

For Immediate Release

CNO Financial Group Reports Fourth Quarter and Full Year 2023 Results

Strong fourth quarter earnings, sustained full-year sales momentum and agent force growth

Carmel, Ind., February 6, 2024 - CNO Financial Group, Inc. (NYSE: CNO) today announced its financial results for the fourth quarter and full year ended December 31, 2023. Net income in 4Q23 was \$36.3 million, or \$0.32 per diluted share, compared to \$38.0 million, or \$0.33 per diluted share, in 4Q22. Net income for year ended December 31, 2023 was \$276.5 million, or \$2.40 per diluted share, compared to \$630.6 million, or \$5.36 per diluted share, in 2022. Net income in 2023 and 2022 reflected non-economic market impacts which increased (decreased) earnings by \$(18.8) million and \$334.9 million, respectively.

Net operating income ⁽¹⁾ for the quarter ended December 31, 2023 was \$133.9 million, or \$1.18 per diluted share, compared to \$82.9 million, or \$0.71 per diluted share, in 4Q22. Net operating income ⁽¹⁾ for the year ended December 31, 2023 was \$356.1 million, or \$3.09 per diluted share, compared to \$360.4 million, or \$3.06 per diluted share, in 2022.

In 4Q23, significant items positively impacted both net income and net operating income ⁽¹⁾ by \$26.4 million, or \$0.23 per diluted share. For the year, both net income and net operating income ⁽¹⁾ were favorably impacted by significant items of \$43.3 million, or \$0.37 per diluted share, in 2023 and \$17.9 million, or \$0.15 per diluted share, in 2022.

"CNO delivered strong earnings growth in the quarter and exceptional full-year operating performance," said Gary C. Bhojwani, chief executive officer. "Our diverse, integrated distribution generated four consecutive quarters of sales momentum, increased agent counts and record growth across multiple product categories. This high level of operating performance underscores the health and strength of our business model and will contribute to sustained profitable growth."

"Our capital position and free cash flow generation remained strong, enhanced by our new Bermuda reinsurance structure. We delivered solid earnings results in the year, driven by stable insurance product margins and improved investment portfolio yield. During 2023, we returned more than \$230 million to shareholders."

"CNO enters 2024 with considerable sales momentum and a growing agent force amid favorable macro trends. We continue to prioritize strong capital management and profitable growth, which are the cornerstone of our commitment to deliver enduring value to our customers, associates, agents and shareholders."

Full Year 2023 Highlights (as compared to the corresponding period in the prior year where applicable)

- Total new annualized premiums ("NAP") ⁽⁴⁾ up 9%; total Health insurance NAP up 11%
- Consumer Division field NAP up 16%
- Worksite Division NAP up 29%
- Established CNO Bermuda Re and executed initial reinsurance transaction
- Returned \$233.2 million to shareholders
- Return on equity ("ROE") of 14.0%; operating ROE, as adjusted, ⁽⁶⁾ of 9.8%

Fourth Quarter 2023 Highlights (as compared to the corresponding period in the prior year where applicable)

- Total Health insurance NAP ⁽⁴⁾ up 5%; total Life insurance NAP up 8%
- Consumer Division NAP up 4% and producing agent count up 9%
- Worksite Division NAP up 20% and producing agent count up 27%
- Returned \$96.7 million to shareholders
- Book value per share was \$20.26; book value per diluted share, excluding accumulated other comprehensive loss, ⁽²⁾ was \$33.94

Adoption of New Accounting Standard

As previously disclosed, we adopted ASU 2018-12 related to targeted improvements to the accounting for long-duration insurance contracts effective January 1, 2023. We selected the modified retrospective transition method except for market risk benefits where we were required to use the full retrospective approach. All prior periods presented herein have been recast in accordance with the new standard. As a result of the adoption of the new guidance, shareholders' equity as of December 31, 2022 increased \$368.0 million and was comprised of: (i) an increase to retained earnings of \$232.2 million; and (ii) a decrease to accumulated other comprehensive loss of \$135.8 million. Net income and net operating income ⁽¹⁾ increased (decreased) \$(5.4) million and \$17.1 million in the fourth quarter of 2022, respectively. Concurrent with the adoption of the new guidance, we also updated the method of determining non-operating earnings for our fixed indexed annuities to better isolate the volatile non-economic accounting impacts of that line of business.

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 net realized investment gains (losses) from sales and change in the allowance for credit losses, changes in fair values of embedded derivatives and market risk benefits 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 December 31,			Quarter ended December 31,		
	2023	2022	% change	2023	2022	% change
Income from insurance products ^(b)	\$ 1.19	\$ 0.73	63	\$ 135.8	\$ 85.4	59
Fee income	0.16	0.08	100	17.8	9.2	93
Investment income not allocated to product lines ^(c)	0.34	0.22	55	38.3	25.2	52
Expenses not allocated to product lines	(0.18)	(0.11)	64	(19.8)	(12.8)	55
Operating earnings before taxes	1.51	0.92		172.1	107.0	
Income tax expense on operating income	(0.33)	(0.21)	57	(38.2)	(24.1)	59
Net operating income (1)	1.18	0.71	66	133.9	82.9	62
Net realized investment gains (losses) from sales and change in allowance for credit losses	0.01	(0.23)		1.4	(27.2)	
Net change in market value of investments recognized in earnings	0.08	(0.08)		8.8	(9.0)	
Changes in fair value of embedded derivative liabilities and market risk benefits	(1.10)	(0.14)		(124.6)	(16.4)	
Other	(0.10)	(0.05)		(11.6)	(5.9)	
Non-operating loss before taxes	(1.11)	(0.50)		(126.0)	(58.5)	
Income tax benefit on non-operating loss	0.25	0.12		28.4	13.6	
Net non-operating loss	(0.86)	(0.38)		(97.6)	(44.9)	
Net income	\$ 0.32	\$ 0.33		\$ 36.3	\$ 38.0	
Weighted average diluted shares outstanding	113.7	116.7				

FINANCIAL SUMMARY

Year End

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

	Per diluted share Year ended December 31,			Year ended December 31,		
	2023	2022	% change	2023	2022	% change
Income from insurance products ^(b)	\$ 3.13	\$ 2.89	8	\$ 360.0	\$ 339.9	6
Fee income	0.27	0.20	35	31.0	23.7	31
Investment income not allocated to product lines ^(c)	1.04	1.22	(15)	120.2	143.9	(16)
Expenses not allocated to product lines	(0.45)	(0.35)	29	(51.7)	(40.8)	27
Operating earnings before taxes	3.99	3.96		459.5	466.7	
Income tax expense on operating income	(0.90)	(0.90)	—	(103.4)	(106.3)	(3)
Net operating income (1)	3.09	3.06	1	356.1	360.4	(1)
Net realized investment losses from sales and change in allowance for credit losses	(0.54)	(0.53)		(62.7)	(62.2)	
Net change in market value of investments recognized in earnings	(0.06)	(0.62)		(6.3)	(73.2)	
Changes in fair value of embedded derivative liabilities and market risk benefits	(0.26)	3.74		(29.9)	440.2	
Other	(0.03)	0.38		(3.8)	45.0	
Non-operating income (loss) before taxes	(0.89)	2.97		(102.7)	349.8	
Income tax (expense) benefit on non-operating income (loss)	0.20	(0.67)		23.1	(79.6)	
Net non-operating income (loss)	(0.69)	2.30		(79.6)	270.2	
Net income	\$ 2.40	\$ 5.36		\$ 276.5	\$ 630.6	
Weighted average diluted shares outstanding	115.1	117.7				

(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 product lines, less expenses allocated to the insurance product lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding 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 insurance policy income 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 represents 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, investment borrowings and financing arrangements; (iv) expenses related to the funding agreement-backed notes ("FABN") program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders.

FINANCIAL SUMMARY (continued)
Management vs. GAAP Measures

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

Shareholders' equity, excluding accumulated other comprehensive income (loss), and book value per share, excluding accumulated other comprehensive income (loss), are non-GAAP measures that are utilized by management to view the business without the effect of accumulated other comprehensive income (loss) 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. In addition, shareholders' equity excludes net operating loss carryforwards in our non-GAAP return on equity measures as such 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.

	Quarter ended December 31,	
	2023	2022
Trailing twelve months return on equity ^(a)	14.0 %	26.5 %
Trailing twelve months operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) (6)	9.8 %	10.8 %
Trailing twelve months operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) (6)	8.6 %	10.3 %
Shareholders' equity	\$ 2,215.6	\$ 1,768.8
Accumulated other comprehensive loss	1,576.8	1,957.3
Shareholders' equity, excluding accumulated other comprehensive loss	3,792.4	3,726.1
Net operating loss carryforwards	(79.6)	(169.0)
Shareholders' equity, excluding accumulated other comprehensive loss and net operating loss carryforwards	\$ 3,712.8	\$ 3,557.1
Book value per diluted share	\$ 19.83	\$ 15.14
Accumulated other comprehensive loss	14.11	16.75
Book value per diluted share, excluding accumulated other comprehensive loss (a non-GAAP financial measure) (2)	\$ 33.94	\$ 31.89

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

INSURANCE OPERATIONS

Annuity products accounted for 23 percent of the Company's insurance margin for the quarter and annuity premiums collected increased 2 percent in 4Q23 compared to 4Q22.

Health products accounted for 53 percent of the Company's insurance margin for the quarter and 64 percent of insurance policy income.

Life products accounted for 24 percent of the Company's insurance margin for the quarter and 35 percent of insurance policy income.

Sales of health products were up 5 percent and sales of life products were up 8 percent in 4Q23 compared to 4Q22.

ANNUITY COLLECTED PREMIUMS

(Dollars in millions)
(Unaudited)

	Quarter ended December 31,		% change
	2023	2022	
Annuity collected premiums	\$ 438.3	\$ 431.0	2

INSURANCE POLICY INCOME

(Dollars in millions)
(Unaudited)

	Quarter ended December 31,		% change
	2023	2022	
Annuity	\$ 8.0	\$ 6.0	33
Health	398.3	403.6	(1)
Life	219.4	216.4	1
Total insurance policy income	\$ 625.7	\$ 626.0	—

SALES MEASURED AS NEW ANNUALIZED PREMIUMS FOR LIFE AND HEALTH PRODUCTS

(Dollars in millions)
(Unaudited)

	Quarter ended December 31,		% change
	2023	2022	
Health	\$ 52.2	\$ 49.9	5
Life	43.9	40.8	8
Total new annualized premiums (4)	\$ 96.1	\$ 90.7	6

INSURANCE MARGIN

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

Insurance margin is management's measure of profitability of its annuity, health and life product lines' performance and consists of insurance policy income 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 product lines, less expenses allocated to the insurance product lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding company expenses) and income taxes. Management believes this information helps provide a better understanding of the business and a more meaningful analysis of our operations. Income from insurance products, 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				
	December 31, 2023	% of insurance policy income	December 31, 2022	% of insurance policy income	% change
Margin					
Annuity interest margin	\$ 63.6		\$ 50.8		25
Life insurance interest margin	—		0.4		(100)
Total interest-sensitive margin	63.6		51.2		24
Insurance margin					
Health	146.4	37	140.4	35	4
Life (a)	64.6	29	42.9	20	51
Total other insurance margin	211.0	34	183.3	30	15
Total insurance margin	274.6		234.5		
Allocated expenses	(138.8)		(149.1)		
Income from insurance products	\$ 135.8		\$ 85.4		
Per diluted share	\$ 1.19		\$ 0.73		
Weighted average diluted shares	113.7		116.7		

(a) Net of \$15.7 million and \$20.3 million of non-deferred television advertising expense related to our direct distribution channel in the 2023 and 2022 periods, respectively.

Total allocated expenses were \$138.8 million, down 7 percent from 4Q22.

Total insurance margins in the quarters ended December 31, 2023 and 2022, were favorably impacted by \$33.9 million and \$0.7 million, respectively, resulting from our comprehensive annual actuarial review. See pages 19 and 21 for a summary of the impact of significant items.

ANNUITY RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Annuity margin

	Quarter ended	
	December 31,	
	2023	2022
Fixed indexed annuities	\$ 50.9	\$ 41.3
Fixed interest annuities	7.7	7.8
Other annuities	5.0	1.7
Total	<u>\$ 63.6</u>	<u>\$ 50.8</u>

Annuity collected premiums

	Quarter ended	
	December 31,	
	2023	2022
Annuity collected premiums	<u>\$ 438.3</u>	<u>\$ 431.0</u>

Average net insurance liabilities (5)

	Quarter ended	
	December 31,	
	2023	2022
Fixed indexed annuities	\$ 9,508.7	\$ 9,054.2
Fixed interest annuities	1,600.9	1,652.6
Other annuities	447.5	473.6
Total	<u>\$ 11,557.1</u>	<u>\$ 11,180.4</u>

Margin/average net insurance liabilities ^(a)

	Quarter ended	
	December 31,	
	2023	2022
Fixed indexed annuities	2.14 %	1.82 %
Fixed interest annuities	1.92 %	1.89 %
Other annuities	4.47 %	1.44 %
Total	2.20 %	1.82 %

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

Annuity margins were impacted by our comprehensive annual actuarial review as summarized below:

	Quarter ended	
	December 31,	
	2023	2022
Fixed indexed annuities	\$ 9.4	\$ (3.2)
Other annuities	3.5	—
Net favorable (unfavorable) impact on annuity margins	<u>\$ 12.9</u>	<u>\$ (3.2)</u>

HEALTH INSURANCE RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Health margin					
	Quarter ended December 31,				
	2023		2022		% change
	Amount	% of insurance policy income	Amount	% of insurance policy income	
Supplemental health and other health	\$ 108.4	61	\$ 60.3	34	80
Medicare supplement	21.3	14	37.9	23	(44)
Long-term care	16.7	25	42.2	64	(60)
Total	<u>\$ 146.4</u>	37	<u>\$ 140.4</u>	35	4

Health insurance policy income				
	Quarter ended December 31,			% change
	2023	2022		
Supplemental health and other health	\$ 178.1	\$ 175.3		2
Medicare supplement	153.9	162.3		(5)
Long-term care	66.3	66.0		—
Total	<u>\$ 398.3</u>	<u>\$ 403.6</u>		(1)

Health NAP (4)				
	Quarter ended December 31,			% change
	2023	2022		
Supplemental health and other health	\$ 29.6	\$ 33.3		(11)
Medicare supplement	11.5	10.4		11
Long-term care	11.1	6.2		79
Total	<u>\$ 52.2</u>	<u>\$ 49.9</u>		5

Health margins were impacted by our comprehensive annual actuarial review as summarized below:

	Quarter ended December 31,	
	2023	2022
Supplemental health	\$ 41.9	\$ 1.9
Medicare supplement	(10.6)	—
Long-term care	(9.0)	16.4
Net favorable impact on health margins	<u>\$ 22.3</u>	<u>\$ 18.3</u>

LIFE INSURANCE RESULTS BY PRODUCT TYPE

(Dollars in millions)
(Unaudited)

Life margin

	Quarter ended December 31,				
	2023		2022		% change
	Amount	% of insurance policy income	Amount	% of insurance policy income	
Life insurance interest margin	\$ —		\$ 0.4		(100)
Life insurance margin:					
Traditional life	35.7	21	22.1	13	62
Interest sensitive life	28.9	63	20.8	47	39
Subtotal	64.6	29	42.9	20	51
Total margin	\$ 64.6		\$ 43.3		49

Life insurance policy income

	Quarter ended December 31,		
	2023	2022	% change
Traditional life	\$ 173.2	\$ 172.2	1
Interest sensitive life	46.2	44.2	5
Total	\$ 219.4	\$ 216.4	1

Life NAP (4)

	Quarter ended December 31,		
	2023	2022	% change
Traditional life	\$ 35.5	\$ 33.2	7
Interest sensitive life	8.4	7.6	11
Total	\$ 43.9	\$ 40.8	8

Average net insurance liabilities (5) and interest margin

	Quarter ended December 31,		
	2023	2022	% change
Interest sensitive life products	\$ 1,045.8	\$ 1,026.9	2
Interest margin/average net insurance liabilities (5)	— %	0.16 %	(100)

Life margins were impacted by our comprehensive annual actuarial review as summarized below:

	Quarter ended December 31,	
	2023	2022
Traditional life	\$ (5.2)	\$ (13.0)
Interest-sensitive life	3.9	(1.4)
Net unfavorable impact on life margins	\$ (1.3)	\$ (14.4)

QUARTERLY AVERAGE EXCLUSIVE PRODUCING AGENTS

	Average Exclusive Producing Agent Count		
	Quarter ended		
	December 31,		%
	2023	2022	change
Consumer			
Agents (a) (c)	4,224	3,882	9
Registered agents (b) (c)	708	695	2
Worksite (a) (c)	349	275	27

- (a) Producing agents represent the monthly average of 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: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable, investment borrowings and financing arrangements; (iv) expenses related to the FABN program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders. 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 December 31,		% change
	2023	2022	
Net investment income	\$ 465.2	\$ 315.7	47
Allocated to product lines:			
Annuity	(132.2)	(123.6)	7
Health	(74.2)	(73.7)	1
Life	(36.1)	(35.8)	1
Equity returns credited to policyholder account balances	(105.2)	6.1	(1,825)
Amounts allocated to product lines and credited to policyholder account balances	(347.7)	(227.0)	53
Impact of annual option forfeitures related to fixed indexed annuity surrenders	3.2	(1.0)	(420)
Amount related to variable interest entities and other non-operating items	(16.2)	(18.6)	(13)
Interest expense on corporate debt	(15.7)	(15.6)	1
Interest expense on financing arrangements	(1.3)	—	N/A
Interest expense on investment borrowings from the Federal Home Loan Bank program	(30.5)	(16.1)	89
Expenses related to FABN program	(7.6)	(7.6)	—
Less amounts credited to deferred compensation plans (offsetting investment income)	(11.1)	(4.6)	141
Total adjustments	(79.2)	(63.5)	
Investment income not allocated to product lines	\$ 38.3	\$ 25.2	52
Per diluted share	<u><u>\$ 0.34</u></u>	<u><u>\$ 0.22</u></u>	

INVESTMENT PORTFOLIO

(Dollars in millions)

The composition of the investment portfolio at December 31, 2023 is as follows:

	\$	% of total
Fixed maturities, available for sale, at fair value	\$ 21,506.2	82
Equity securities at fair value	96.9	1
Mortgage loans	2,064.1	8
Policy loans	128.5	—
Trading securities	222.7	1
Investments held by variable interest entities	768.6	3
Other invested assets	1,353.4	5
Total investment portfolio	<u>\$ 26,140.4</u>	<u>100</u>

Fixed maturities, available for sale, at amortized cost by asset class as of December 31, 2023 are as follows:

	Investment grade	Below investment grade	Total
Corporate securities	\$ 12,590.8	\$ 596.1	\$ 13,186.9
United States Treasury securities and obligations of the United States government and agencies	207.6	—	207.6
States and political subdivisions	2,887.2	9.6	2,896.8
Foreign governments	92.7	—	92.7
Asset-backed securities	1,364.5	111.7	1,476.2
Agency residential mortgage-backed securities	639.0	—	639.0
Non-agency residential mortgage-backed securities	1,170.8	499.3 (a)	1,670.1
Collateralized loan obligations	1,042.5	—	1,042.5
Commercial mortgage-backed securities	2,386.9	100.5	2,487.4
Total	<u>\$ 22,382.0</u>	<u>\$ 1,317.2</u>	<u>\$ 23,699.2</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 \$21.5 billion compared with an amortized cost of \$23.7 billion. Net unrealized losses were comprised of gross unrealized gains of \$160.7 million and gross unrealized losses of \$2,310.8 million. The allowance for credit losses was \$42.9 million at December 31, 2023.

At both amortized cost and fair value, 94 percent of fixed maturities, available for sale, were rated "investment grade".

Non-Operating Items

Net investment gains in 4Q23 were \$1.4 million including the favorable change in the allowance for credit losses of \$21.8 million which was recorded in earnings. Net investment losses in 4Q22 were \$27.2 million including the unfavorable change in the allowance for credit losses of \$5.7 million which was recorded in earnings.

During 4Q23 and 4Q22, we recognized an increase (decrease) in earnings of \$8.8 million and \$(9.0) million, respectively, due to the net change in market value of investments recognized in earnings.

During 4Q23 and 4Q22, we recognized a decrease in earnings of \$124.6 million and \$16.4 million, respectively, resulting from changes in the estimated fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities. Such amounts include the impacts of changes in market interest rates and equity impacts used to determine the estimated fair values of the embedded derivatives and market risk benefits.

In 4Q23 and 4Q22, other non-operating items included an increase (decrease) in earnings of \$(10.3) million and \$0.2 million, respectively, 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. In addition, other non-operating items in 4Q22 included a one-time restructuring charge of \$7.1 million primarily related to an early retirement program.

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

The consolidated statutory risk-based capital ratio of our U.S. based insurance subsidiaries was estimated at 402% at December 31, 2023, reflecting estimated 4Q23 statutory operating income of \$18 million (and \$131 million during 2023) and the payment of insurance company dividends, net of capital contributions, to the holding company of \$433.4 million during 4Q23 (and \$492.1 million, net of capital contributions, during 2023). During 4Q23, the holding company also contributed \$264.2 million to CNO Bermuda Re (a wholly-owned Bermuda reinsurance company) in connection with an initial reinsurance transaction between CNO Bermuda Re and one of our U.S. based insurance subsidiaries.

During 4Q23, we repurchased \$80.0 million of common stock under our securities repurchase program (including \$10.6 million of repurchases settled in 1Q24). We repurchased 3.0 million common shares at an average cost of \$27.29 per share. As of December 31, 2023, we had 109.4 million shares outstanding and had authority to repurchase up to an additional \$521.8 million of our common stock. During 4Q23, dividends paid on common stock totaled \$16.7 million.

Unrestricted cash and investments held by our holding company were \$256 million at December 31, 2023, compared to \$167 million at December 31, 2022.

Book value per common share was \$20.26 at December 31, 2023 compared to \$15.47 at December 31, 2022. Book value per diluted share, excluding accumulated other comprehensive income (loss) ⁽²⁾, was \$33.94 at December 31, 2023, compared to \$31.89 at December 31, 2022.

The debt-to-capital ratio was 34.0% and 39.2% at December 31, 2023 and 2022, respectively. Our debt-to-total capital ratio, excluding accumulated other comprehensive income (loss) ⁽³⁾ was 23.1% and 23.4% at December 31, 2023 and 2022, respectively.

Return on equity for the years ended December 31, 2023 and 2022, was 14.0% and 26.5%, respectively. Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards ⁽⁶⁾ for the years ended December 31, 2023 and 2022, was 8.6% and 10.3%, 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 a 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, 2022 and any subsequent Form 10-Q or Form 10-K on file with the Securities and Exchange Commission and on the Company's website at [CNOinc.com](https://www.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 February 7, 2024 at 12:00 p.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 <https://www.netroadshow.com/events/login?show=fd791d0a&confId=60315>. 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](https://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, Optavise 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 \$35 billion in total assets. Our 3,500 associates, 4,600 exclusive agents and more than 5,000 independent partner agents guide individuals, families and businesses through a lifetime of financial decisions. For more information, visit [CNOinc.com](https://www.cnoinc.com).

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(Dollars in millions)
(unaudited)

	December 31, 2023	December 31, 2022
ASSETS		
Investments:		
Fixed maturities, available for sale, at fair value (net of allowance for credit losses: 2023 - \$42.9 and 2022 - \$56.0; amortized cost: 2023 - \$23,699.2 and 2022 - \$23,384.2)	\$ 21,506.2	\$ 20,353.4
Equity securities at fair value	96.9	135.3
Mortgage loans (net of allowance for credit losses: 2023 - \$15.4 and 2022 - \$8.0)	2,064.1	1,411.9
Policy loans	128.5	121.6
Trading securities	222.7	207.9
Investments held by variable interest entities (net of allowance for credit losses: 2023 - \$3.1 and 2022 - \$5.5; amortized cost: 2023 - \$787.6 and 2022 - \$1,134.2)	768.6	1,077.6
Other invested assets	1,353.4	1,034.7
Total investments	26,140.4	24,342.4
Cash and cash equivalents - unrestricted	774.5	575.7
Cash and cash equivalents held by variable interest entities	114.5	69.2
Accrued investment income	251.5	235.6
Present value of future profits	180.7	203.7
Deferred acquisition costs	1,944.4	1,770.9
Reinsurance receivables (net of allowance for credit losses: 2023 - \$3.0 and 2022 - \$2.0)	4,040.7	4,223.4
Market risk benefit asset	75.4	65.3
Income tax assets, net	936.2	1,063.4
Assets held in separate accounts	3.1	2.7
Other assets	641.1	580.8
Total assets	<u>\$ 35,102.5</u>	<u>\$ 33,133.1</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Policyholder account balances	\$ 15,667.8	\$ 15,234.2
Future policy benefits	11,928.2	11,240.2
Market risk benefit liability	7.4	11.3
Liability for life insurance policy claims	62.1	64.1
Unearned and advanced premiums	218.9	235.0
Liabilities related to separate accounts	3.1	2.7
Other liabilities	848.8	693.9
Investment borrowings	2,189.3	1,639.5
Borrowings related to variable interest entities	820.8	1,104.6
Notes payable – direct corporate obligations	1,140.5	1,138.8
Total liabilities	<u>32,886.9</u>	<u>31,364.3</u>
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: 2023 - 109,357,540 and 2022 - 114,343,070)	1.1	1.1
Additional paid-in capital	1,891.5	2,033.8
Accumulated other comprehensive loss	(1,576.8)	(1,957.3)
Retained earnings	1,899.8	1,691.2
Total shareholders' equity	<u>2,215.6</u>	<u>1,768.8</u>
Total liabilities and shareholders' equity	<u>\$ 35,102.5</u>	<u>\$ 33,133.1</u>

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

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

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Revenues:				
Insurance policy income	\$ 625.7	\$ 626.0	\$ 2,505.5	\$ 2,499.8
Net investment income:				
General account assets	325.1	294.8	1,250.2	1,179.0
Policyholder and other special-purpose portfolios	140.1	20.9	249.5	(163.1)
Investment gains (losses):				
Realized investment losses	(11.3)	(21.5)	(69.3)	(17.9)
Other investment gains (losses)	21.5	(14.7)	0.3	(117.5)
Total investment gains (losses)	10.2	(36.2)	(69.0)	(135.4)
Fee revenue and other income	69.4	68.1	210.6	196.5
Total revenues	1,170.5	973.6	4,146.8	3,576.8
Benefits and expenses:				
Insurance policy benefits	743.5	583.2	2,318.2	1,615.4
Liability for future policy benefits remeasurement loss	(30.0)	(17.9)	(21.2)	(15.6)
Change in fair value of market risk benefits	15.3	(22.3)	(21.3)	(140.2)
Interest expense	63.7	47.8	238.6	137.0
Amortization of deferred acquisition costs and present value of future profits	58.9	54.3	227.4	212.8
Other operating costs and expenses	273.0	280.0	1,048.3	950.9
Total benefits and expenses	1,124.4	925.1	3,790.0	2,760.3
Income before income taxes	46.1	48.5	356.8	816.5
Income tax expense on period income	9.8	10.5	80.3	185.9
Net income	\$ 36.3	\$ 38.0	\$ 276.5	\$ 630.6
Earnings per common share:				
Basic:				
Weighted average shares outstanding	111,591,000	114,422,000	113,275,000	115,733,000
Net income	\$.33	\$.33	\$ 2.44	\$ 5.45
Diluted:				
Weighted average shares outstanding	113,657,000	116,653,000	115,124,000	117,717,000
Net income	\$.32	\$.33	\$ 2.40	\$ 5.36

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 taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) changes in fair value of embedded derivative liabilities and market risk benefits related to our fixed indexed annuities, net of taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss related to reinsurance transaction, net of taxes; (vi) loss on extinguishment of debt, net of taxes; (vii) 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 tables on pages 2 and 3. 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. 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 premiums 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 for the purpose of allocating investment income to product lines are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsurance business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) 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):

	Year ended	
	4Q23	4Q22
Net operating income	\$ 356.1	\$ 360.4
Net operating income, excluding significant items	\$ 312.8	\$ 342.5
Net income	\$ 276.5	\$ 630.6
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,631.5	\$ 3,323.3
Average common shareholders' equity	\$ 1,977.5	\$ 2,384.1
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	9.8 %	10.8 %
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.6 %	10.3 %
Return on equity	14.0 %	26.5 %

The following summarizes: (i) net operating income; (ii) significant items; (iii) net operating income, 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 - trailing four quarters
1Q22	\$ 64.5	\$ —	\$ 64.5	\$ 373.2	\$ 183.4	\$ 491.7
2Q22	135.1	(17.4) (b)	117.7	393.4	233.3	677.3
3Q22	77.9	—	77.9	360.9	175.9	749.8
4Q22	82.9	(0.5) (c)	82.4	342.5	38.0	630.6
1Q23	58.6	—	58.6	336.6	(0.8)	446.4
2Q23	62.3	—	62.3	281.2	73.7	286.8
3Q23	101.3	(16.9) (d)	84.4	287.7	167.3	278.2
4Q23	133.9	(26.4) (e)	107.5	312.8	36.3	276.5

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

(b) Comprised of an experience refund of \$22.5 million related to a reinsurance agreement, net of tax expense of \$5.1 million.

(c) Comprised of \$.7 million of the net favorable impact arising from our comprehensive annual actuarial review, net of tax expense of \$.2 million.

(d) Comprised of \$21.7 million of legal recoveries, net of expenses and increased legal accruals, net of tax expense of \$4.8 million.

(e) Comprised of \$33.9 million of the net favorable impact arising from our comprehensive annual actuarial review, net of tax expense of \$7.5 million.

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

	Year ended December 31,	
	2023	2022
Pre-tax operating earnings (a non-GAAP financial measure)	\$ 459.5	\$ 466.7
Income tax expense	(103.4)	(106.3)
Net operating income	356.1	360.4
Non-operating items:		
Net realized investment losses from sales, impairments and change in allowance for credit losses	(62.7)	(62.2)
Net change in market value of investments recognized in earnings	(6.3)	(73.2)
Changes in fair value of embedded derivative liabilities and market risk benefits	(29.9)	440.2
Fair value changes related to the agent deferred compensation plan	(3.5)	48.9
Other	(0.3)	(3.9)
Non-operating income (loss) before taxes	(102.7)	349.8
Income tax (expense) benefit on non-operating income (loss)	23.1	(79.6)
Net non-operating income (loss)	(79.6)	270.2
Net income	\$ 276.5	\$ 630.6

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):

	4Q21			
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,067.3			
Net operating loss carryforwards	243.7			
Accumulated other comprehensive income	373.7			
Common shareholders' equity	<u>\$ 3,684.7</u>			

	1Q22	2Q22	3Q22	4Q22
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,141.7	\$ 3,329.0	\$ 3,510.3	\$ 3,557.1
Net operating loss carryforwards	238.2	214.7	190.9	169.0
Accumulated other comprehensive loss	(561.5)	(1,415.8)	(1,837.8)	(1,957.3)
Common shareholders' equity	<u>\$ 2,818.4</u>	<u>\$ 2,127.9</u>	<u>\$ 1,863.4</u>	<u>\$ 1,768.8</u>

	1Q23	2Q23	3Q23	4Q23
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,543.8	\$ 3,603.0	\$ 3,744.2	\$ 3,712.8
Net operating loss carryforwards	152.4	126.3	102.6	79.6
Accumulated other comprehensive loss	(1,664.4)	(1,733.5)	(1,956.7)	(1,576.8)
Common shareholders' equity	<u>\$ 2,031.8</u>	<u>\$ 1,995.8</u>	<u>\$ 1,890.1</u>	<u>\$ 2,215.6</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	
	4Q23	4Q22
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,631.5	\$ 3,323.3
Net operating loss carryforwards	126.4	212.5
Accumulated other comprehensive loss	(1,780.4)	(1,151.7)
Common shareholders' equity	<u>\$ 1,977.5</u>	<u>\$ 2,384.1</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 (dollars in millions, except per share data).

	Year ended		
	December 31, 2023		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 235.0	\$ (12.9) (a)	\$ 222.1
Health margin	494.3	(22.3) (a)	472.0
Life margin	229.7	1.3 (a)	231.0
Total insurance product margin	959.0	(33.9)	925.1
Allocated expenses	(599.0)	—	(599.0)
Income from insurance products	360.0	(33.9)	326.1
Fee income	31.0	—	31.0
Investment income not allocated to product lines	120.2	—	120.2
Expenses not allocated to product lines	(51.7)	(21.7) (b)	(73.4)
Operating earnings before taxes	459.5	(55.6)	403.9
Income tax (expense) benefit on operating income	(103.4)	12.3	(91.1)
Net operating income	<u>\$ 356.1</u>	<u>\$ (43.3)</u>	<u>\$ 312.8</u>
Net operating income per diluted share	<u>\$ 3.09</u>	<u>\$ (0.37)</u>	<u>\$ 2.72</u>

(a) Comprised of \$33.9 million of the net favorable impact arising from our comprehensive annual actuarial review.

(b) Comprised of \$21.7 million of legal recoveries, net of expenses and increased legal accruals.

	Three months ended		
	December 31, 2023		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 63.6	\$ (12.9) (a)	\$ 50.7
Health margin	146.4	(22.3) (a)	124.1
Life margin	64.6	1.3 (a)	65.9
Total insurance product margin	274.6	(33.9)	240.7
Allocated expenses	(138.8)	—	(138.8)
Income from insurance products	135.8	(33.9)	101.9
Fee income	17.8	—	17.8
Investment income not allocated to product lines	38.3	—	38.3
Expenses not allocated to product lines	(19.8)	—	(19.8)
Operating earnings before taxes	172.1	(33.9)	138.2
Income tax (expense) benefit on operating income	(38.2)	7.5	(30.7)
Net operating income	<u>\$ 133.9</u>	<u>\$ (26.4)</u>	<u>\$ 107.5</u>
Net operating income per diluted share	<u>\$ 1.18</u>	<u>\$ (0.23)</u>	<u>\$ 0.95</u>

(a) Comprised of \$33.9 million of the net favorable impact arising from our comprehensive annual actuarial review.

Three months ended September 30, 2023			
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 57.0	\$ —	\$ 57.0
Health margin	123.2	—	123.2
Life margin	59.8	—	59.8
Total insurance product margin	240.0	—	240.0
Allocated expenses	(153.2)	—	(153.2)
Income from insurance products	86.8	—	86.8
Fee income	(2.9)	—	(2.9)
Investment income not allocated to product lines	38.4	—	38.4
Expenses not allocated to product lines	7.5	(21.7) (a)	(14.2)
Operating earnings before taxes	129.8	(21.7)	108.1
Income tax (expense) benefit on operating income	(28.5)	4.8	(23.7)
Net operating income	<u>\$ 101.3</u>	<u>\$ (16.9)</u>	<u>\$ 84.4</u>
Net operating income per diluted share	<u>\$ 0.88</u>	<u>\$ (0.14)</u>	<u>\$ 0.74</u>

(a) Comprised of \$21.7 million of legal recoveries, net of expenses and increased legal accruals.

Year ended December 31, 2022			
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity margin	\$ 226.9	\$ 3.2 (a)	\$ 230.1
Health margin	504.4	(18.3) (a)	486.1
Life margin	205.2	14.4 (a)	219.6
Total insurance product margin	936.5	(0.7)	935.8
Allocated expenses	(596.6)	—	(596.6)
Income from insurance products	339.9	(0.7)	339.2
Fee income	23.7	—	23.7
Investment income not allocated to product lines	143.9	—	143.9
Expenses not allocated to product lines	(40.8)	(22.5) (b)	(63.3)
Operating earnings before taxes	466.7	(23.2)	443.5
Income tax (expense) benefit on operating income	(106.3)	5.3	(101.0)
Net operating income	<u>\$ 360.4</u>	<u>\$ (17.9)</u>	<u>\$ 342.5</u>
Net operating income per diluted share	<u>\$ 3.06</u>	<u>\$ (0.15)</u>	<u>\$ 2.91</u>

(a) Comprised of \$0.7 million of the net favorable impact arising from our comprehensive annual actuarial review.

(b) Comprised of an experience refund of \$22.5 million related to a reinsurance agreement.

Three months ended December 31, 2022				
	Actual results	Significant items		Excluding significant items
Insurance product margin				
Annuity margin	\$ 50.8	\$ 3.2 (a)		\$ 54.0
Health margin	140.4	(18.3) (a)		122.1
Life margin	43.3	14.4 (a)		57.7
Total insurance product margin	234.5	(0.7)		233.8
Allocated expenses	(149.1)	—		(149.1)
Income from insurance products	85.4	(0.7)		84.7
Fee income	9.2	—		9.2
Investment income not allocated to product lines	25.2	—		25.2
Expenses not allocated to product lines	(12.8)	—		(12.8)
Operating earnings before taxes	107.0	(0.7)		106.3
Income tax (expense) benefit on operating income	(24.1)	0.2		(23.9)
Net operating income	<u>\$ 82.9</u>	<u>\$ (0.5)</u>		<u>\$ 82.4</u>
Net operating income per diluted share	<u>\$ 0.71</u>	<u>\$ —</u>		<u>\$ 0.71</u>

(a) Comprised of \$0.7 million of the net favorable impact arising from our comprehensive annual actuarial review.

Three months ended June 30, 2022				
	Actual results	Significant items		Excluding significant items
Insurance product margin				
Annuity margin	\$ 60.1	\$ —		\$ 60.1
Health margin	125.4	—		125.4
Life margin	70.2	—		70.2
Total insurance product margin	255.7	—		255.7
Allocated expenses	(152.2)	—		(152.2)
Income from insurance products	103.5	—		103.5
Fee income	3.2	—		3.2
Investment income not allocated to product lines	64.6	—		64.6
Expenses not allocated to product lines	2.9	(22.5) (a)		(19.6)
Operating earnings before taxes	174.2	(22.5)		151.7
Income tax (expense) benefit on operating income	(39.1)	5.1		(34.0)
Net operating income	<u>\$ 135.1</u>	<u>\$ (17.4)</u>		<u>\$ 117.7</u>
Net operating income per diluted share	<u>\$ 1.15</u>	<u>\$ (0.15)</u>		<u>\$ 1.00</u>

(a) Comprised of an experience refund of \$22.5 million related to a reinsurance agreement.

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