2Q18

Financial and operating results for the period ended June 30, 2018

August 2, 2018

Unless otherwise specified, comparisons in this presentation are between 2Q17 and 2Q18.

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 releases issued on August 1, 2018, 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 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

Long-term Care Reinsurance Transaction

Executive Summary

A transformative risk reduction transaction for CNO

- Bankers Life has entered into an agreement with Wilton Re to **cede ~$2.7 billion of long-term care reserves** through 100% indemnity coinsurance
  - Represents 100% of Bankers Life legacy (prior to 2003) comprehensive and nursing home business
  - Comprising 51% of CNO's statutory long-term care reserves
  - $825 million ceding commission paid to Wilton Re, financed from existing capital resources
- **Significant risk reduction**, especially in severe stress scenarios
- Culmination of a **multi-year exploration** of strategic alternatives
- Wilton Re is a **highly-rated** and **well-capitalized** counterparty
- Subject to regulatory approval and expected to **close in 2018**
- Step forward in achieving **investment grade ratings**

Key Transaction Details

- $2.7 billion of statutory reserves to be ceded
  - Business ceded is the most volatile from an earnings and capital perspective
- $825 million ceding commission funding:
  - ~$375 million of statutory reserves no longer required and immediate tax benefits
  - ~$175 million of released capital reflecting lower go-forward required capital
  - ~$275 million contribution from Holding Company
- Reinsured block to be moved to the LTC in run-off segment starting with 3Q18 earnings
- Expect to record a GAAP after-tax charge of approximately $650 million before year-end

Summary of Key Terms and Conditions

- Bankers Life & Casualty Company (IL Domicile) to cede to Wilton Reassurance Company (MN domicile)

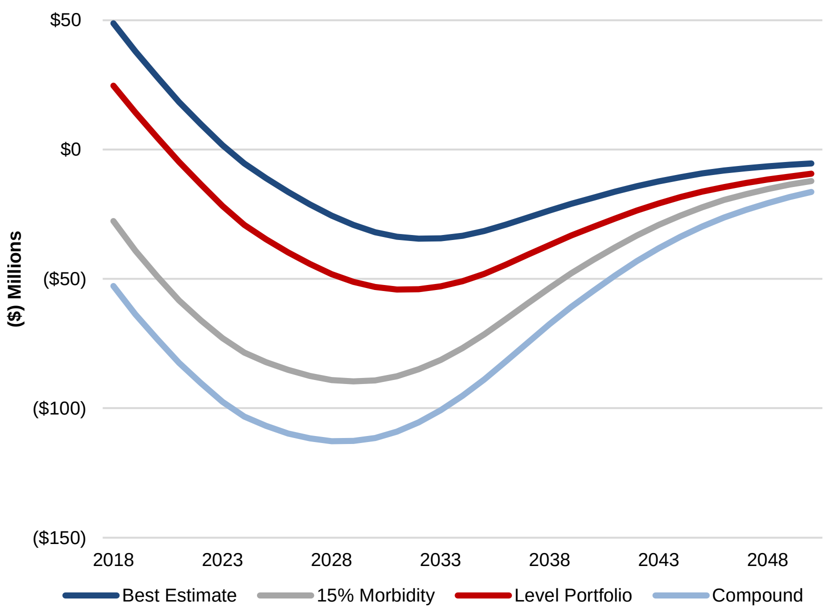
- Domestic comfort trust established to hold assets backing 100% of the statutory liabilities plus an additional $500 million of over-collateralization
  - Collateral amount steps down by $62.5 million every 5 years
  - Over-collateralization as percentage of reserves is expected to increase over the life of the agreement
  - Strict investment guidelines with oversight and reporting requirements

- CNO to continue administering the business for a 36-month transition period

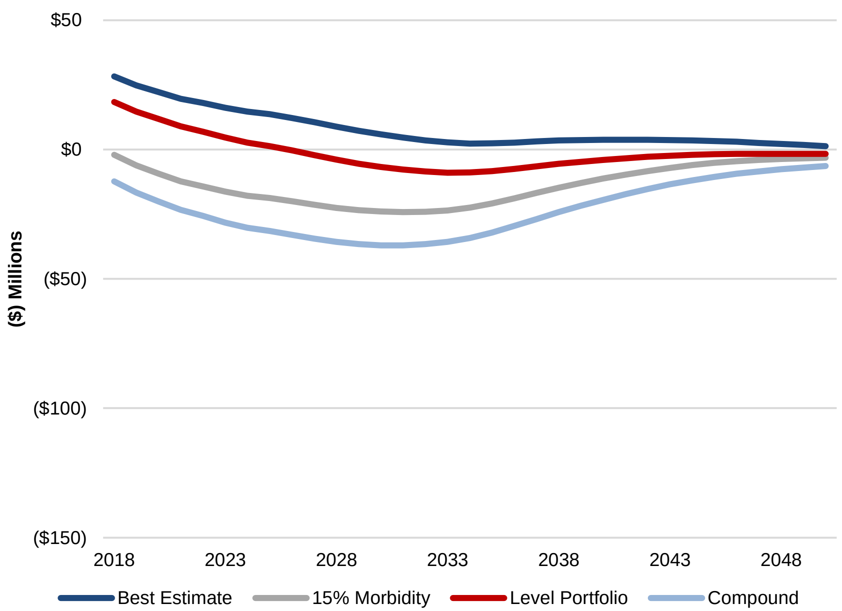
Material Risk Reduction Under Stress Test Scenarios

Bankers Life Long-term Care - Projected Inforce Cashflows

Pre-Transaction



Post-Transaction



CNO realizes material reduction in tail-risk

Best Estimate – Current projection of inforce cashflows
15% Morbidity – Projected inforce cashflows with 15% higher claims experience in all years
Level Portfolio – Projected inforce cashflows assuming investment portfolio rate drops to 5.25% permanently
Compound – Projected inforce cashflows assuming 15% higher claims and permanent investment portfolio rate of 5.25%

Material Risk Reduction Under Stress Test Scenarios

Bankers Life Long-term Care

Balance sheet risk significantly reduced under stress scenarios

	Pre-Transaction	Post-Transaction
Level Interest Rates	$325mm margin reduction $10mm charge	$150mm margin reduction No charge
+15% Morbidity	$1bn margin reduction $550mm charge	$450mm margin reduction $175mm charge
Compound	$1.4bn margin reduction $850mm charge	$640mm margin reduction $325mm charge

- Post-transaction, potential impact from compound scenario is manageable
- Post-transaction, LRT margin as % of net GAAP liabilities increases from 7% to 14% and new sales will continue to add to margin

Estimated Impacts to Key Financial Metrics

	As of June 30, 2018	Estimated Post Closing
Bankers Life RBC	413%	400%
Consolidated RBC	444%	435%
HoldCo Cash	$376mm	$150mm
Operating ROE	9.6%*	+150bps (annualized)
Debt to Capital	19.6%*	23%
Diluted Book Value Per Share	$22.62*	$19.00

Go forward expectations

- Minimal impact to GAAP earnings in the near-term
- Annual cash flow generation increases to ~$350 million
- Consolidated RBC Ratio in the 425-450% range
- Minimum HoldCo liquidity of $150 million at all times
- Debt-to-total capital in the 22.5-25.0% range

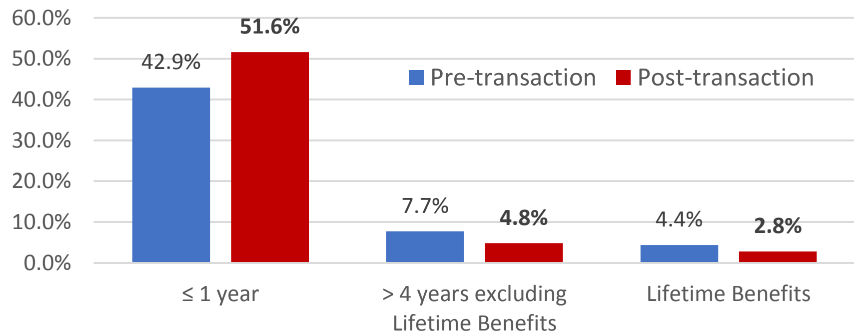
* A non-GAAP measure. See the appendix for a reconciliation to the corresponding GAAP measure

Long-term Care at CNO Going Forward

Inforce

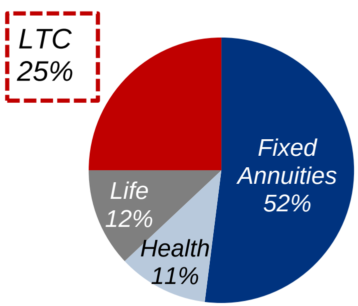
Comfortable with retained business risk profile

Percent of Policies by Benefit Period

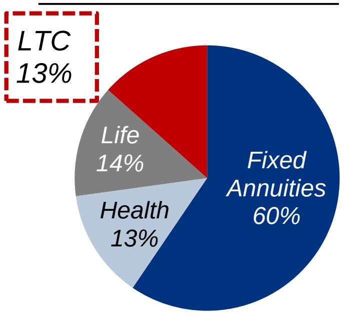


Reserve Composition*

Pre Transaction



Post Transaction



New Business

- Continue to focus new business on products with short benefit periods
  - Average benefit period for new sales is ~10 months
  - CNO will cease selling LTC with benefit periods longer than 3 years
- Future sales will continue to increase earnings and reserve margins
- Continue to reinsure 25% of new business

* Reserves net of reinsurance

Closing Comments

A transformative risk reduction transaction for CNO

Reduces potential volatility on earnings and reserves

- Represents 100% of Bankers Life legacy comprehensive and nursing home business

Differentiated block of long-term care enabled CNO to execute at **reasonable economic terms**

Wilton Re is a **highly-rated** and **well-capitalized** counterparty

Significantly **enhances** the **balance sheet strength** of CNO

Step forward in achieving **investment grade ratings**

Second Quarter 2018 Earnings Results

Quarter in Review

- Continued strong earnings and capital results
  - Operating EPS up 9%, benefiting from tax reform
  - Book value per diluted share (excluding AOCI)[1] of $22.62, up 3% sequentially
- Diversified business model driving growth
  - 5 of 7 Growth Scorecard metrics up
  - Progress in agent force initiatives and expanded pilots
- Returned $77 million to shareholders

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

Segment Update

	Results	Key Initiatives
BANKERS LIFE	– Total collected premiums up 2%, driven by annuities up 9% – Annuity account values increased 5% – Life and health NAP down 2% and 5%, respectively – Continued growth in BD/RIA key metrics – Fee revenue[1] up 15% – Total average producing agents[2] down 6%	– Reshape the agent force through recruiting and retention – Improve success rate of new agents – Enhanced use of data for better underwriting results
Washington National	– Total collected premiums up 3%; supplemental health up 3% – Life and health NAP up 2% – Total average producing agent[2] count stable	– Worksite recruiting – Geographic expansion – Product diversity
Colonial Penn	– Total collected premiums up 2% – NAP up 5%	– Enhanced Web/digital sales capabilities – Improved sales efficiency

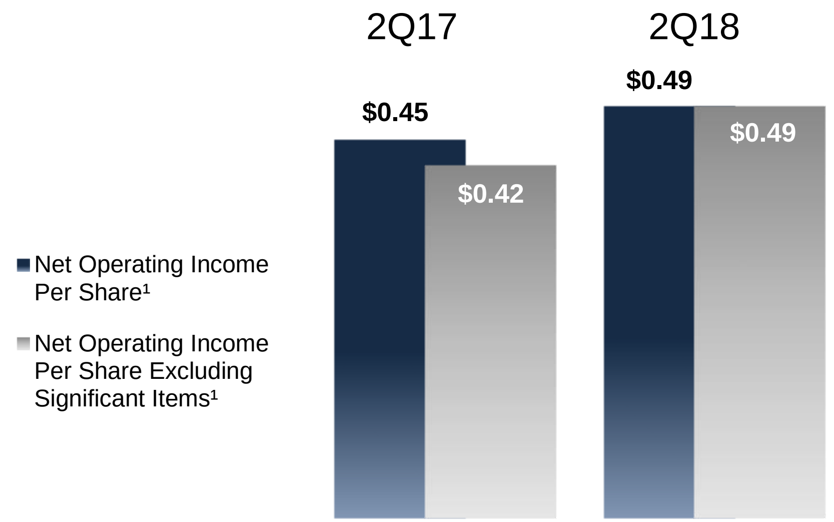
1 Fee revenue for prior periods revised to reflect the revenue recognition accounting policy that went into effect January 1, 2018
2 The average producing agent counts represent the average of the last 12 months producing agent counts.

2Q18 Earnings Highlights ($ millions, except per share data)

Financial Highlights

- Net income per diluted share of $0.61
- Net operating income per diluted share[1] of $0.49
- Operating ROE[1] of 9.6%
- Holding company cash and investments of $376 million
- Estimated consolidated RBC ratio of 444%

Financial Results



	2Q17	2Q18
Net Operating Income[1]	$78.6	$81.9
Net Operating Income Excl. Significant Items[1]	$72.5	$81.9
Weighted Average Shares Outstanding (in millions)	172.4	168.0

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

Segment Results ($ millions)

Segment Adjusted EBIT Excluding Significant Items[1]

	2Q17	3Q17	4Q17	1Q18	2Q18
Bankers Life	$103.2	$106.9	$98.9	$87.2	$96.1
Washington National	$23.6	$27.5	$24.7	$34.3	$25.4
Colonial Penn	$8.0	$6.0	$5.9	($0.4)	$5.4
LTC in run-off	$1.7	($1.0)	$0.6	$0.0	$3.1
Corporate	($13.2)	($14.9)	($3.3)	($15.5)	($14.0)
Total CNO	**$123.3**	**$124.5**	**$126.8**	**$105.6**	**$116.0**

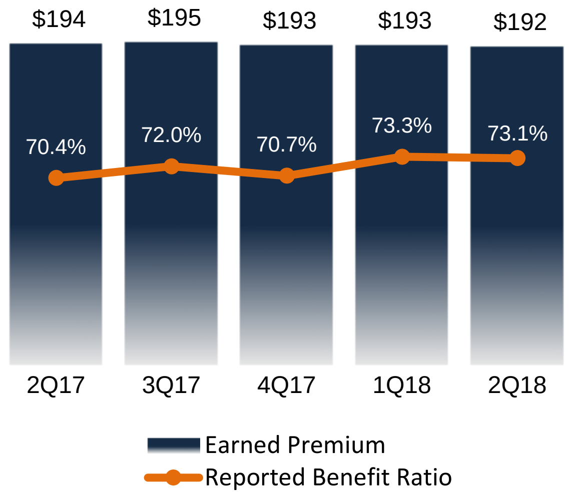
Segment Highlights

- Bankers Life results reflect higher Medicare supplement incurred claims and 2Q17 outperformance
- Washington National results reflect continued favorable supplemental health claims experience
- Colonial Penn results reflect increased advertising investments to drive growth;
  - 2018 EBIT guidance maintained at $10-$20 million
- LTC in run-off results reflect favorable claims experience
- Corporate results reflect lower net investment income offset by lower expenses

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

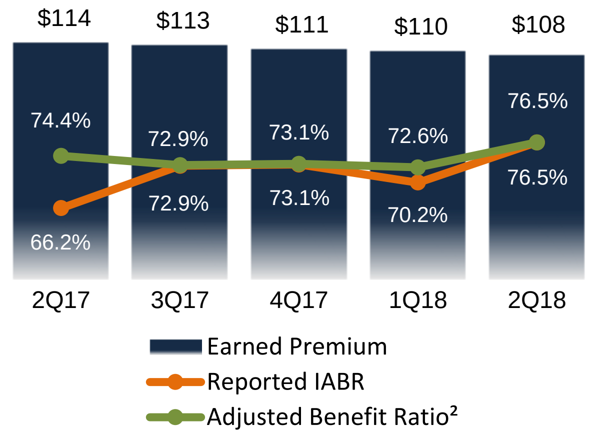
Health Margins ($ millions)

Bankers Life Medicare Supplement Benefit Ratio



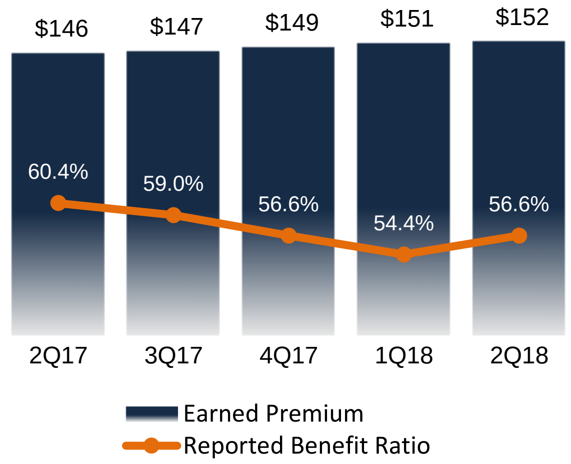
- Benefit ratio of 73.1%, in-line with expectations
- **Benefit ratio guidance maintained at 71-74% for remainder of 2018**

Bankers Life Long-term Care IABR[1]



- Adjusted IABR[2] of 76.5%, due to higher incurred claims
- **Temporarily suspending IABR[1] guidance due to announced reinsurance transaction**

Washington National Supplemental Health IABR[1]



- IABR[1] of 56.6%, driven by favorable claims experience
- **IABR[1] guidance lowered to 56-59% from 58-61% for remainder of 2018**

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 IABR[1] excluding impact of policyholder actions following rate increases and other one-time impacts

Wrap-up

- Accelerate growth through execution and alignment
  - Investing in associates key to success

- No change to go-forward capital deployment strategy

- CNO is a unique investment opportunity

Questions and Answers

Appendix

Growth Scorecard ($ millions)

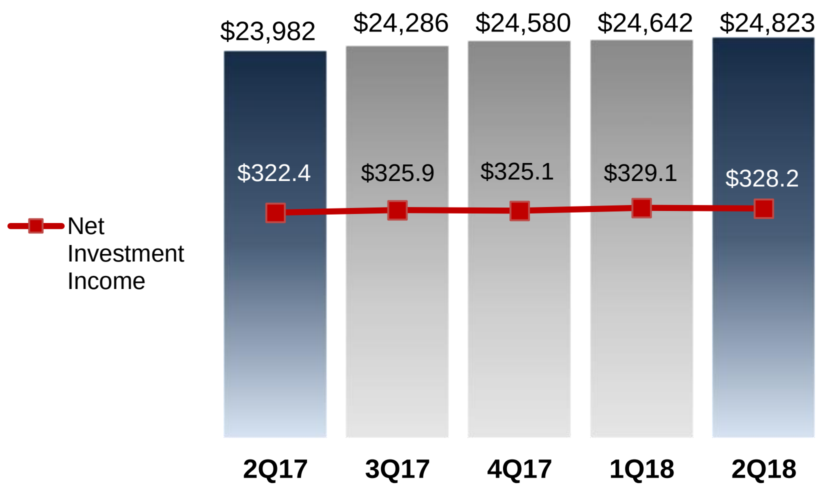
		2017				2018		% Change	
		1Q	2Q	3Q	4Q	1Q	2Q	Q/Q	YTD
First Year Collected Premiums	Bankers Life	$311.1	$319.9	$288.2	$326.4	$299.5	$338.3	5.8%	1.1%
	Washington National	20.5	19.7	18.9	19.3	19.7	19.4	-1.5%	-2.7%
	Colonial Penn	13.7	12.7	12.1	11.6	11.9	11.3	-11.0%	-12.1%
	Total CNO	$345.3	$352.3	$319.2	$357.3	$331.1	$369.0	4.7%	0.4%
Collected Premiums	Bankers Life	$687.8	$680.6	$641.7	$696.3	$672.5	$697.0	2.4%	0.1%
	Washington National	173.1	167.5	164.2	168.6	176.2	172.8	3.2%	2.5%
	Colonial Penn	74.5	72.5	72.6	72.0	75.3	73.8	1.8%	1.4%
	LTC in run-off	4.6	4.4	3.9	4.0	4.1	4.0	-9.1%	-10.0%
	Total CNO	$940.0	$925.0	$882.4	$940.9	$928.1	$947.6	2.4%	0.6%
Policies Inforce[1] (thousands)	Bankers Life	1,673.5	1,671.7	1,665.6	1,672.0	1,648.0	1,645.3	-1.6%	
	Washington National	964.6	964.5	963.1	964.1	969.5	972.2	0.8%	
	Colonial Penn	853.3	849.4	845.1	841.0	841.9	840.5	-1.0%	
	LTC in run-off	10.1	9.8	9.5	9.3	9.1	8.8	-10.2%	
	Total CNO	3,501.5	3,495.4	3,483.3	3,486.4	3,468.5	3,466.8	-0.8%	
New Annualized Premium[2]	Life Insurance	$41.5	$36.0	$34.3	$33.6	$36.9	$36.9	2.5%	-4.8%
	Health Insurance	46.4	45.9	43.1	51.8	41.2	44.9	-2.2%	-6.7%
	Total Life & Health Insurance	$87.9	$81.9	$77.4	$85.4	$78.1	$81.8	-0.1%	-5.8%
Annuity Account Values	Bankers Life	$7,869.7	$7,954.7	$8,047.2	$8,163.3	$8,221.2	$8,325.9	4.7%	
	Washington National	404.5	393.4	385.7	378.2	368.1	358.2	-8.9%	
	Total	$8,274.2	$8,348.1	$8,432.9	$8,541.5	$8,589.3	$8,684.1	4.0%	
Annuity Collected Premiums	Bankers Life	$257.5	$264.3	$236.5	$272.3	$251.4	$287.0	8.6%	3.2%
Fee Revenue[3]	Bankers Life	$16.1	$8.7	$8.9	$8.5	$19.0	$10.0	14.9%	16.9%

1 Includes third party products sold. See page 28 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.

3 Fee revenue for 2017 periods revised to reflect the revenue recognition accounting policy that went into effect January 1, 2018

Investment Results ($ millions)

Average Invested Assets and Cash



	2Q17	3Q17	4Q17	1Q18	2Q18
New Money Rate	4.64%	5.38%	5.16%	5.36%	4.80%
Earned Yield[1]:	5.54%	5.51%	5.43%	5.44%	5.40%
Pre-Pay/Call/Make-whole Income	$9.8	$16.9	$11.7	$4.4	$3.8
Alternative Investment Income	$6.1	$8.9	$10.2	$19.9	$12.4
Impairments	$5.1	$4.7	$4.6	-	-

Quarter Highlights

- New money rate reflects slight increase in quality bias and reduction in high yield allocation
- Strategic diversification into alternatives continues to perform well, specifically real asset and credit strategies. Continued reduction in hedge fund allocation.
- Quarterly comparison impacted by lower, normalized level of calls and prepays
- Continued strong credit performance reflected in no impairments

1 Earned Yield excludes assets held in our FHLB matchbook program.

Average Producing Agents[1]

	Bankers Life				Washington National			
	1st Yr	2nd Yr	3rd Yr +	Total	1st Yr	2nd Yr	3rd Yr +	Total
6/30/2018	1,805	436	1,835	4,076	274	87	321	682
3/31/2018	1,808	453	1,847	4,108	285	85	316	686
12/31/2017	1,845	463	1,863	4,171	288	85	314	687
9/30/2017	1,887	483	1,873	4,243	287	89	310	686
6/30/2017	1,941	503	1,880	4,324	285	91	308	684
3/31/2017	1,994	533	1,877	4,404	280	92	308	680
12/31/2016	2,037	567	1,875	4,479	279	90	308	677
9/30/2016	2,081	584	1,875	4,540	283	89	309	681
6/30/2016	2,123	598	1,882	4,603	284	88	307	679

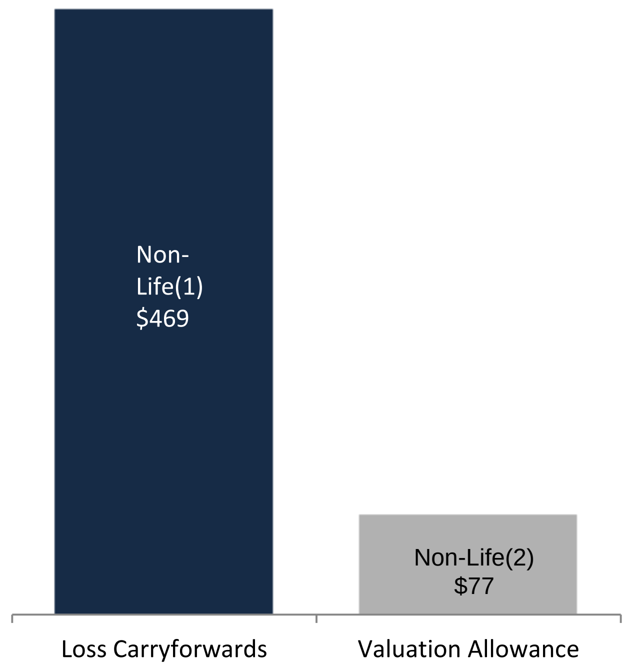
1 Producing agent counts are determined at the end of each month and only include agents who submitted at least one policy in the month. The average producing agent counts represent the average of the last 12 months producing agent counts.

2Q18 Holding Company Liquidity ($ millions)

	2Q18	FY18
Cash and Investments Balance - Beginning	**$377.9**	**$396.6**
Sources		
Dividends from Insurance Subsidiaries	51.5	71.5
Dividends from Non-insurance Subsidiaries	11.0	11.0
Management Fees	28.3	55.0
Surplus Debenture Interest	12.1	24.1
Earnings on Corporate Investments	4.4	7.9
Net Intercompany Settlements and Other	13.7	(5.0)
Total Sources	**121.0**	**164.5**
Uses		
Share Repurchases	60.5	60.5
Interest Expense	21.4	22.3
Common Stock Dividends	16.5	31.9
Tax Payments	6.0	26.0
General Expenses & Other	18.5	40.5
Total Uses	**122.9**	**181.2**
Mark-to-market Changes in Investment Balances	**-**	**(3.9)**
Cash and Investments Balance - June 30, 2018	**$376.0**	**$376.0**

Tax Asset Summary[1] ($ millions)

Loss Carryforwards



1 Excludes $9 million related to state operating loss carryforwards.
2 Excludes $7 million related to state operating loss carryforwards.

Details

- Total estimated economic value of NOLs of $256 million @ 10% discount rate (~$1.54 on per share basis)
- NOLs are expected to offset 100% of the taxable income of our non-life companies and 35% of the taxable income of our life insurance companies through 2023

1 Amounts presented above do not reflect the impacts of the long-term care reinsurance transaction expected to be recognized prior to the end of 2018.

Policies Inforce

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

	2Q17	3Q17	4Q17	1Q18	2Q18
Policies inforce:					
Bankers Life	1,515,445	1,510,160	1,500,573	1,485,235	1,482,002
Washington National	964,519	963,141	964,138	969,525	972,175
Colonial Penn	849,353	845,135	840,979	841,944	840,507
Long-term care in run-off	9,769	9,473	9,265	9,044	8,843
Total policies inforce	3,339,086	3,327,909	3,314,955	3,305,748	3,303,527
Third party policies inforce sold by					
Bankers Life agents	156,308	155,430	171,421	162,784	163,317
Total policies inforce and third party policies inforce sold by Bankers Life agents	3,495,394	3,483,339	3,486,376	3,468,532	3,466,844

2Q17 Significant Items

The table below summarizes the financial impact of significant items on our 2Q17 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, 2017		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 112.6	$ (9.4) (1)	$ 103.2
Washington National	23.6	-	23.6
Colonial Penn	8.0	-	8.0
Long-term care in run-off	1.7	-	1.7
Adjusted EBIT from business segments	145.9	(9.4)	136.5
Corporate Operations, excluding corporate interest expense	(13.2)	-	(13.2)
Adjusted EBIT	132.7	(9.4)	123.3
Corporate interest expense	(11.6)	-	(11.6)
Operating earnings before tax	121.1	(9.4)	111.7
Tax expense on operating income	42.5	(3.3)	39.2
Net operating income *	$ 78.6	$ (6.1)	$ 72.5
Net operating income per diluted share*	$ 0.45	$ 0.03	$ 0.42

(1) Pre-tax earnings in the Bankers Life segment included: (i) favorable persistency (including the results of extensive procedures performed to identify policies that had terminated prior to June 30, 2017 due to death); and (ii) policy holder actions following long-term care rate increases. These items resulted in a release of reserves, primarily related to the long-term care business in the Bankers Life segment, which totaled $9.4 million.

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

3Q17 Significant Items

The table below summarizes the financial impact of significant items on our 3Q17 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, 2017		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 106.9	$ -	$ 106.9
Washington National	27.5	-	27.5
Colonial Penn	9.0	(3.0) (1)	6.0
Long-term care in run-off	(1.0)	-	(1.0)
Adjusted EBIT from business segments	142.4	(3.0)	139.4
Corporate Operations, excluding corporate interest expense	(14.9)	-	(14.9)
Adjusted EBIT	127.5	(3.0)	124.5
Corporate interest expense	(11.7)	-	(11.7)
Operating earnings before tax	115.8	(3.0)	112.8
Tax expense on operating income	39.1	(1.0)	38.1
Net operating income *	$ 76.7	$ (2.0)	$ 74.7
Net operating income per diluted share*	$ 0.45	$ (0.01)	$ 0.44

(1) Pre-tax earnings in the Colonial Penn segment reflects a $3.0 million out-of-period adjustment and refinement to liabilities for insurance products identified in conjunction with periodic updating of assumptions.

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

4Q17 Significant Items

The table below summarizes the financial impact of significant items on our 4Q17 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, 2017		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 109.7	$ (10.8) (1)	$ 98.9
Washington National	23.7	1.0 (1)	24.7
Colonial Penn	5.9	-	5.9
Long-term care in run-off	0.6	-	0.6
Adjusted EBIT from business segments	139.9	(9.8)	130.1
Corporate Operations, excluding corporate interest expense	(3.3)	-	(3.3)
Adjusted EBIT	136.6	(9.8)	126.8
Corporate interest expense	(11.7)	-	(11.7)
Operating earnings before tax	124.9	(9.8)	115.1
Tax expense on operating income	39.1	(3.4)	35.7
Net operating income *	$ 85.8	$ (6.4)	$ 79.4
Net operating income per diluted share*	$ 0.51	$ (0.04)	$ 0.47

(1) Pre-tax earnings in the Bankers Life and Washington National segments reflect $10.8 million of favorable impacts and $1.0 million of unfavorable impacts, respectively, from our comprehensive annual actuarial review of assumptions.

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

1Q18 Significant Items

The table below summarizes the financial impact of significant items on our 1Q18 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, 2018		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 89.5	$ (2.3) (1)	$ 87.2
Washington National	34.3	-	34.3
Colonial Penn	(1.5)	1.1 (2)	(0.4)
Long-term care in run-off	-	-	-
Adjusted EBIT from business segments	122.3	(1.2)	121.1
Corporate Operations, excluding corporate interest expense	(15.5)	-	(15.5)
Adjusted EBIT	106.8	(1.2)	105.6
Corporate interest expense	(11.9)	-	(11.9)
Operating earnings before tax	94.9	(1.2)	93.7
Tax expense on operating income	21.0	(0.3)	20.7
Net operating income *	$ 73.9	$ (0.9)	$ 73.0
Net operating income per diluted share*	$ 0.44	$ (0.01)	$ 0.43

(1) Pre-tax earnings in the Bankers Life segment included the $2.3 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 included a $1.1 million out-of-period adjustment which increased reserves on closed block payout annuities.

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

Quarterly Earnings

($ millions)

	2Q17	3Q17	4Q17	1Q18	2Q18
Bankers Life	$ 112.6	$ 106.9	$ 109.7	$ 89.5	$ 96.1
Washington National	23.6	27.5	23.7	34.3	25.4
Colonial Penn	8.0	9.0	5.9	(1.5)	5.4
Long-term care in run-off	1.7	(1.0)	0.6	-	3.1
Adjusted EBIT from business segments	145.9	142.4	139.9	122.3	130.0
Corporate operations, excluding interest expense	(13.2)	(14.9)	(3.3)	(15.5)	(14.0)
Adjusted EBIT*	132.7	127.5	136.6	106.8	116.0
Corporate interest expense	(11.6)	(11.7)	(11.7)	(11.9)	(11.9)
Operating earnings before taxes	121.1	115.8	124.9	94.9	104.1
Tax expense on period income	42.5	39.1	39.1	21.0	22.2
Net operating income	78.6	76.7	85.8	73.9	81.9
Net realized investment gains (losses), net of related amortization	14.9	28.5	(2.0)	(15.2)	10.6
Fair value changes in embedded derivative liabilities, net of related amortization	(5.9)	2.3	5.5	25.1	8.3
Fair value changes related to the agent deferred compensation plan	-	(13.4)	1.2	-	11.0
Other	(1.6)	(3.3)	(4.2)	3.3	(4.2)
Non-operating income before taxes	7.4	14.1	0.5	13.2	25.7
Income tax expense (benefit):					
On non-operating income	2.6	5.0	0.1	2.8	5.4
Valuation allowance for deferred tax assets and other tax items	-	(15.0)	157.1	-	-
Net non-operating income (loss)	4.8	24.1	(156.7)	10.4	20.3
Net income (loss)	$ 83.4	$ 100.8	$ (70.9)	$ 84.3	$ 102.2

*Management believes that an analysis of earnings before net realized investment gains (losses), fair value changes in embedded derivative liabilities, fair value changes related to the agent deferred compensation plan, 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 related to the agent deferred compensation plan; (4) charges in the valuation allowance for deferred tax assets and other tax items; and (5) 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 related to the agent deferred compensation plan, 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):

	2Q17	3Q17	4Q17	1Q18	2Q18
Net income(loss) applicable to common stock	$ 83.4	$ 100.8	$ (70.9)	$ 84.3	$ 102.2
Non-operating items:					
Net realized investment (gains) losses, net of related amortization	(14.9)	(28.5)	2.0	15.2	(10.6)
Fair value changes in embedded derivative liabilities, net of related amortization	5.9	(2.3)	(5.5)	(25.1)	(8.3)
Fair value changes related to the agent deferred compensation plan	-	13.4	(1.2)	-	(11.0)
Other	1.6	3.3	4.2	(3.3)	4.2
Non-operating income before taxes	(7.4)	(14.1)	(0.5)	(13.2)	(25.7)
Income tax (expense) benefit:					
On non-operating (income) loss	(2.6)	(5.0)	(0.1)	(2.8)	(5.4)
Valuation allowance for deferred tax assets and other tax items	-	15.0	(157.1)	-	-
Net non-operating (income) loss	(4.8)	(24.1)	156.7	(10.4)	(20.3)
Net operating income (a non-GAAP financial measure)	$ 78.6	$ 76.7	$ 85.8	$ 73.9	$ 81.9
Per diluted share:					
Net income(loss)	$ 0.48	$ 0.59	$ (0.42)	$ 0.50	$ 0.61
Net realized investment (gains) losses (net of related amortization and taxes)	(0.06)	(0.11)	0.01	0.07	(0.05)
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	0.02	(0.01)	(0.02)	(0.12)	(0.04)
Fair value changes related to the agent deferred compensation plan (net of taxes)	-	0.05	(0.01)	-	(0.05)
Valuation allowance for deferred tax assets and other tax items	-	(0.09)	0.94	-	-
Other	0.01	0.02	0.01	(0.01)	0.02
Net operating income (a non-GAAP financial measure)	$ 0.45	$ 0.45	$ 0.51	$ 0.44	$ 0.49

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):

	2Q17	3Q17	4Q17 (a)	1Q18	2Q18
Operating income	$ 78.6	$ 76.7	$ 85.8	$ 73.9	$ 81.9
Weighted average shares outstanding for basic earnings per share	170,556	168,684	167,428	167,060	166,098
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	1,796	2,298	-	2,617	1,880
Weighted average shares outstanding for diluted earnings per share	172,352	170,982	167,428	169,677	167,978
Net operating income per diluted share	$ 0.45	$ 0.45	$ 0.51	$ 0.44	$ 0.49

(a) Equivalent common shares of 2,750 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 4Q17.

Information Related to Certain Non-GAAP Financial Measures

<u>Book value per diluted share</u>

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. Management believes this adjustment to the December 31, 2017 non-GAAP measure is useful because it removes the tax effects stranded in accumulated other comprehensive income as a result of accounting rules which require the effects of the Tax Reform Act on deferred tax balances to be recorded in earnings, even if the balance was originally recorded in accumulated other comprehensive income.

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):

	2Q17	3Q17	4Q17	1Q18	2Q18
Total shareholders' equity	$ 4,779.3	$ 4,881.7	$ 4,847.5	$ 4,617.2	$ 4,454.9
Shares outstanding for the period	169,018,890	167,762,323	166,857,931	167,354,255	164,433,085
Book value per share	$ 28.28	$ 29.10	$ 29.05	$ 27.59	$ 27.09
Total shareholders' equity	$ 4,779.3	$ 4,881.7	$ 4,847.5	$ 4,617.2	$ 4,454.9
Less accumulated other comprehensive income	(894.5)	(933.6)	(1,212.1)	(894.3)	(700.2)
Adjusted shareholders' equity excluding AOCI	$ 3,884.8	$ 3,948.1	$ 3,635.4	$ 3,722.9	$ 3,754.7
Shares outstanding for the period	169,018,890	167,762,323	166,857,931	167,354,255	164,433,085
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	1,840,391	2,474,837	2,796,385	2,351,172	1,537,947
Diluted shares outstanding	170,859,281	170,237,160	169,654,316	169,705,427	165,971,032
Book value per diluted share (a non-GAAP financial measure)	$ 22.74	$ 23.19	$ 21.43	$ 21.94	$ 22.62

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 and other one-time impacts eliminates the release of reserves due to the impact of policyholder actions following rate increases and other one-time impacts.

(Dollars in millions)

	2Q17	3Q17	4Q17	1Q18	2Q18
Bankers Life					
Long-term care benefit ratios					
Earned premium	$ 113.7	$ 112.7	$ 111.1	$ 109.5	$ 108.2
Benefit ratio before imputed interest income on reserves	126.9%	134.2%	135.3%	133.4%	140.6%
Interest-adjusted benefit ratio	66.2%	72.9%	73.1%	70.2%	76.5%
Interest-adjusted benefit ratio, excluding the impact of reserve releases due to rate increases and other one-time impacts	74.4%	72.9%	73.1%	72.6%	76.5%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	$ 38.4	$ 30.5	$ 29.9	$ 32.6	$ 25.4
Adjusted underwriting margin (excluding the impact of reserve releases due to rate increases and other one-time impacts)	29.0	30.5	29.9	30.0	25.4
Washington National					
Supplemental health benefit ratios					
Earned premium	$ 146.3	$ 147.2	$ 149.4	$ 151.3	$ 151.8
Benefit ratio before imputed interest income on reserves	84.5%	83.2%	80.7%	78.3%	80.7%
Interest-adjusted benefit ratio	60.4%	59.0%	56.6%	54.4%	56.6%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	$ 57.9	$ 60.4	$ 64.8	$ 69.0	$ 65.8

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				
	2Q17	3Q17	4Q17	1Q18	2Q18
Operating income	$ 287.6	$ 300.0	$ 300.9	$ 315.0	$ 318.3
Operating income, excluding significant items	$ 255.9	$ 269.7	$ 288.3	$ 299.6	$ 309.0
Net Income	$ 398.5	$ 480.7	$ 175.6	$ 197.6	$ 216.4
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,148.2	$ 3,220.5	$ 3,263.2	$ 3,275.4	$ 3,298.5
Average common shareholders' equity	$ 4,551.3	$ 4,640.2	$ 4,733.8	$ 4,780.1	$ 4,740.9
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	9.1%	9.3%	9.2%	9.6%	9.6%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.1%	8.4%	8.8%	9.1%	9.4%
Return on equity	8.8%	10.4%	3.7%	4.1%	4.6%

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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(loss) (dollars in millions):

	Net Operating income	Significant items (a)	Net Operating income, excluding significant items	Net Operating Income, excluding significant items - trailing four quarters	Net income (loss)	Net income - trailing four quarters
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
2Q17	78.6	(6.1)	72.5	255.9	83.4	398.5
3Q17	76.7	(2.0)	74.7	269.7	100.8	480.7
4Q17	85.8	(6.4)	79.4	288.3	(70.9)	175.6
1Q18	73.9	(0.9)	73.0	299.6	84.3	197.6
2Q18	81.9	-	81.9	309.0	102.2	216.4

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

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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				
	2Q17	3Q17	4Q17	1Q18	2Q18
Pretax operating earnings (a non-GAAP financial measure)	$ 447.3	$ 464.8	$ 454.7	$ 456.7	$ 439.7
Income tax expense	(159.7)	(164.8)	(153.8)	(141.7)	(121.4)
Operating return	287.6	300.0	300.9	315.0	318.3
Non-operating items:					
Net realized investment gains (losses), net of related amortization	19.4	36.5	49.3	26.2	21.9
Fair value changes in embedded derivative liabilities, net of related amortization	45.3	38.2	(2.5)	27.0	41.2
Fair value changes and amendment related to the agent deferred compensation plan	21.4	1.7	(12.2)	(12.2)	(1.2)
Loss on reinsurance transaction	(75.4)	-	-	-	-
Other	(2.8)	(5.4)	(8.8)	(5.8)	(8.4)
Non-operating income before taxes	7.9	71.0	25.8	35.2	53.5
Income tax expense (benefit):					
On non-operating income	2.8	24.9	9.0	10.5	13.3
Valuation allowance for deferred tax assets and other tax items	(105.8)	(134.6)	142.1	142.1	142.1
Net non-operating income (loss)	110.9	180.7	(125.3)	(117.4)	(101.9)
Net income	$ 398.5	$ 480.7	$ 175.6	$ 197.6	$ 216.4

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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):

	1Q16	2Q16	3Q16	4Q16
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	$ 4,226.6	$ 4,456.2	$ 4,493.8	$ 4,486.9

	1Q17	2Q17	3Q17	4Q17
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,236.6	$ 3,263.2	$ 3,335.0	$ 3,225.6
Net operating loss carryforwards	640.6	621.6	613.1	409.8
Accumulated other comprehensive income	729.6	894.5	933.6	1,212.1
Common shareholders' equity	$ 4,606.8	$ 4,779.3	$ 4,881.7	$ 4,847.5

	1Q18	2Q18
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,318.7	$ 3,366.0
Net operating loss carryforwards	404.2	388.7
Accumulated other comprehensive income	894.3	700.2
Common shareholders' equity	$ 4,617.2	$ 4,454.9

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				
	2Q17	3Q17	4Q17	1Q18	2Q18
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,148.2	$ 3,220.5	$ 3,263.2	$ 3,275.4	$ 3,298.5
Net operating loss carryforwards	642.2	634.4	601.9	541.7	483.1
Accumulated other comprehensive income	760.9	785.3	868.7	963.0	959.3
Common shareholders' equity	$ 4,551.3	$ 4,640.2	$ 4,733.8	$ 4,780.1	$ 4,740.9

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):

	2Q17	3Q17	4Q17	1Q18	2Q18
Corporate notes payable	$ 913.9	$ 914.4	$ 914.6	$ 915.1	$ 915.7
Total shareholders' equity	4,779.3	4,881.7	4,847.5	4,617.2	4,454.9
Total capital	$ 5,693.2	$ 5,796.1	$ 5,762.1	$ 5,532.3	$ 5,370.6
Corporate debt to capital	16.1%	15.8%	15.9%	16.5%	17.1%
Corporate notes payable	$ 913.9	$ 914.4	$ 914.6	$ 915.1	$ 915.7
Total shareholders' equity	4,779.3	4,881.7	4,847.5	4,617.2	4,454.9
Less accumulated other comprehensive income	(894.5)	(933.6)	(1,212.1)	(894.3)	(700.2)
Total capital	$ 4,798.7	$ 4,862.5	$ 4,550.0	$ 4,638.0	$ 4,670.4
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	19.0%	18.8%	20.1%	19.7%	19.6%