations | 1,136.6 | 1,136.2 |
| Total liabilities | 29,798.8 | 29,855.7 |
| Commitments and Contingencies | | |
| Shareholders' equity: | | |
| Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2021 – 132,268,255; December 31, 2020 – 135,279,119) | 1.3 | 1.3 |
| Additional paid-in capital | 2,457.8 | 2,544.5 |
| Accumulated other comprehensive income | 1,518.1 | 2,186.1 |
| Retained earnings | 883.5 | 752.3 |
| Total shareholders' equity | 4,860.7 | 5,484.2 |
| Total liabilities and shareholders' equity | \$ 34,659.5 | \$ 35,339.9 |

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

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

| | Three months ended | |
|--|--------------------|-------------|
| | March 31, | |
| | 2021 | 2020 |
| Revenues: | | |
| Insurance policy income | \$ 632.4 | \$ 628.7 |
| Net investment income: | | |
| General account assets | 282.7 | 280.3 |
| Policyholder and other special-purpose portfolios | 55.5 | (110.7) |
| Realized investment gains (losses): | | |
| Net realized investment losses | (12.4) | (60.1) |
| Change in allowance for credit losses and other-than-temporary impairment losses | 9.6 | (55.4) |
| Total realized losses | (2.8) | (115.5) |
| Fee revenue and other income | 38.2 | 34.4 |
| Total revenues | 1,006.0 | 717.2 |
| Benefits and expenses: | | |
| Insurance policy benefits | 459.1 | 490.8 |
| Interest expense | 24.1 | 33.4 |
| Amortization | 99.7 | 50.2 |
| Other operating costs and expenses | 233.1 | 213.8 |
| Total benefits and expenses | 816.0 | 788.2 |
| Income (loss) before income taxes | 190.0 | (71.0) |
| Income tax expense (benefit): | | |
| Tax expense (benefit) on period income | 42.6 | (15.8) |
| Valuation allowance for deferred tax assets and other tax items | — | (34.0) |
| Net income (loss) | \$ 147.4 | \$ (21.2) |
| Earnings per common share: | | |
| Basic: | | |
| Weighted average shares outstanding | 134,140,000 | 145,829,000 |
| Net income (loss) | \$ 1.10 | \$ (.15) |
| Diluted: | | |
| Weighted average shares outstanding | 136,653,000 | 145,829,000 |
| Net income (loss) | \$ 1.08 | \$ (.15) |

NOTES

- (1) Management believes that an analysis of Net income applicable to common stock before: (i) net realized investment gains or losses from sales, impairments and the change in allowance for credit losses, net of related amortization and taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss on extinguishment of debt, net of taxes; (vi) changes in the valuation allowance for deferred tax assets and other tax items; and (viii) other non-operating items consisting primarily of earnings attributable to variable interest entities, net of taxes ("Net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of Net operating income to Net income applicable to common stock is provided in the table on page 2. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors - SEC Filings" section of CNO's website, CNOinc.com.
- (2) Book value per diluted share reflects the potential dilution that could occur if outstanding stock options were exercised and restricted stock and performance units were vested. 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. 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.
- (3) The calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.
- (4) Measured by new annualized premium for life and health products, which includes 10% of single premium whole life deposits and 100% of all other premiums (excluding annuities). Sales of third-party products are excluded.
- (5) Net insurance liabilities are equal to total insurance liabilities less: (i) amounts related to reinsured business; (ii) deferred acquisition costs; (iii) present value of future profits; and (iv) the value of unexpired options credited to insurance liabilities.
- (6) The following summarizes 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 | |
|---|------------------------------|------------|
| | 1Q21 | 1Q20 |
| Net operating income | \$ 353.2 | \$ 308.5 |
| Net operating income, excluding significant items | \$ 335.2 | \$ 300.6 |
| Net income | \$ 470.4 | \$ 336.4 |
| Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | \$ 2,876.5 | \$ 2,713.0 |
| Average common shareholders' equity | \$ 4,903.1 | \$ 4,321.1 |
| Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | 12.3 % | 11.4 % |
| Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | 11.7 % | 11.1 % |
| Return on equity | 9.6 % | 7.8 % |

The following summarizes: (i) operating earnings; (ii) significant items; (iii) operating earnings, excluding significant items; and (iv) net income (loss) (dollars in millions):

| | Net operating income | Significant items | Net operating income, excluding significant items (a) | Net operating income, excluding significant items - trailing four quarters | Net income (loss) | Net income (loss) - trailing four quarters |
|------|-------------------------|----------------------|---|---|----------------------|---|
| 2Q19 | \$ 76.4 | \$ — | \$ 76.4 | \$ 304.6 | \$ 37.6 | \$ (412.1) |
| 3Q19 | 69.2 | — | 69.2 | 286.3 | 42.0 | 159.7 |
| 4Q19 | 78.6 | (7.9) (b) | 70.7 | 282.1 | 278.0 | 409.4 |
| 1Q20 | 84.3 | — | 84.3 | 300.6 | (21.2) | 336.4 |
| 2Q20 | 79.4 | (17.7) (c) | 61.7 | 285.9 | 82.0 | 380.8 |
| 3Q20 | 112.6 | — | 112.6 | 329.3 | 129.2 | 468.0 |
| 4Q20 | 86.0 | (6.4) (d) | 79.6 | 338.2 | 111.8 | 301.8 |
| 1Q21 | 75.2 | 6.1 (e) | 81.3 | 335.2 | 147.4 | 470.4 |

(a) See note (7) for additional information.

(b) Comprised of: (i) \$10.0 million of unfavorable adjustments arising from our comprehensive annual actuarial review of assumptions; (ii) \$20.0 million of the net favorable impact from legal and regulatory matters; and (iii) an increase in tax expense of \$2.1 million.

(c) Comprised of: (i) \$45.9 million of net favorable adjustments arising from our review of actuarial assumptions; (ii) \$23.5 million unfavorable impact related to regulatory matters; and (iii) an increase in tax expense of \$4.7 million.

(d) Comprised of: (i) \$11.8 million of net favorable adjustments arising from our review of actuarial assumptions; (ii) \$3.7 million unfavorable impact related to asset impairments; and (iii) an increase in tax expense of \$1.7 million.

(e) Comprised of: (i) \$5.3 million from legal and regulatory matters; (ii) \$2.5 million of transaction expenses related to the previously announced acquisition of DirectPath, LLC; and (iii) a decrease in tax expense of \$1.7 million.

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

| | Twelve months ended | |
|---|---------------------|----------|
| | 1Q21 | 1Q20 |
| Pretax operating earnings (a non-GAAP financial measure) | \$ 455.2 | \$ 390.4 |
| Income tax expense | (102.0) | (81.9) |
| Net operating income | 353.2 | 308.5 |
| Non-operating items: | | |
| Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses, net of related amortization | 36.2 | (60.9) |
| Net change in market value of investments recognized in earnings | 39.3 | (39.5) |
| Fair value changes in embedded derivative liabilities, net of related amortization | 69.7 | (118.5) |
| Fair value changes related to the agent deferred compensation plan | (3.1) | (15.1) |
| Loss on extinguishment of debt | — | (7.3) |
| Other | 8.0 | (11.5) |
| Non-operating income (loss) before taxes | 150.1 | (252.8) |
| Income tax (expense) benefit: | | |
| On non-operating income (loss) | (32.9) | 53.0 |
| Valuation allowance for deferred tax assets and other tax items | — | 227.7 |
| Net non-operating income | 117.2 | 27.9 |
| Net income | \$ 470.4 | \$ 336.4 |

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):

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|---|-------------------|-------------------|-------------------|-------------------|
| Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | \$ 2,703.4 | \$ 2,702.9 | \$ 2,685.0 | \$ 2,761.9 |
| Net operating loss carryforwards | 479.6 | 451.1 | 425.4 | 542.6 |
| Accumulated other comprehensive income | 654.9 | 1,098.2 | 1,442.9 | 1,372.5 |
| Common shareholders' equity | <u>\$ 3,837.9</u> | <u>\$ 4,252.2</u> | <u>\$ 4,553.3</u> | <u>\$ 4,677.0</u> |
| | 1Q20 | 2Q20 | 3Q20 | 4Q20 |
| Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | \$ 2,701.2 | \$ 2,784.2 | \$ 2,905.1 | \$ 2,956.2 |
| Net operating loss carryforwards | 469.4 | 426.8 | 377.2 | 341.9 |
| Accumulated other comprehensive income | 595.2 | 1,520.2 | 1,801.6 | 2,186.1 |
| Common shareholders' equity | <u>\$ 3,765.8</u> | <u>\$ 4,731.2</u> | <u>\$ 5,083.9</u> | <u>\$ 5,484.2</u> |
| | 1Q21 | | | |
| Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | \$ 3,019.5 | | | |
| Net operating loss carryforwards | 323.1 | | | |
| Accumulated other comprehensive income | 1,518.1 | | | |
| Common shareholders' equity | <u>\$ 4,860.7</u> | | | |

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 | |
|---|-------------------------------|-------------------|
| | 1Q21 | 1Q20 |
| Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) | \$ 2,876.5 | \$ 2,713.0 |
| Net operating loss carryforwards | 385.5 | 473.4 |
| Accumulated other comprehensive income | 1,641.1 | 1,134.7 |
| Common shareholders' equity | <u>\$ 4,903.1</u> | <u>\$ 4,321.1</u> |

- (7) The tables below summarize the financial impact of significant items on our net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

| | Three months ended | | |
|--|--------------------|-------------------|-----------------------------|
| | March 31, 2021 | | |
| | Actual results | Significant items | Excluding significant items |
| Insurance product margin | | | |
| Annuity margin | \$ 57.9 | \$ — | \$ 57.9 |
| Health margin | 124.7 | — | 124.7 |
| Life margin | 27.1 | — | 27.1 |
| Total insurance product margin | 209.7 | — | 209.7 |
| Allocated expenses | (141.1) | — | (141.1) |
| Income from insurance products | 68.6 | — | 68.6 |
| Fee income | 7.3 | — | 7.3 |
| Investment income not allocated to product lines | 43.0 | — | 43.0 |
| Expenses not allocated to product lines | (22.0) | 7.8 (a) | (14.2) |
| Operating earnings before taxes | 96.9 | 7.8 | 104.7 |
| Income tax (expense) benefit on operating income | (21.7) | (1.7) | (23.4) |
| Net operating income | <u>\$ 75.2</u> | <u>\$ 6.1</u> | <u>\$ 81.3</u> |
| Net operating income per diluted share | <u>\$ 0.55</u> | <u>\$ 0.04</u> | <u>\$ 0.59</u> |

- (a) Comprised of: (i) \$5.3 million from legal and regulatory matters; and (ii) \$2.5 million of transaction expenses related to the previously announced acquisition of DirectPath, LLC. The legal and regulatory matters primarily consist of an increase to our liability for claims and interest pursuant to the Global Resolution Agreement, as we have now processed and verified most of the claims provided by the third party auditor allowing us to more accurately estimate the ultimate liability.

| | Three months ended | | |
|--|--------------------|-------------------|-----------------------------|
| | December 31, 2020 | | |
| | Actual results | Significant items | Excluding significant items |
| Insurance product margin | | | |
| Annuity margin | \$ 68.1 | \$ (16.1) (a) | \$ 52.0 |
| Health margin | 125.2 | — | 125.2 |
| Life margin | 37.3 | 4.3 (a) | 41.6 |
| Total insurance product margin | 230.6 | (11.8) | 218.8 |
| Allocated expenses | (162.7) | — | (162.7) |
| Income from insurance products | 67.9 | (11.8) | 56.1 |
| Fee income | 2.9 | — | 2.9 |
| Investment income not allocated to product lines | 57.8 | — | 57.8 |
| Expenses not allocated to product lines | (17.8) | 3.7 (b) | (14.1) |
| Operating earnings before taxes | 110.8 | (8.1) | 102.7 |
| Income tax (expense) benefit on operating income | (24.8) | 1.7 | (23.1) |
| Net operating income | <u>\$ 86.0</u> | <u>\$ (6.4)</u> | <u>\$ 79.6</u> |
| Net operating income per diluted share | <u>\$ 0.61</u> | <u>\$ (0.04)</u> | <u>\$ 0.57</u> |

- (a) Adjustments arising from our comprehensive annual actuarial review of assumptions.
(b) Unfavorable impact related to asset impairments.

| | Three months ended | | |
|--|--------------------|-------------------|-----------------------------|
| | June 30, 2020 | | |
| | Actual results | Significant items | Excluding significant items |
| Insurance product margin | | | |
| Annuity margin | \$ 123.8 | \$ 40.0 (a) | \$ 72.3 |
| | | (91.5) (a) | |
| Health margin | 95.5 | — | 95.5 |
| Life margin | 36.1 | 5.6 (a) | 41.7 |
| 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 (b) | (15.0) |
| Operating earnings before taxes | 102.2 | (22.4) | 79.8 |
| Income tax (expense) benefit on operating income | (22.8) | 4.7 | (18.1) |
| Net operating income | \$ 79.4 | \$ (17.7) | \$ 61.7 |
| Net operating income per diluted share | \$ 0.55 | \$ (0.12) | \$ 0.43 |

- (a) 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 | | | Total |
|---|-------------------------|--------------------------|-------------------------|-----------|
| | Fixed index annuities | Fixed interest annuities | Interest-sensitive life | |
| | 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 did not replace our comprehensive annual review of all assumptions for our insurance products, which we completed in the fourth quarter of 2020.

- (b) 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.

| | Three months ended | | |
|--|--------------------|-------------------|-----------------------------|
| | December 31, 2019 | | |
| | Actual results | Significant items | Excluding significant items |
| Insurance product margin (4) | | | |
| Annuity margin | \$ 60.5 | \$ 0.3 (a) | \$ 60.8 |
| Health margin | 93.0 | — | 93.0 |
| Life margin | 46.7 | 9.7 (a) | 56.4 |
| Total insurance product margin | 200.2 | 10.0 | 210.2 |
| Allocated expenses | (140.6) | — | (140.6) |
| Income from insurance products (5) | 59.6 | 10.0 | 69.6 |
| Fee income | 11.7 | — | 11.7 |
| Investment income not allocated to product lines (9) | 26.2 | — | 26.2 |
| Expenses not allocated to product lines | 2.8 | (20.0) (b) | (17.2) |
| Operating earnings before taxes | 100.3 | (10.0) | 90.3 |
| Income tax (expense) benefit on operating income | (21.7) | 2.1 | (19.6) |
| Net operating income (10) | <u>\$ 78.6</u> | <u>\$ (7.9)</u> | <u>\$ 70.7</u> |
| Net operating income per diluted share | <u>\$ 0.52</u> | <u>\$ (0.05)</u> | <u>\$ 0.47</u> |

(a) Adjustments arising from our comprehensive annual actuarial review of assumptions.

(b) \$20.0 million of the net favorable impact from legal and regulatory matters.

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