UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **July 30, 2015**

CNO Financial Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	**001-31792**	**75-3108137**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

11825 North Pennsylvania Street
Carmel, Indiana 46032
(Address of Principal Executive Offices) (Zip Code)

(317) 817-6100
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. **Results of Operations and Financial Condition.**

On July 30, 2015, CNO Financial Group, Inc. issued additional financial information related to its financial and operating results for the quarter ended June 30, 2015, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained under Item 2.02 in this Current Report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information contained in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01(d). **Financial Statements and Exhibits.**

The following material is furnished as an exhibit to this Current Report on Form 8-K:

99.1 Second Quarter 2015 Financial and Operating Results for the period ended June 30, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CNO Financial Group, Inc.

Date: July 30, 2015

By: /s/ John R. Kline

John R. Kline

Senior Vice President and
Chief Accounting Officer

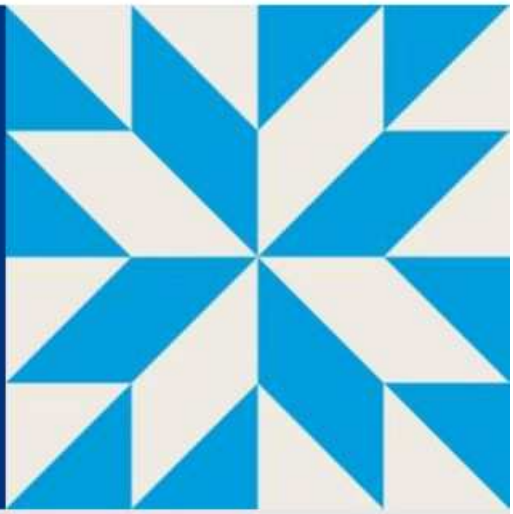
Exhibit 99.1

CNO FINANCIAL GROUP

2Q15

Financial and operating results for the period ended June 30, 2015

July 30, 2015



Unless otherwise specified, comparisons in this presentation are between 2Q15 and 2Q14.

Forward-Looking Statements

Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those included in our press release issued on July 29, 2015, our Quarterly Reports on Form 10-Q, our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this presentation, which speaks as of today's date.

Non-GAAP Measures

This presentation contains the following financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP): operating earnings measures; book value, excluding accumulated other comprehensive income (loss) per share; operating return measures; earnings before the net loss on the sale of CLIC and gain (loss) on reinsurance transactions, the earnings of CLIC prior to being sold, net realized investment gains (losses), fair value changes in embedded derivative liabilities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, 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

2Q15 Summary

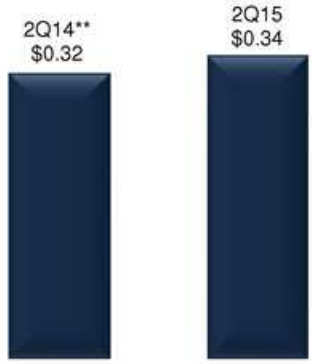
(amounts in millions, except per share data)

CNO

Notable Items

- Mixed Sales results; weakness at Bankers Life offset by strength at Colonial Penn
- Operating EPS (excluding significant items) up 6%
- Increased common stock dividend by 17%
- Repurchased ~$101 million of common stock
- May refinancing enhances financial flexibility and increases deployable capital
- Received two additional upgrades from rating agencies; placed on positive outlook by S&P

Operating Earnings Per Share Excluding Significant Items*



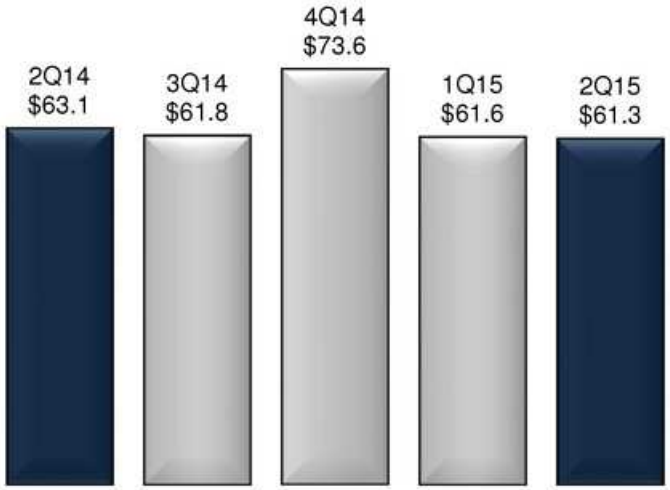
	2Q14**	2Q15
Operating Earnings Excl. Significant Items*	$71.3	$66.6
Weighted Average Shares Outstanding	222.1	198.1

* A non-GAAP measure. Refer to the Appendix for a reconciliation to the corresponding GAAP measure.
** There were no significant items for the three months ended June 30, 2014.

2Q15 Sales and Distribution Results — Bankers Life

($ millions)

- 2Q NAP down 3%
  - Decrease primarily due to annuity and Med supp; increase in shorter duration LTC
  - Issued policies up 1%
- Third party fee income up 19% on a trailing 4-quarter basis
- Continued improvement in recruiting
  - New recruits up 5%
- Collected premiums down 1%
  - Primarily due to lower annuity sales
- Sales guidance adjusted to flat to -3%



Trailing 4-Quarters NAP	$262.6	$261.9	$261.6	$260.1	$258.3
Collected Premiums	$612.4	$610.0	$659.9	$584.2	$603.9
Third Party Policies Issued**	3,203	2,584	23,952	5,191	4,041
Trailing 4-Quarters Third Party Fee Income, Net	$13.8	$14.3	$15.5	$15.8	$16.4

* MA/PDP sales are excluded from NAP in all periods
** Includes Medicare Advantage, Medicare supplement, PDP and Dental/Vision products

2Q15 Sales and Distribution Results

($ millions)

Washington National

- 2Q sales up 2%
  - PMA up 3%
  - WN Independent Partners down 4%
  - Continued growth in life sales
- Growth in PMA agent force
  - Average producing agents* up 9%
- Sales growth guidance adjusted to 3-5%
- Supplemental health collected premiums up 5%

Trailing 4-Quarters NAP	$97.4	$99.1	$99.2	$99.8	$100.2
Supplemental Health Collected Premiums	$129.1	$127.1	$133.3	$132.7	$136.1

* Total producing agents includes appointed agents with $1000 or more of NAP in the prior 12 months; see Appendix for details.

2Q15 Sales and Distribution Results

($ millions)

Colonial Penn

- 2Q sales up 12%, YTD sales up 19%
  - Strong growth in Direct Mail and Web
  - Continued marketing cost effectiveness and improved sales productivity
- Collected premiums up 7%
- 2Q EBIT: $4.2mm
  - Increasing total year EBIT guidance to $3 - $6 million
- Sales growth guidance increased to 12-15%

Trailing 4-Quarters NAP	$62.7	$63.7	$64.6	$68.9	$70.9
Collected Premiums	$60.9	$61.9	$61.3	$65.1	$65.1

2Q Consolidated Financial Highlights

CNO

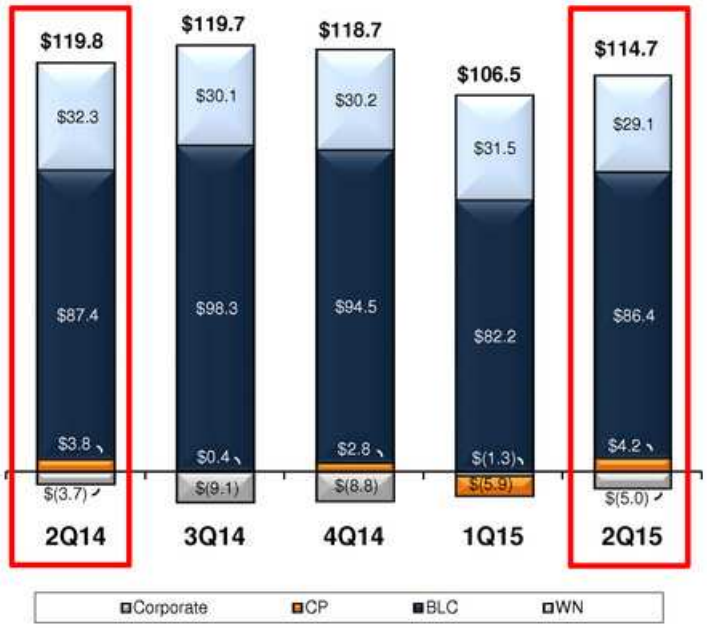
- **Earnings Remain Strong**
  - Normalized operating EPS up 6%
  - Medicare supplement, annuity, life and investment results continue to drive favorable results
  - Long-term care results in-line with expectations
  - Elevated supplemental health interest-adjusted benefit ratio
  - Strong statutory earnings and cash generation

- **Continued Strength in Key Capital Measures**
  - RBC ratio estimated at 443% and holding company leverage at 19.7%
  - Holding company cash and investments of $385 million
  - Returned $115 million in the quarter to shareholders via share buybacks and common stock dividends

Segment Earnings ($ millions)

CNO

Segment EBIT Excluding Significant Items*



2Q15 Earnings Drivers

- Bankers Life results reflect build in LTC future loss reserve, largely offset by continued margin strength on all other blocks, and favorable call/prepayment income
- Washington National EBIT impacted by supplemental health claim experience
- Colonial Penn results reflect growth in in force and seasonality in TV ad spend
- Corporate segment EBIT in-line with expectations

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

Health Margins ($ millions)

CNO

Bankers Life Medicare Supplement

Bankers Life Long-term Care IABR*

Washington National Supplemental Health IABR*

2Q15 Highlights & Outlook

- Medicare supplement benefit ratio of 68.7% reflects positive claims experience and favorable persistency
- **2H15 Outlook**: Benefit ratio in the 70% range

- LTC IABR of 84.6% in line with expectations
- **2H15 Outlook:** IABR in the 84% range
- Launched planned rate increases in the quarter

- Elevated supplemental health IABR of 65.7% due to claim reserve development
- **2H15 Outlook**: IABR in the 58% range

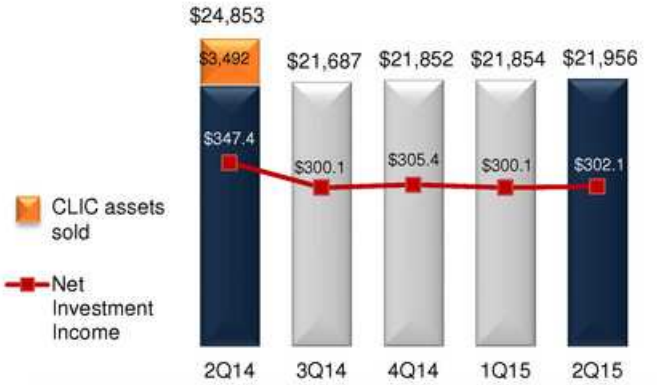
* Interest-adjusted benefit ratio; a non-GAAP measure. Refer to the Appendix for the corresponding GAAP measure.

Investment Results

($ millions)

CNO

Average Invested Assets and Cash



	2Q14	3Q14	4Q14	1Q15	2Q15
New Money Rate:	5.36%	5.23%	5.01%	5.36%	5.06%
Earned Yield*:	5.83%	5.79%	5.83%	5.81%	5.78%
Pre-Pay / Call / Make-whole Income:	$5.5	$8.6	$8.3	$5.1	$9.9

- 2Q15 new money rate reflects tactical emphasis on sustaining portfolio yields through spread duration driven allocation strategy
- Effective yields supported by pre-pay/make-whole income

Realized Gains, Losses and Impairments

- Continued favorable portfolio credit performance with low credit loss dilution
- One legacy impairment of $7.9mm

* Earned Yield excludes FHLB.

** Excludes $11.3 million gain on dissolution of variable interest entity.

May 2015 Refinancing

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- **Capitalized on favorable conditions and locked in an investment grade debt structure**
  - Moved to traditional unsecured structure
  - Extended maturities
  - Minimal financial covenants
  - Enhanced financial flexibility by eliminating sweeps and restricted payments baskets
  - Increased deployable capital by eliminating $120 million in future amortization payments and ~$100 million of net capital raised
- **Upgraded by Moody's and Fitch upon announcement**
- **Recorded a previously disclosed charge of $21.3 million in 2Q15 related to debt extinguishment**

Capital Targets & Excess Capital Deployment

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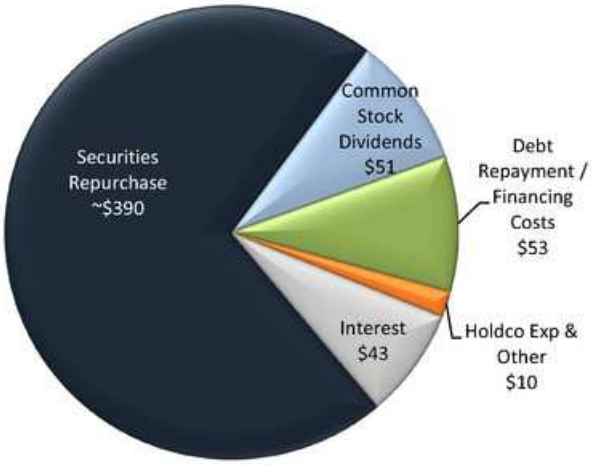
	2014	2Q15	2015 Y.E. Outlook
RBC Ratio	431%	443%	~ 425%
Liquidity	$345mm	$385mm	> $300mm
Leverage*	17.1%	19.7%	~ 20%

2015 Capital Utilization (in millions)



Key Capital Ratios

- RBC ratio remains strong on stable statutory earnings after $50 million of dividends and distributions to the holding company
- Liquidity position reflects proceeds from 2Q15 debt recapitalization
- Leverage of ~20% as a result of new debt structure

Securities Repurchases

- $100.9mm in common stock repurchased in 2Q15, $186.9mm repurchased YTD
- Repurchased 5.6mm shares at an average cost of $18.03 per share in 2Q15
- **2015 Outlook**: share repurchase range of $350mm to $425mm, absent compelling alternatives

* A non-GAAP measure. Refer to the Appendix for the corresponding GAAP measure.

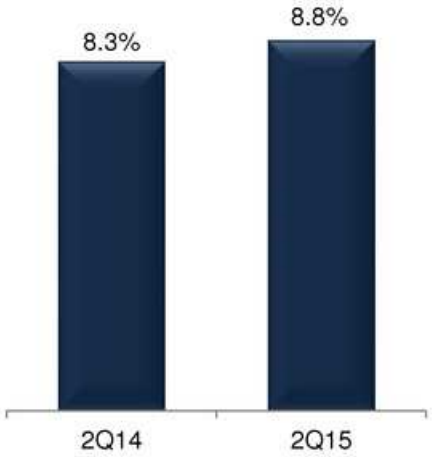
ROE Development

CNO

Notable Items

- ROE trend reflects stable earnings and efforts to decrease "beta" and improve ratings
- Increasing ROE over time remains a priority
- Pace and trajectory of ROE build dependent on traction with organic growth initiatives and effectively managing headwinds
- Future catalysts include non-organic growth initiatives, LTC reinsurance solutions and achieving investment grade

Normalized Operating ROE*



Operating ROE*:	8.5%	8.8%

* A non-GAAP measure. Refer to the Appendix for a reconciliation to the corresponding GAAP measure. Operating earnings exclude the results of CLIC prior to being sold.

Wrap-up

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- Investing in growth & productivity
- Continued strength in cash flow and capital generation
- Continued ratings momentum; achieving investment grade remains a priority
- CFO search underway

Questions and Answers

Appendix

2015 Sales Outlook

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Consolidated sales growth guidance adjusted to 1% - 3%

Sales guidance adjusted to flat to -3%

Sales growth guidance adjusted to 3-5%

Sales growth guidance increased to 12-15%

Producing Agent Counts

	Bankers Life (1)					Washington National (2)				
	1st Yr	2nd Yr	3rd Yr +	Total	Qtr Avg (3)	1st Yr	2nd Yr	3rd Yr +	Total	Qtr Avg (3)
6/30/2015	2,484	606	1,891	4,981	4,939	423	132	346	901	882
3/31/2015	2,468	657	1,894	5,019	4,850	344	127	340	811	830
12/31/2014	2,258	664	1,868	4,790	4,842	365	128	337	830	831
9/30/2014	2,233	667	1,822	4,722	4,783	382	134	336	852	835
6/30/2014	2,427	699	1,782	4,908	4,932	377	116	331	824	809
3/31/2014	2,493	714	1,797	5,004	4,875	332	108	315	755	758
12/31/2013	2,557	693	1,718	4,968	5,046	335	112	296	743	756
12/31/2012	2,429	662	1,600	4,691	4,850	298	108	269	675	687
12/31/2011	2,461	600	1,587	4,648	4,702					
12/31/2010	2,199	668	1,486	4,353	4,391					
12/31/2009	2,564	662	1,513	4,739	4,742					
12/31/2008	2,489	651	1,324	4,464	4,417					
12/31/2007	2,198	554	1,231	3,983	4,034					

(1) Defined as the number of agents that have sold at least one policy in the period
(2) Defined as active PMA appointed agents with $1,000 or more of New Annualized Premium in the prior 12 months
(3) Agent counts at the end of each month used to calculate the average for the quarter

2Q15 Holding Company Liquidity

($ millions)

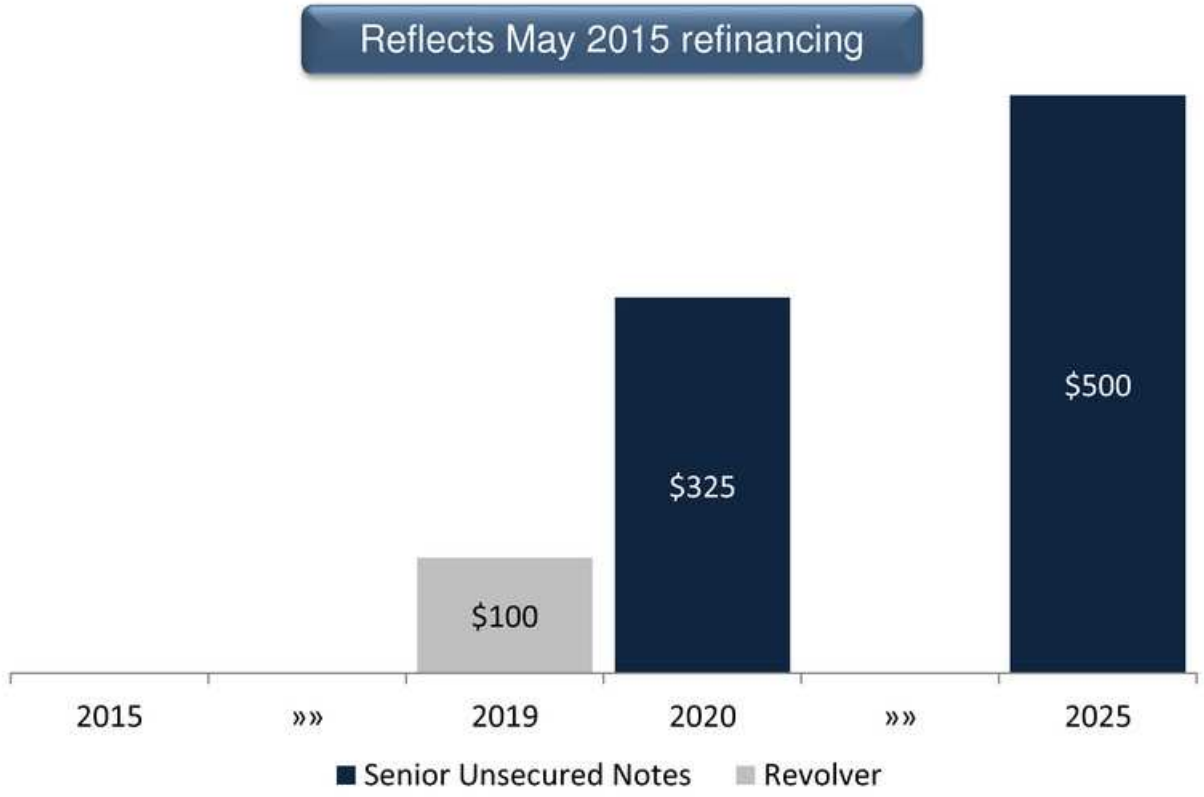
CNO

	2Q15
Cash and Investments Balance - Beginning	$311.0
Sources	
Net Dividends from Insurance Subsidiaries	37.3
Dividends from Non-insurance Subsidiaries	5.3
Interest/Earnings on Corporate Investments	4.5
Surplus Debenture Interest	12.1
Service and Investment Fees, Net	29.4
Gross Proceeds from Unsecured Notes	825.0
Gross Proceeds from Revolver	100.0
Other	2.1
Total Sources	1,015.7
Uses	
Interest	14.8
Share Repurchases	97.4
Debt Payments	777.3
Financing Costs	33.0
Common Stock Dividend	13.6
Holding Company Expenses and Other	(0.1)
Total Uses	936.0
Non-cash changes in investment balances	(5.6)
Unrestricted Cash and Investments Balance - 6/30/2015	$385.1

Debt Maturity Profile

CNO

($ millions)



Leveraging Considerable Tax Assets

CNO

($ millions)

2Q 2015 Loss Carryforwards

2015 Outlook and Value

- Expect modest future valuation allowance releases as taxable income stabilizes
- Annual cash flows are expected to be reduced by $50 million in 2016 as life NOL's are fully utilized
- Estimated economic value of ~$500 million @ 10% discount rate

* Excludes $13 million related to net state operating loss carryforwards.

2Q14 Significant Items

CNO

The table below summarizes the financial impact of the significant items on our 2Q2014 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, 2014		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 87.4	$ -	$ 87.4
Washington National	32.3	-	32.3
Colonial Penn	3.8	-	3.8
EBIT from business segments continuing after the CLIC sale	123.5	-	123.5
Corporate Operations, excluding corporate interest expense	(3.7)	-	(3.7)
EBIT from operations continuing after the CLIC sale	119.8	-	119.8
Corporate interest expense	(11.1)	-	(11.1)
Operating earnings before tax	108.7	-	108.7
Tax expense on operating income	37.4	-	37.4
Net operating income *	$ 71.3	$ -	$ 71.3
Net operating income per diluted share*	$ 0.32	$ -	$ 0.32

* A non-GAAP measure. See pages 29 and 31 for a reconciliation to the corresponding GAAP measure.

3Q14 Significant Items

CNO

The table below summarizes the financial impact of significant items on our 3Q2014 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, 2014		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 111.8	$ (13.5) (1)	$ 98.3
Washington National	27.6	2.5 (2)	30.1
Colonial Penn	0.4	-	0.4
EBIT from business segments continuing after the CLIC sale	139.8	(11.0)	128.8
Corporate Operations, excluding corporate interest expense	(9.1)	-	(9.1)
EBIT from operations continuing after the CLIC sale	130.7	(11.0)	119.7
Corporate interest expense	(10.9)	-	(10.9)
Operating earnings before tax	119.8	(11.0)	108.8
Tax expense on operating income	43.2	(3.9)	39.3
Net operating income *	$ 76.6	$ (7.1)	$ 69.5
Net operating income per diluted share*	$ 0.35	$ (0.03)	$ 0.32

(1) Pre-tax earnings in the Bankers Life segment included $11.0 million of favorable reserve developments in Bankers Life's long-term care block (including $2.8 million of favorable one-time catch-up reserve releases related to the use of a new process to identify changes in the status of our insureds in a more timely manner) and $2.5 million of favorable reserve developments in the Medicare supplement block.

(2) Pre-tax earnings in the Washington National segment included $2.5 million of unfavorable premium refunds in the supplemental health block (related to the same process used on Bankers Life's long-term care block to identify changes in the status of our insureds in a more timely manner).

* A non-GAAP measure. See pages 29 and 31 for a reconciliation to the corresponding GAAP measure.

4Q14 Significant Items

CNO

The table below summarizes the financial impact of the significant items on our 4Q2014 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, 2014		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 103.5	$ (9.0) (1)	$ 94.5
Washington National	20.2	10.0 (2)	30.2
Colonial Penn	2.8	-	2.8
EBIT from business segments continuing after the CLIC sale	126.5	1.0	127.5
Corporate Operations, excluding corporate interest expense	(8.8)	-	(8.8)
EBIT from operations continuing after the CLIC sale	117.7	1.0	118.7
Corporate interest expense	(10.8)	-	(10.8)
Operating earnings before tax	106.9	1.0	107.9
Tax expense on operating income	37.8	0.4	38.2
Net operating income *	$ 69.1	$ 0.6	$ 69.7
Net operating income per diluted share*	$ 0.34	$ -	$ 0.34

(1) Pre-tax earnings in the Bankers Life segment included: (i) $6 million of positive impacts from our comprehensive annual actuarial review including impacts from model enhancements, net of changes in assumptions related to mortality and long-term interest rates; and (ii) the receipt of a $3 million settlement related to the early termination in 2013 of a PDP quota-share agreement.

(2) Pre-tax earnings in the Washington National segment were reduced by $10 million primarily related to the impact of loss recognition on a closed block of payout annuities resulting from changes in assumptions related to long-term interest rates and mortality experience.

* A non-GAAP measure. See pages 29 and 31 for a reconciliation to the corresponding GAAP measure.

1Q15 Significant Items

CNO

The table below summarizes the financial impact of the significant item on our 1Q2015 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, 2015		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 82.2	$ -	$ 82.2
Washington National	28.5	3.0 (1)	31.5
Colonial Penn	(5.9)	-	(5.9)
EBIT from business segments continuing after the CLIC sale	104.8	3.0	107.8
Corporate Operations, excluding corporate interest expense	(1.3)	-	(1.3)
EBIT from operations continuing after the CLIC sale	103.5	3.0	106.5
Corporate interest expense	(10.5)	-	(10.5)
Operating earnings before tax	93.0	3.0	96.0
Tax expense on operating income	32.9	1.1	34.0
Net operating income *	$ 60.1	$ 1.9	$ 62.0
Net operating income per diluted share*	$ 0.30	$ 0.01	$ 0.31

(1) Pre-tax earnings in the Washington National segment included $3 million of unfavorable reserve developments in the supplemental health block related to claims incurred in prior periods.

* A non-GAAP measure. See pages 29 and 31 for a reconciliation to the corresponding GAAP measure.

2Q15 Significant Items

CNO

The table below summarizes the financial impact of the significant item on our 2Q2015 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, 2015		
	Actual results	Significant items	Excluding significant items
Net Operating Income:			
Bankers Life	$ 86.4	$ -	$ 86.4
Washington National	20.1	9.0 (1)	29.1
Colonial Penn	4.2	-	4.2
EBIT from business segments continuing after the CLIC sale	110.7	9.0	119.7
Corporate Operations, excluding corporate interest expense	(5.0)	-	(5.0)
EBIT from operations continuing after the CLIC sale	105.7	9.0	114.7
Corporate interest expense	(11.9)	-	(11.9)
Operating earnings before tax	93.8	9.0	102.8
Tax expense on operating income	33.0	3.2	36.2
Net operating income *	$ 60.8	$ 5.8	$ 66.6
Net operating income per diluted share*	$ 0.31	$ 0.03	$ 0.34

(1) Pre-tax earnings in the Washington National segment included $9 million of unfavorable reserve developments in the supplemental health block related to claims incurred in prior periods.

* A non-GAAP measure. See pages 29 and 31 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

CNO

($ millions)

	2Q14	3Q14	4Q14	1Q15	2Q15
Bankers Life	$ 87.4	$ 111.8	$ 103.5	$ 82.2	$ 86.4
Washington National	32.3	27.6	20.2	28.5	20.1
Colonial Penn	3.8	0.4	2.8	(5.9)	4.2
EBIT from business segments continuing after the CLIC sale	123.5	139.8	126.5	104.8	110.7
Corporate operations, excluding interest expense	(3.7)	(9.1)	(8.8)	(1.3)	(5.0)
EBIT* from operations continuing after the CLIC sale	119.8	130.7	117.7	103.5	105.7
Corporate interest expense	(11.1)	(10.9)	(10.8)	(10.5)	(11.9)
Operating earnings before taxes	108.7	119.8	106.9	93.0	93.8
Tax expense on period income	37.4	43.2	37.8	32.9	33.0
Net operating income	71.3	76.6	69.1	60.1	60.8
Earnings of CLIC prior to being sold, net of taxes	8.5	-	-	-	-
Net loss on sale of CLIC and gain (loss) on reinsurance transactions, including impact of taxes	2.5	22.9	2.9	-	-
Net realized investment gains (losses), net of related amortization and taxes	7.5	2.6	(2.3)	(1.4)	(6.8)
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	(4.8)	-	(11.4)	(8.3)	16.8
Fair value changes related to the agent deferred compensation plan, net of taxes	(7.6)	-	(9.8)	-	-
Loss on extinguishment of debt, net of taxes	(0.4)	-	-	-	(21.3)
Valuation allowance for deferred tax assets and other tax items	4.0	16.8	34.1	-	-
Other	(2.9)	(1.5)	1.3	2.4	(2.7)
Net income (loss)	$ 78.1	$ 117.4	$ 83.9	$ 52.8	$ 46.8

*Management believes that an analysis of earnings before the net loss on sale of CLIC and gain (loss) on reinsurance transactions, the earnings of CLIC prior to being sold, net realized investment gains (losses), fair value changes in embedded derivative liabilities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, other non-operating items, corporate interest expense and taxes ("EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because it excludes: (1) the net loss on sale of CLIC and gain (loss) on reinsurance transactions, (2) the earnings of CLIC prior to being sold; (3) net realized investment gains (losses); (4) 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; (5) fair value changes related to the agent deferred compensation plan; (6) loss on extinguishment of debt; (7) charges in the valuation allowance for deferred tax assets; and (8) other non-operating items consisting primarily of equity in earnings of certain non-strategic investments and earnings attributable to variable interest entities. The table above provides a reconciliation of 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 loss on sale of CLIC and gain (loss) on reinsurance transactions, the earnings of CLIC prior to being sold, net realized 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, loss on extinguishment of debt, changes in our valuation allowance for deferred tax assets and other non-operating items consisting primarily of equity in earnings of certain non-strategic investments and earnings attributable to variable interest entities ("net operating income," a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because these items are unrelated to the Company's continuing operations.

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of net income applicable to common stock to net operating income (and related per-share amounts) is as follows (dollars in millions, except per-share amounts):

	2Q14	3Q14	4Q14	1Q15	2Q15
Net income applicable to common stock	$ 78.1	$ 117.4	$ 83.9	$ 52.8	$ 46.8
Earnings of CLIC prior to being sold (net of taxes)	(8.5)	-	-	-	-
Net loss on sale of CLIC and gain (loss) on reinsurance transactions (including impact of taxes)	(2.5)	(22.9)	(2.9)	-	-
Net realized investment (gains) losses, net of related amortization and taxes	(7.5)	(2.6)	2.3	1.4	6.8
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	4.8	-	11.4	8.3	(16.8)
Fair value changes related to the agent deferred compensation plan (net of taxes)	7.6	-	9.8	-	-
Valuation allowance for deferred tax assets and other tax items	(4.0)	(16.8)	(34.1)	-	-
Loss on extinguishment of debt (net of taxes)	0.4	-	-	-	21.3
Other	2.9	1.5	(1.3)	(2.4)	2.7
Net operating income (a non-GAAP financial measure)	$ 71.3	$ 76.6	$ 69.1	$ 60.1	$ 60.8
Per diluted share:					
Net income (loss)	$ 0.35	$ 0.54	$ 0.41	$ 0.26	$ 0.24
Earnings of CLIC prior to being sold (net of taxes)	(0.04)	-	-	-	-
Net loss on sale of CLIC and gain (loss) on reinsurance transactions (including impact of taxes)	(0.01)	(0.11)	(0.01)	-	-
Net realized investment (gains) losses, net of related amortization and taxes	(0.03)	(0.01)	0.01	0.01	0.03
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	0.02	-	0.05	0.04	(0.08)
Fair value changes related to the agent deferred compensation plan (net of taxes)	0.03	-	0.05	-	-
Valuation allowance for deferred tax assets and other tax items	(0.02)	(0.08)	(0.17)	-	-
Loss on extinguishment of debt (net of taxes)	-	-	-	-	0.11
Other	0.02	0.01	-	(0.01)	0.01
Net operating income (a non-GAAP financial measure)	$ 0.32	$ 0.35	$ 0.34	$ 0.30	$ 0.31

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):

	2Q14	3Q14	4Q14	1Q15	2Q15
Operating income	$ 71.3	$ 76.6	$ 69.1	$ 60.1	$ 60.8
Weighted average shares outstanding for basic earnings per share	216,538	210,525	204,298	200,491	195,857
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	2,390	2,447	2,645	1,784	2,216
Warrants (a)	3,180	2,486	-	-	
Weighted average shares outstanding for diluted earnings per share	222,108	215,458	206,943	202,275	198,073
Operating earnings per diluted share	$ 0.32	$ 0.35	$ 0.34	$ 0.30	$ 0.31

(a) All outstanding warrants were repurchased in September 2014.

Information Related to Certain Non-GAAP Financial Measures

Book value per diluted share

Book value per diluted share reflects the potential dilution that could occur if outstanding stock options and warrants were exercised, restricted stock and performance units were vested and convertible securities were converted. The dilution from options, warrants, 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 and warrants (or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the closing market price on the last day of the period. In addition, the calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.

A reconciliation from book value per share to book value per diluted share, excluding accumulated other comprehensive income (loss) is as follows (dollars in millions, except per share amounts):

	2Q14	3Q14	4Q14	1Q15	2Q15
Total shareholders' equity	$ 4,844.3	$ 4,722.0	$ 4,688.2	$ 4,753.6	$ 4,364.2
Shares outstanding for the period	213,755,190	207,640,050	203,324,458	198,631,949	193,467,712
Book value per share	$ 22.66	$ 22.74	$ 23.06	$ 23.93	$ 22.56
Total shareholders' equity	$ 4,844.3	$ 4,722.0	$ 4,688.2	$ 4,753.6	$ 4,364.2
Less accumulated other comprehensive income	(926.1)	(859.3)	(825.3)	(934.2)	(605.0)
Adjusted shareholders' equity excluding AOCI	$ 3,918.2	$ 3,862.7	$ 3,862.9	$ 3,819.4	$ 3,759.2
Shares outstanding for the period	213,755,190	207,640,050	203,324,458	198,631,949	193,467,712
Dilutive common stock equivalents related to:					
Warrants, stock options, restricted stock and performance units	5,780,892	2,406,402	2,645,322	1,857,139	2,243,615
Diluted shares outstanding	219,536,082	210,046,452	205,969,780	200,489,088	195,711,327
Book value per diluted share (a non-GAAP financial measure)	$ 17.85	$ 18.39	$ 18.75	$ 19.05	$ 19.21

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.

	2Q14	3Q14	4Q14	1Q15	2Q15
Bankers Life					
Long-term care benefit ratios					
Earned premium	$ 127.4	$ 125.5	$ 124.0	$ 122.6	$ 120.5
Benefit ratio before imputed interest income on reserves	131.2%	123.6%	131.8%	137.8%	140.7%
Interest-adjusted benefit ratio	79.2%	70.5%	77.8%	83.0%	84.6%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	$ 26.5	$ 36.9	$ 27.6	$ 20.8	$ 18.6
Washington National					
Supplemental health benefit ratios					
Earned premium	$ 126.8	$ 125.8	$ 132.1	$ 132.8	$ 134.4
Benefit ratio before imputed interest income on reserves	80.3%	81.9%	79.1%	82.4%	90.3%
Interest-adjusted benefit ratio	54.8%	56.0%	54.4%	57.6%	65.7%
Underwriting margin (earned premium plus imputed interest income on reserves less policy benefits)	$ 57.4	$ 55.2	$ 60.3	$ 56.2	$ 46.1

Information Related to Certain Non-GAAP Financial Measures

Operating return measures

Management believes that an analysis of net income applicable to common stock before the net loss on sale of CLIC and gain (loss) on reinsurance transactions, the earnings of CLIC prior to being sold, net realized 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, loss on extinguishment of debt, changes in our valuation allowance for deferred tax assets and other non-operating items consisting primarily of equity in earnings of certain non-strategic investments and earnings attributable to variable interest entities ("net operating income," a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because these items are unrelated to the Company's continuing operations.

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				
	2Q14	3Q14	4Q14	1Q15	2Q15
Operating income	$ 263.8	$ 274.0	$ 276.9	$ 277.1	$ 266.6
Operating income, excluding significant items	$ 260.1	$ 266.8	$ 272.3	$ 272.5	$ 267.8
Net Income	$ 239.1	$ 73.5	$ 51.4	$ 332.2	$ 300.9
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,121.5	$ 3,097.9	$ 3,052.1	$ 3,029.3	$ 3,027.6
Average common shareholders' equity	$ 4,791.2	$ 4,816.0	$ 4,774.6	$ 4,746.6	$ 4,692.0
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.5%	8.8%	9.1%	9.1%	8.8%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.3%	8.6%	8.9%	9.0%	8.8%
Return on equity	5.0%	1.5%	1.1%	7.0%	6.4%

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Information Related to Certain Non-GAAP Financial Measures

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

	Operating earnings (a)	Significant items (b)	Operating earnings, excluding significant items	Operating earnings, excluding significant items - trailing four quarters	Net income	Net income - trailing four quarters
3Q13	66.4	(3.6)	62.8	-	283.0	-
4Q13	66.2	(2.0)	64.2	-	106.0	-
1Q14	59.9	1.9	61.8	246.2	(228.0)	238.1
2Q14	71.3	-	71.3	260.1	78.1	239.1
3Q14	76.6	(7.1)	69.5	266.8	117.4	73.5
4Q14	69.1	0.6	69.7	272.3	83.9	51.4
1Q15	60.1	1.9	62.0	272.5	52.8	332.2
2Q15	60.8	5.8	66.6	267.8	46.8	300.9

(a) - Operating earnings excludes the results from CLIC prior to being sold.

(b) - 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				
	2Q14	3Q14	4Q14	1Q15	2Q15
Pretax operating earnings (a non-GAAP financial measure)	$ 399.7	$ 422.2	$ 427.4	$ 428.4	$ 413.5
Income tax (expense) benefit	(135.9)	(148.2)	(150.5)	(151.3)	(146.9)
Operating return	263.8	274.0	276.9	277.1	266.6
Earnings of CLIC prior to being sold, net of taxes	30.4	24.9	15.2	8.5	-
Net loss on sale of CLIC and gain (loss) on reinsurance transactions, inculding impact of taxes	(358.8)	(335.9)	(269.7)	28.3	25.8
Net realized investment gains, net of related amortization and taxes	29.1	32.8	21.4	6.4	(7.9)
Fair value changes in embedded derivative liabilities, net of related amortization and taxes	(2.4)	(4.6)	(23.4)	(24.5)	(2.9)
Fair value changes related to the agent deferred compensation plan, net of taxes	(1.3)	(7.6)	(17.4)	(17.4)	(9.8)
Loss on extinguishment or modification of debt (net of taxes)	(0.4)	(0.4)	(0.4)	(0.4)	(21.3)
Valuation allowance for deferred tax assets and other tax items	290.0	100.1	54.9	54.9	50.9
Other	(11.3)	(9.8)	(6.1)	(0.7)	(0.5)
Net income	$ 239.1	$ 73.5	$ 51.4	$ 332.2	$ 300.9

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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):

	1Q13	2Q13	3Q13	4Q13
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,002.9	$ 3,067.6	$ 3,181.9	$ 3,258.1
Net operating loss carryforwards	855.0	815.7	970.7	965.3
Accumulated other comprehensive income	1,170.7	698.1	634.0	731.8
Common shareholders' equity	$ 5,028.6	$ 4,581.4	$ 4,786.6	$ 4,955.2

	1Q14	2Q14	3Q14	4Q14
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 2,996.0	$ 3,032.6	$ 3,028.0	$ 3,045.3
Net operating loss carryforwards	948.0	885.6	834.7	817.6
Accumulated other comprehensive income	766.2	926.1	859.3	825.3
Common shareholders' equity	$ 4,710.2	$ 4,844.3	$ 4,722.0	$ 4,688.2

	1Q15	2Q15
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,026.1	$ 2,989.7
Net operating loss carryforwards	793.3	769.5
Accumulated other comprehensive income	934.2	605.0
Common shareholders' equity	$ 4,753.6	$ 4,364.2

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				
	2Q14	3Q14	4Q14	1Q15	2Q15
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,121.5	$ 3,097.9	$ 3,052.1	$ 3,029.3	$ 3,027.6
Net operating loss carryforwards	933.7	925.4	890.0	852.1	818.3
Accumulated other comprehensive income	736.0	792.7	832.5	865.2	846.1
Common shareholders' equity	$ 4,791.2	$ 4,816.0	$ 4,774.6	$ 4,746.6	$ 4,692.0

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 ($ in millions):

	2Q14	3Q14	4Q14	1Q15	2Q15
Corporate notes payable	$ 827.3	$ 814.0	$ 794.4	$ 774.8	$ 925.0
Total shareholders' equity	4,844.3	4,722.0	4,688.2	4,753.6	4,364.2
Total capital	$ 5,671.6	$ 5,536.0	$ 5,482.6	$ 5,528.4	$ 5,289.2
Corporate debt to capital	14.6%	14.7%	14.5%	14.0%	17.5%
Corporate notes payable	$ 827.3	$ 814.0	$ 794.4	$ 774.8	$ 925.0
Total shareholders' equity	4,844.3	4,722.0	4,688.2	4,753.6	4,364.2
Less accumulated other comprehensive income	(926.1)	(859.3)	(825.3)	(934.2)	(605.0)
Total capital	$ 4,745.5	$ 4,676.7	$ 4,657.3	$ 4,594.2	$ 4,684.2
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	17.4%	17.4%	17.1%	16.9%	19.7%