

CNO FINANCIAL GROUP, INC.

FORM 8-K (Current report filing)

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**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): **May 2, 2011**

CNO Financial Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of Incorporation)

001-31792
(Commission File Number)

75-3108137
(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))
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Item 2.02. Results of Operations and Financial Condition.

On May 2, 2011, CNO Financial Group, Inc. (the “Company”) issued: (i) a press release announcing its financial results for the quarter ended March 31, 2011, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference; and (ii) additional financial information related to the Company's financial and operating results for the quarter ended March 31, 2011, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information contained under Item 2.02 in this Current Report on Form 8-K (including Exhibits 99.1 and 99.2) 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 materials are furnished as exhibits to this Current Report on Form 8-K:

- 99.1 Press release dated May 2, 2011 related to financial results for the quarter ended March 31, 2011.
- 99.2 Quarterly Financial Supplement – 1Q2011.

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: May 2, 2011

By: /s/ John R. Kline
John R. Kline
Senior Vice President and
Chief Accounting Officer



News

For Immediate Release

Contact: (News Media) Tony Zehnder +1.312.396.7086
(Investors) Scott Galovic +1.317.817.3228

CNO reports first quarter 2011 net income of \$53.9 million, or 19 cents per share

Carmel, Ind. May 2, 2011 – CNO Financial Group, Inc. (NYSE: CNO) today announced results for the first quarter of 2011. “We are pleased that CNO continued to generate earnings growth in the first quarter,” CEO Jim Prieur said, “with net income increasing to \$54 million from \$34 million and net operating income increasing to \$52 million from \$38 million in the prior year. These results are at the high end of the preliminary earnings range we announced last week. Our results were driven by solid performance of our core businesses. Our financial strength, as measured by our risk-based capital, holding company liquidity and our debt-to-total capital, also continued to improve in the quarter.”

First Quarter 2011 Results

- \$101.1 million of income before net realized investment gains, corporate interest and taxes (“EBIT”) (1), up 28% compared to \$79.2 million in 1Q10
- Net operating income (2) of \$51.9 million, up 36% compared to \$38.2 million in 1Q10
- Net operating income per diluted share: 18 cents, compared to 14 cents in 1Q10
- Net income increased to \$53.9 million, compared to \$33.9 million in 1Q10 (1Q11 included \$2.0 million of net realized investment gains and loss on extinguishment of debt; and 1Q10 included \$(4.3) million of net realized investment losses and loss on extinguishment of debt)
- Net income per diluted share of 19 cents, compared to 13 cents in 1Q10 (1Q11 included 1 cent of net realized investment gains; and 1Q10 included (1) cent of net realized investment losses)
- Total new annualized premium (“NAP”) excluding Private-Fee-For-Service (“PFFS”) and Prescription Drug Plan (“PDP”) (3): \$86 million, down 1% from 1Q10

Financial Strength at March 31, 2011

- The consolidated statutory risk-based capital ratio of our insurance subsidiaries increased 9 percentage points to 341% in 1Q11, driven by statutory earnings of \$101 million partially offset by \$60 million of dividend payments to our holding company
- Unrestricted cash held by our non-insurance subsidiaries increased \$8 million to \$169 million during 1Q11, primarily reflecting the aforementioned dividend payments offset by \$50 million prepayment of debt
- Debt-to-total capital ratio, as defined in our senior secured credit facility (4), reduced to 19.2% from 20.0% at December 31, 2010
- Book value per common share, excluding accumulated other comprehensive income (loss) (5), increased to \$16.48 from \$16.28 at December 31, 2010

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Quarterly Segment Operating Results

	Three months ended March 31,	
	2011	2010
	(\$ in millions, except per-share data)	
EBIT (1):		
Bankers Life	\$ 63.9	\$ 53.2
Washington National	25.2	27.6
Colonial Penn	5.4	5.3
Other CNO Business	7.1	(1.9)
Corporate Operations, excluding corporate interest expense	(.5)	(5.0)
EBIT	101.1	79.2
Corporate interest expense	(20.6)	(19.5)
Income before net realized investment gains (losses) and taxes	80.5	59.7
Tax expense on operating income	28.6	21.5
Net operating income (2)	51.9	38.2
Loss on extinguishment of debt, net of income taxes	(.9)	(1.2)
Net realized investment gains (losses) (net of related amortization and taxes)	2.9	(3.1)
Net income	\$ 53.9	\$ 33.9
Per diluted share:		
Net operating income	\$.18	\$.14
Net realized investment gains (losses), net of related amortization and taxes	.01	(.01)
Net income	\$.19	\$.13

Segment Results

Bankers Life: Pre-tax operating earnings were \$63.9 million in 1Q11 up 20% compared to 1Q10.

- Results in 1Q11 were favorably impacted by \$14 million higher investment spreads for annuity products primarily reflecting growth in the business and lower crediting rates, partially offset by lower earned yields. Results in 1Q11 also reflect the \$11 million favorable impacts on long-term care reserves of: (i) development of prior period claim reserves; and (ii) policyholder decisions to surrender or reduce coverage following rate increases.
- Results in 1Q11 were unfavorably impacted by lower earnings from the Medicare supplement block due to: (i) \$23 million additional amortization of insurance intangibles primarily resulting from higher 1Q11 policy lapses and conversions; offset by (ii) \$7 million of favorable development of prior period claim reserves.

Washington National: Pre-tax operating earnings were \$25.2 million in 1Q11 down 9% compared to 1Q10, primarily due to the \$2 million favorable impact of life insurance product reserve refinements in 1Q10.

Colonial Penn: Pre-tax operating earnings in 1Q11 were comparable to 1Q10.

Other CNO Business: Pre-tax operating earnings were \$7.1 million in 1Q11 compared to a loss of \$1.9 million in 1Q10. Results for 1Q11 reflect favorable mortality. Results in 1Q10 were unfavorably impacted by changes in assumptions related to when certain non-guaranteed elements will be implemented. These changes resulted in increases to reserves and the amortization of insurance intangibles of approximately \$8 million.

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Corporate Operations (including our investment advisory subsidiary and corporate expenses): Net expenses, excluding corporate interest expense were \$5.5 million in 1Q11 compared to \$5.0 million in 1Q10. Results for 1Q11 were favorably impacted by trading account activities and the income related to Company-owned life insurance ("COLI") (utilized as an investment vehicle to fund an agent deferred compensation plan) which we began to record in this segment effective January 1, 2011. We recognized \$6.2 million of income from trading account activities and COLI in 1Q11.

Corporate interest expense increased primarily due to a higher average interest rate in 1Q11 compared to 1Q10.

The results for 1Q11 include a \$9 million loss on extinguishment of debt, net of income taxes, related to the prepayment of \$50.0 million principal amount outstanding under our senior secured credit agreement. The results for 1Q10 include a \$1.2 million loss on extinguishment of debt, net of income taxes, related to the repurchase of \$64.0 million aggregate principal amount of our 3.5% convertible senior debentures.

Investment Results

Net realized investment gains in 1Q11 were \$2.9 million (net of related amortization and taxes), including total other-than-temporary impairment losses of \$13.3 million, all of which were recorded in earnings. Net realized investment losses in 1Q10 were \$3.1 million (net of related amortization and taxes), including total other-than-temporary impairment losses of \$17.7 million, of which \$20.3 million was recorded in earnings and \$(2.6) million in accumulated other comprehensive income (loss).

Sales Results

At Bankers Life (career distribution), total NAP (excluding PFFS and PDP) in 1Q11 was \$55 million, down 4% from 1Q10; driven by lower long-term care sales, which more than offset growth in life sales.

At Washington National (independent distribution), total NAP in 1Q11 was \$17 million, up 3% from 1Q10. NAP in 1Q11 of Washington National's core supplemental health products (including specified disease, accident and hospital indemnity policies) was \$16 million, up 7% from 1Q10.

At Colonial Penn (direct distribution), total NAP in 1Q11 was \$14 million, up 4% from 1Q10.

Conference Call

The Company will host a conference call to discuss results on May 3, 2011 at 11:00 a.m. Eastern Daylight Time. The webcast can be accessed through the Investors section of the company's website: <http://investor.CNOinc.com>. Participants should go to the website at least 15 minutes before the event to register and download any necessary audio software. During the call, we will be referring to a presentation that will be available the morning of the call at the Investors section of the company's website.

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About CNO

CNO is a holding company. Our insurance subsidiaries – principally Bankers Life and Casualty Company, Washington National Insurance Company and Colonial Penn Life Insurance Company – serve working American families and seniors by helping them protect against financial adversity and provide for a more secure retirement. For more information, visit CNO online at www.CNOinc.com.

- (1) Management believes that an analysis of earnings before net realized investment gains (losses), corporate interest expense, loss on extinguishment of debt 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: (i) corporate interest expense; (ii) loss on extinguishment of debt; and (iii) net realized investment gains (losses) that are unrelated to the company’s underlying fundamentals. A reconciliation of EBIT to Net Income applicable to common stock is provided in the table on page 2.
- (2) Management believes that an analysis of Net income applicable to common stock before: (i) loss on extinguishment of debt, net of income taxes; and (ii) net realized investment gains or losses, net of related amortization and income 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 loss on extinguishment of debt and realized investment gains or losses can be affected by events that are unrelated to the company’s underlying fundamentals. A reconciliation of Net operating income to Net income applicable to common stock is provided in the table on page 2. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available in the “Investors – SEC Filings” section of CNO’s website, www.CNOinc.com.
- (3) Measured by new annualized premium, which includes 6% of annuity and 10% of single premium whole life deposits and 100% of all other premiums. PDP and PFFS sales are not comparable to other sales and are therefore excluded in all periods.
- (4) The calculation of this non-GAAP measure differs from the corresponding GAAP measure because: (i) debt is defined as par value plus accrued interest and unused letters of credit; and (ii) 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 as the level of such ratio impacts certain provisions in our senior secured credit facility. The corresponding GAAP measures for debt-to-total capital were 17.8% and 18.8% at March 31, 2011 and December 31, 2010, respectively.
- (5) 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. The corresponding GAAP measures for book value per common share were \$17.50 and \$17.23 at March 31, 2011 and December 31, 2010, respectively.

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Cautionary Statement Regarding Forward-Looking Statements. *Our statements, trend analyses and other information contained in this press release relative to markets for CNO Financial's products and trends in CNO Financial's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) changes in or sustained low interest rates causing a reduction in investment income, the margins of our fixed annuity and life insurance businesses and demand for our products; (ii) general economic, market and political conditions, including the performance and fluctuations of the financial markets which may affect the value of our investments as well as our ability to raise capital or refinance existing indebtedness and the cost of doing so; (iii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (iv) our ability to make changes to certain non-guaranteed elements of our life insurance products; (v) our ability to obtain adequate and timely rate increases on our health products, including our long-term care business; (vi) the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries; (vii) mortality, morbidity, the increased cost and usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (viii) changes in our assumptions related to deferred acquisition costs or the present value of future profits; (ix) the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on their value; (x) our assumption that the positions we take on our tax return filings, including our position that our 7.0% convertible senior debentures due 2016 will not be treated as stock for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, and will not trigger an ownership change, will not be successfully challenged by the Internal Revenue Service; (xi) changes in accounting principles and the interpretation thereof (including changes in principles related to accounting for deferred acquisition costs); (xii) our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements; (xiii) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems, (xiv) performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges); (xv) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (xvi) our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs; (xvii) our ability to maintain effective controls over financial reporting; (xviii) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (xix) our ability to achieve eventual upgrades of the financial strength ratings of CNO Financial and our insurance company subsidiaries as well as the impact of our ratings on our business, our ability to access capital and the cost of capital; (xx) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xxi) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends and surplus debenture interest to us, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; and (xxii) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products or affect the value of our deferred tax assets. Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.*

- Tables Follow -

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in millions)

	March 31, 2011 (unaudited)	December 31, 2010
ASSETS		
Investments:		
Fixed maturities, available for sale, at fair value (amortized cost: March 31, 2011 - \$20,343.9; December 31, 2010 - \$20,155.8)	\$ 20,852.2	\$ 20,633.9
Equity securities at fair value (cost: March 31, 2011 - \$104.9; December 31, 2010 - \$68.2)	105.4	68.1
Mortgage loans	1,751.3	1,761.2
Policy loans	281.6	284.4
Trading securities	403.1	372.6
Investments held by securitization entities	401.6	420.9
Other invested assets	272.1	240.9
Total investments	24,067.3	23,782.0
Cash and cash equivalents – unrestricted	424.6	571.9
Cash and cash equivalents held by securitization entities	27.1	26.8
Accrued investment income	336.7	327.8
Present value of future profits	970.1	1,008.6
Deferred acquisition costs	1,766.1	1,764.2
Reinsurance receivables	3,219.0	3,256.3
Income tax assets, net	798.9	839.4
Assets held in separate accounts	18.1	17.5
Other assets	439.9	305.1
Total assets	<u>\$ 32,067.8</u>	<u>\$ 31,899.6</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Interest-sensitive products	\$ 13,161.3	\$ 13,194.7
Traditional products	10,357.9	10,307.6
Claims payable and other policyholder funds	979.0	968.7
Liabilities related to separate accounts	18.1	17.5
Other liabilities	643.1	496.3
Investment borrowings	1,203.8	1,204.1
Borrowings related to securitization entities	354.4	386.9
Notes payable – direct corporate obligations	949.8	998.5
Total liabilities	<u>27,667.4</u>	<u>27,574.3</u>
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2011 – 251,404,857; December 31, 2010 – 251,084,174)	2.5	2.5
Additional paid-in capital	4,426.1	4,424.2
Accumulated other comprehensive income	257.6	238.3
Accumulated deficit	(285.8)	(339.7)
Total shareholders' equity	4,400.4	4,325.3
Total liabilities and shareholders' equity	<u>\$ 32,067.8</u>	<u>\$ 31,899.6</u>

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in millions, except per share data)
(unaudited)

	Three months ended	
	March 31,	
	2011	2010
Revenues:		
Insurance policy income	\$ 667.2	\$ 664.6
Net investment income:		
General account assets	336.1	315.2
Policyholder and reinsurer accounts and other special-purpose portfolios	37.4	24.0
Realized investment gains (losses):		
Net realized investment gains, excluding impairment losses	18.4	15.4
Other-than-temporary impairment losses:		
Total other-than-temporary impairment losses	(13.3)	(17.7)
Portion of other-than-temporary impairment losses recognized in accumulated other comprehensive income	-	(2.6)
Net impairment losses recognized	(13.3)	(20.3)
Total realized gains (losses)	5.1	(4.9)
Fee revenue and other income	3.4	3.5
Total revenues	1,049.2	1,002.4
Benefits and expenses:		
Insurance policy benefits	683.2	699.0
Interest expense	29.2	27.5
Amortization	136.7	102.6
Loss on extinguishment of debt	1.4	1.8
Other operating costs and expenses	115.1	118.4
Total benefits and expenses	965.6	949.3
Income before income taxes	83.6	53.1
Tax expense on period income	29.7	19.2
Net income	\$ 53.9	\$ 33.9
Earnings per common share:		
Basic:		
Weighted average shares outstanding	251,121,000	250,788,000
Net income	\$.21	\$.14
Diluted:		
Weighted average shares outstanding	307,498,000	292,081,000
Net income	\$.19	\$.13

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
COLLECTED PREMIUMS
(Dollars in millions)

	Three months ended March 31,	
	2011	2010
Bankers Life segment :		
Annuity	\$ 222.2	\$ 224.2
Medicare supplement and other supplemental health	337.6	347.1
Life	56.4	46.5
Total collected premiums	<u>\$ 616.2</u>	<u>\$ 617.8</u>
Washington National segment :		
Medicare supplement and other supplemental health	\$ 142.8	\$ 141.4
Life	4.3	4.4
Total collected premiums	<u>\$ 147.1</u>	<u>\$ 145.8</u>
Colonial Penn segment:		
Life	\$ 49.4	\$ 47.3
Supplemental health	1.5	1.6
Total collected premiums	<u>\$ 50.9</u>	<u>\$ 48.9</u>
Other CNO Business segment :		
Annuity	\$ 4.2	\$ 5.1
Other health	8.0	8.4
Life	46.4	50.2
Total collected premiums	<u>\$ 58.6</u>	<u>\$ 63.7</u>

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
BENEFIT RATIOS ON MAJOR HEALTH LINES OF BUSINESS

	Three months ended March 31,	
	2011	2010
Bankers Life segment :		
Medicare Supplement:		
Earned premium	\$181 million	\$179 million
Benefit ratio ^(a)	67.2%	72.8%
PDP and PFFS:		
Earned premium	\$14 million	\$18 million
Benefit ratio ^(a)	84.8%	60.9%
Long-Term Care:		
Earned premium	\$144 million	\$149 million
Benefit ratio ^(a)	113.4%	114.4%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	70.8%	75.2%
Washington National segment :		
Medicare Supplement:		
Earned premium	\$36 million	\$42 million
Benefit ratio ^(a)	66.3%	65.7%
Supplemental health:		
Earned premium	\$105 million	\$98 million
Benefit ratio ^(a)	78.7%	82.3%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	49.1%	49.4%
Other CNO Business segment :		
Long-Term Care:		
Earned premium	\$7 million	\$8 million
Benefit ratio ^(a)	235.7%	187.2%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	148.0%	96.8%

(a) The benefit ratio is calculated by dividing the related product's insurance policy benefits by insurance policy income.

(b) The interest-adjusted benefit ratio (a non-GAAP measure) is calculated by dividing the product's insurance policy benefits less 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 interest income earned on the accumulated assets. The interest-adjusted benefit ratio reflects the 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. 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 Financial's website, www.CNOinc.com.

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Quarterly Financial Supplement - 1Q2011

May 2, 2011

Table of Contents	Page
Consolidated balance sheet	3
Consolidated statement of operations	4
Earnings per share analysis	5
Computation of weighted average shares outstanding	6
Analyses of income before taxes and selected data:	
Bankers Life	7-8
Washington National	9-10
Colonial Penn	11
Other CNO Business	12-13
Premiums collected on insurance products:	
Bankers Life	14
Washington National	15
Colonial Penn	16
Other CNO Business	17
Statutory information	18
Notes	19

CNO Financial Group, Inc.

Consolidated balance sheet (in millions)

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Assets					
Investments:					
Fixed maturities, available for sale, at fair value	\$18,813.8	\$19,935.7	\$21,007.5	\$20,633.9	\$20,852.2
Equity securities at fair value	31.1	31.0	41.1	68.1	105.4
Mortgage loans	1,936.6	1,948.1	1,825.6	1,761.2	1,751.3
Policy loans	294.0	292.9	290.9	284.4	281.6
Trading securities	332.0	360.7	389.7	372.6	403.1
Investments held by variable interest entities	511.7	476.4	454.8	420.9	401.6
Securities lending collateral	147.4	77.6	0.0	0.0	0.0
Other invested assets	236.3	167.2	189.5	240.9	272.1
Total investments	22,302.9	23,291.6	24,199.1	23,782.0	24,067.3
Cash and cash equivalents - unrestricted	321.1	323.7	548.8	571.9	424.6
Cash and cash equivalents held by variable interest entities	24.3	13.5	18.3	26.8	27.1
Accrued investment income	334.0	323.1	345.3	327.8	336.7
Present value of future profits	1,133.2	1,077.3	1,028.3	1,008.6	970.1
Deferred acquisition costs	1,788.0	1,700.0	1,612.7	1,764.2	1,766.1
Reinsurance receivables	3,444.1	3,357.2	3,315.7	3,256.3	3,219.0
Income tax assets, net	1,021.9	769.0	536.7	839.4	798.9
Assets held in separate accounts	17.0	15.6	16.7	17.5	18.1
Other assets	398.4	349.8	352.0	305.1	439.9
Total assets	\$30,784.9	\$31,220.8	\$31,973.6	\$31,899.6	\$32,067.8
Liabilities					
Liabilities for insurance products:					
Interest-sensitive products	\$13,217.7	\$13,177.8	\$13,217.6	\$13,194.7	\$13,161.3
Traditional products	10,137.6	10,199.7	10,253.0	10,307.6	10,357.9
Claims payable and other policyholder funds	969.4	946.0	939.4	988.7	979.0
Liabilities related to separate accounts	17.0	15.6	16.7	17.5	18.1
Other liabilities	583.6	683.6	833.9	496.3	643.1
Investment borrowings	454.5	454.2	653.9	1,204.1	1,203.8
Borrowings related to variable interest entities	495.4	449.7	425.0	386.9	354.4
Securities lending payable	152.4	82.0	0.0	0.0	0.0
Notes payable - direct corporate obligations	1,037.2	1,029.4	1,029.8	998.5	949.8
Total liabilities	27,064.8	27,038.0	27,369.3	27,574.3	27,667.4
Shareholders' equity					
Common stock	2.5	2.5	2.5	2.5	2.5
Additional paid-in capital	4,411.0	4,418.8	4,421.6	4,424.2	4,426.1
Accumulated deficit	(590.4)	(557.3)	(507.9)	(339.7)	(285.8)
Total shareholders' equity before accumulated other comprehensive income (loss)	3,823.1	3,864.0	3,916.2	4,087.0	4,142.8
Accumulated other comprehensive income (loss)	(103.0)	318.8	688.1	238.3	257.6
Total shareholders' equity	3,720.1	4,182.8	4,604.3	4,325.3	4,400.4
Total liabilities and shareholders' equity	\$30,784.9	\$31,220.8	\$31,973.6	\$31,899.6	\$32,067.8
	1Q10	2Q10	3Q10	4Q10	1Q11
Book value per share at period-end (1) (2)	\$15.24	\$15.39	\$15.60	\$16.28	\$16.48
Book value per share assuming conversion of convertible securities (1) (3)	\$13.68	\$13.52	\$13.70	\$14.23	\$14.37

CNO Financial Group, Inc. Consolidated statement of operations (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Revenues						
Insurance policy income	\$664.6	\$667.9	\$674.5	\$663.0	\$2,670.0	\$667.2
Net investment income (loss):						
General account assets	315.2	321.1	326.5	332.2	1,295.0	336.1
Policyholder and reinsurer accounts and other special-purpose portfolios	24.0	(22.7)	43.3	27.3	71.9	37.4
Realized investment gains (losses):						
Net realized investment gains, excluding impairment losses	15.4	11.2	28.1	125.3	180.0	18.4
Other-than-temporary impairment losses:						
Total other-than-temporary impairment losses	(17.7)	(29.3)	(22.8)	(77.0)	(146.8)	(13.3)
Portion of other-than-temporary impairment losses recognized in accumulated other comprehensive income (loss)	(2.6)	1.4	(1.7)	(0.1)	(3.0)	0.0
Net impairment losses recognized	(20.3)	(27.9)	(24.5)	(77.1)	(149.8)	(13.3)
Total realized gains (losses)	(4.9)	(16.7)	3.6	48.2	30.2	5.1
Fee revenue and other income	3.5	3.6	4.6	5.1	16.8	3.4
Total revenues	1,002.4	953.2	1,052.5	1,075.8	4,083.9	1,049.2
Benefits and expenses						
Insurance policy benefits	699.0	651.0	700.0	673.7	2,723.7	683.2
Interest expense	27.5	28.7	28.4	28.6	113.2	29.2
Amortization	102.6	96.6	118.6	126.0	443.8	136.7
Loss on extinguishment of debt	1.8	0.9	0.0	4.1	6.8	1.4
Other operating costs and expenses	118.4	124.2	128.2	132.1	502.9	115.1
Total benefits and expenses	949.3	901.4	975.2	964.5	3,790.4	965.6
Income before income taxes	53.1	51.8	77.3	111.3	293.5	83.6
Income tax expense on period income	19.2	18.7	27.9	38.1	103.9	29.7
Valuation allowance for deferred tax assets	0.0	0.0	0.0	(95.0)	(95.0)	0.0
Net income	\$33.9	\$33.1	\$49.4	\$168.2	\$264.6	\$53.9

CNO Financial Group, Inc. Earnings per share analysis (\$ in millions, except per share amounts)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Income (loss) before net realized investment losses, net of related amortization and income taxes:						
Bankers Life	\$53.2	\$64.0	\$95.5	\$71.4	\$284.1	\$63.9
Washington National	27.6	21.1	27.2	28.7	104.6	25.2
Colonial Penn	5.3	7.6	7.8	5.8	26.5	5.4
Other CNO Business	(1.9)	8.8	(24.4)	6.0	(11.5)	7.1
Corporate operations:						
Interest expense on debt	(19.5)	(19.8)	(20.0)	(20.0)	(79.3)	(20.6)
Loss on extinguishment of debt	(1.8)	(0.9)	0.0	(4.1)	(6.8)	(1.4)
Other corporate expenses, net	(5.0)	(11.8)	(12.3)	(13.7)	(42.8)	(0.5)
Net realized investment gains (losses), net of related amortization	(4.8)	(17.2)	3.5	37.2	18.7	4.5
Income before taxes	53.1	51.8	77.3	111.3	293.5	83.6
Taxes	19.2	18.7	27.9	38.1	103.9	29.7
Valuation allowance for deferred tax assets	0.0	0.0	0.0	(95.0)	(95.0)	0.0
Net income	\$33.9	\$33.1	\$49.4	\$166.2	\$284.6	\$53.9
Diluted earnings per share	\$0.13	\$0.12	\$0.17	\$0.56	\$0.99	\$0.19
Net realized investment gains (losses), net of related amortization and taxes, per share	(\$0.01)	(\$0.04)	\$0.01	\$0.08	\$0.04	\$0.01
Valuation allowance for deferred tax assets	\$0.00	\$0.00	\$0.00	\$0.31	\$0.31	\$0.00
Loss on extinguishment of debt	\$0.00	\$0.00	\$0.00	(\$0.01)	(\$0.01)	\$0.00
Diluted earnings per share, excluding net realized investment gains (losses), valuation allowance for deferred tax assets and loss on extinguishment of debt	\$0.14	\$0.16	\$0.16	\$0.18	\$0.65	\$0.18

CNO Financial Group, Inc.

Computation of weighted average shares outstanding

(000s)

Basic

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Shares outstanding, beginning of period	250,786.2	250,929.8	251,044.7	251,046.4	250,786.2	251,084.2
Weighted average shares issued during the period:						
Shares issued under stock option and restricted stock plans	2.3	67.8	0.1	18.2	240.0	52.6
Shares withheld for the payment of the exercise price of stock options and taxes	(0.7)	(3.4)	0.0	(0.5)	(53.5)	(16.3)
Weighted average basic shares outstanding during the period	250,787.8	250,994.2	251,044.8	251,064.1	250,972.7	251,120.5
Basic shares outstanding, end of period	250,929.8	251,044.7	251,046.4	251,084.2	251,084.2	251,404.9

Diluted

Weighted average basic shares outstanding	250,787.8	250,994.2	251,044.8	251,064.1	250,972.7	251,120.5
Common stock equivalent shares related to:						
Convertible debentures	39,532.4	49,793.3	53,363.6	53,366.9	49,014.1	53,366.9
Stock option and restricted stock plans	1,760.3	1,860.6	1,631.2	2,231.1	1,870.8	2,748.3
Warrants	0.0	0.0	0.0	0.0	0.0	262.4
Weighted average diluted shares outstanding during the period	292,080.5	302,648.1	306,039.6	306,662.1	301,857.6	307,498.1
Diluted shares outstanding, end of period	296,498.0	306,268.9	306,044.5	306,682.1	306,682.1	307,782.4

CNO Financial Group, Inc.

Bankers Life

Analysis of income before taxes (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Insurance policy income	\$396.2	\$400.7	\$405.1	\$394.2	\$1,596.2	\$400.0
Net investment income (loss):						
General account invested assets	172.2	177.0	182.4	187.7	719.3	191.3
Fixed index products	12.1	(15.3)	21.9	13.9	32.6	18.3
Other special-purpose portfolios	1.6	(1.2)	4.2	2.4	7.0	0.0
Net realized investment gains (losses)	(3.0)	(10.3)	18.3	57.1	62.1	6.6
Fee revenue and other income	2.3	2.7	3.6	4.2	12.8	2.3
Total revenues	581.4	553.6	635.5	659.5	2,430.0	618.5
Insurance policy benefits	350.6	344.2	341.8	339.9	1,376.5	337.6
Amounts added to policyholder account balances:						
Annuity products and interest-sensitive life products, other than fixed index products	43.8	44.1	43.3	44.1	175.3	40.8
Fixed index products	22.1	(5.6)	17.0	22.0	55.5	26.4
Amortization related to operations	67.0	70.6	76.4	76.5	290.5	101.9
Amortization related to net realized investment gains (losses)	0.5	(0.5)	1.4	8.8	10.2	1.0
Interest expense on investment borrowings	0.0	0.0	0.0	1.0	1.0	1.2
Other operating costs and expenses	47.7	46.6	43.2	47.5	185.0	40.1
Total benefits and expenses	531.7	499.4	523.1	539.8	2,094.0	549.0
Income before income taxes	\$49.7	\$54.2	\$112.4	\$119.7	\$336.0	\$69.5

Health underwriting margins (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Medicare supplement:						
Earned premium	\$178.8	\$178.5	\$178.2	\$177.4	\$712.9	\$181.0
Benefit ratio	72.8%	70.7%	69.5%	70.7%	70.9%	67.2%
Underwriting margin (earned premium less policy benefits)	\$48.6	\$52.3	\$54.4	\$52.0	\$207.3	\$59.3
PDP:						
Earned premium	\$18.0	\$19.7	\$19.3	\$10.8	\$67.8	\$14.4
Benefit ratio	88.7%	89.8%	64.4%	60.7%	77.7%	89.5%
Underwriting margin (earned premium less policy benefits)	\$2.0	\$2.0	\$6.9	\$4.2	\$15.1	\$1.5
PFFS:						
Earned premium	\$(0.1)	\$(0.3)	\$(0.4)	\$0.2	\$(0.6)	\$0.0
Benefit ratio	N/A	N/A	N/A	N/A	N/A	N/A
Underwriting margin (earned premium less policy benefits)	\$5.0	\$4.0	\$6.5	\$2.0	\$17.5	\$0.7
Long-term care:						
Earned premium	\$149.1	\$144.6	\$146.8	\$145.4	\$585.9	\$144.4
Benefit ratio before interest income on reserves	114.4%	113.0%	114.2%	113.3%	113.7%	113.4%
Interest-adjusted benefit ratio	75.2%	71.9%	73.2%	71.5%	73.0%	70.8%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$36.9	\$40.6	\$39.4	\$41.5	\$158.4	\$42.2

CNO Financial Group, Inc.

Bankers Life

Average liabilities for insurance products (in millions) (continued)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Annuitants:						
Mortality based	\$251.8	\$250.7	\$249.4	\$248.5	\$250.1	\$245.9
Fixed index	1,685.0	1,769.7	1,871.3	2,008.3	1,833.8	2,147.7
Deposit based	4,905.3	4,905.5	4,905.2	4,882.8	4,899.7	4,832.4
Medicare supplement and other supplemental health	4,275.6	4,337.4	4,376.8	4,431.4	4,355.3	4,489.6
Life:						
Interest sensitive	407.8	412.2	414.0	417.6	412.9	420.5
Non-interest sensitive	331.4	346.9	363.4	379.5	355.3	397.8
Total average liabilities for insurance products, net of reinsurance ceded	\$11,856.9	\$12,022.4	\$12,180.1	\$12,368.1	\$12,106.9	\$12,533.9

Present value of future profits (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$569.5	\$539.1	\$495.3	\$465.7	\$569.5	\$467.2
Amortization related to operations	(22.5)	(21.5)	(19.1)	(16.9)	(80.0)	(24.6)
Amortization related to net realized investment (gains) losses	0.0	0.0	(0.1)	(0.4)	(0.5)	(0.1)
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	(7.9)	(22.3)	(10.4)	18.8	(21.8)	0.2
Balance, end of period	\$539.1	\$495.3	\$465.7	\$467.2	\$467.2	\$442.7

Deferred acquisition costs (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$1,179.1	\$1,171.3	\$1,089.6	\$1,011.4	\$1,179.1	\$1,149.5
Deferred acquisition expenses	72.0	78.5	77.5	77.7	305.7	76.6
Amortization related to operations	(44.5)	(49.1)	(57.3)	(59.6)	(210.5)	(77.3)
Amortization related to net realized investment (gains) losses	(0.5)	0.5	(1.3)	(8.4)	(9.7)	(0.9)
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	(34.8)	(111.6)	(97.1)	128.4	(115.1)	(1.7)
Balance, end of period	\$1,171.3	\$1,089.6	\$1,011.4	\$1,149.5	\$1,149.5	\$1,146.2

CNO Financial Group, Inc.

Washington National

Analysis of income before taxes (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Insurance policy income	\$145.4	\$144.7	\$144.9	\$146.0	\$581.0	\$145.4
Net investment income (loss):						
General account invested assets	45.5	45.8	46.2	46.7	184.2	46.3
Trading account income related to reinsurer accounts	0.8	1.1	1.6	(1.0)	2.5	0.3
Change in value of embedded derivatives related to modified coinsurance agreements	(0.9)	(1.0)	(1.4)	2.0	(1.3)	(0.3)
Net realized investment gains (losses)	(1.2)	0.0	(2.3)	(3.9)	(7.4)	(0.5)
Fee revenue and other income	0.3	0.2	0.3	0.3	1.1	0.3
Total revenues	189.9	190.8	189.3	190.1	760.1	191.5
Insurance policy benefits	112.5	116.7	112.4	109.0	450.6	112.2
Amortization related to operations	14.8	13.1	14.4	14.6	56.9	16.1
Other operating costs and expenses	36.2	39.9	37.6	41.7	155.4	38.5
Total benefits and expenses	163.5	169.7	164.4	165.3	662.9	166.8
Income before income taxes	\$26.4	\$21.1	\$24.9	\$24.8	\$97.2	\$24.7

Health underwriting margins (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Medicare supplement:						
Earned premium	\$41.6	\$40.2	\$39.1	\$37.5	\$158.4	\$35.5
Benefit ratio	65.7%	65.8%	67.0%	70.9%	67.3%	66.3%
Underwriting margin (earned premium less policy benefits)	\$14.2	\$13.8	\$12.9	\$10.9	\$51.8	\$12.0
Supplemental health:						
Earned premium	\$98.0	\$99.1	\$100.6	\$103.1	\$400.8	\$104.7
Benefit ratio before interest income on reserves	82.3%	83.2%	81.3%	75.0%	80.4%	78.7%
Interest-adjusted benefit ratio	49.4%	52.0%	50.5%	45.0%	49.2%	49.1%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$49.6	\$47.6	\$49.7	\$56.8	\$203.7	\$53.3

CNO Financial Group, Inc.
Washington National

Average liabilities for insurance products (in millions) (continued)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Medicare supplement and other supplemental health	\$2,530.1	\$2,485.5	\$2,432.4	\$2,432.5	\$2,470.1	\$2,434.6
Non-interest sensitive life	206.8	206.5	207.8	205.7	206.7	205.2
Total average liabilities for insurance products, net of reinsurance ceded	\$2,736.9	\$2,692.0	\$2,640.2	\$2,638.2	\$2,676.8	\$2,639.8

Present value of future profits (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$455.1	\$447.8	\$440.7	\$433.8	\$455.1	\$426.9
Amortization related to operations	(7.5)	(6.9)	(6.9)	(6.9)	(28.2)	(6.4)
Balance, end of period	\$447.6	\$440.7	\$433.8	\$426.9	\$426.9	\$418.5

Deferred acquisition costs (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$185.4	\$190.2	\$196.4	\$206.7	\$185.4	\$212.3
Deferred acquisition expenses	12.1	12.4	17.8	13.3	55.6	12.2
Amortization related to operations	(7.3)	(6.2)	(7.5)	(7.7)	(28.7)	(7.7)
Balance, end of period	\$190.2	\$196.4	\$206.7	\$212.3	\$212.3	\$216.8

CNO Financial Group, Inc.
Colonial Penn

Analysis of income before taxes (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Insurance policy income	\$48.2	\$49.3	\$48.8	\$48.6	\$194.9	\$50.3
Net investment income on general account invested assets	9.7	9.7	9.9	10.0	39.3	10.3
Net realized investment gains	0.5	0.0	2.0	4.1	6.6	1.1
Fee revenue and other income	0.2	0.1	0.2	0.2	0.7	0.2
Total revenues	58.6	59.1	60.9	62.9	241.5	61.9
Insurance policy benefits	36.4	35.2	36.1	36.1	143.8	38.5
Amounts added to annuity and interest-sensitive life product account balances	0.3	0.2	0.3	0.2	1.0	0.2
Amortization related to operations	8.7	8.8	7.0	8.8	33.3	9.0
Other operating costs and expenses	7.4	7.3	7.7	7.9	30.3	7.7
Total benefits and expenses	52.8	51.5	51.1	53.0	208.4	55.4
Income before income taxes	\$5.8	\$7.6	\$9.8	\$9.9	\$33.1	\$6.5

Average liabilities for insurance products (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Annuities - mortality based	\$79.9	\$79.3	\$79.2	\$79.2	\$79.4	\$78.5
Supplemental health	18.3	17.7	17.5	17.1	17.6	16.6
Life:						
Interest sensitive	21.9	21.6	21.1	20.7	21.3	20.7
Non-interest sensitive	576.6	578.2	580.3	583.6	579.7	586.7
Total average liabilities for insurance products, net of reinsurance ceded	\$696.7	\$696.8	\$698.1	\$700.6	\$698.0	\$702.5

Present value of future profits (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$92.4	\$89.4	\$86.6	\$84.0	\$92.4	\$81.7
Amortization related to operations	(3.0)	(2.8)	(2.6)	(2.3)	(10.7)	(2.6)
Balance, end of period	\$89.4	\$86.6	\$84.0	\$81.7	\$81.7	\$79.1

Deferred acquisition costs (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$199.8	\$211.0	\$217.0	\$223.7	\$199.8	\$226.5
Deferred acquisition expenses	16.9	12.0	11.1	9.3	49.3	18.4
Amortization related to operations	(5.7)	(6.0)	(4.4)	(6.5)	(22.6)	(6.4)
Balance, end of period	\$211.0	\$217.0	\$223.7	\$226.5	\$226.5	\$238.5

CNO Financial Group, Inc.

Other CNO Business

Analysis of income (loss) before taxes (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Insurance policy income	\$74.8	\$73.2	\$75.7	\$74.2	\$297.9	\$71.5
Net investment income (loss):						
General account invested assets	87.8	88.5	88.0	87.8	352.1	88.2
Fixed index products	3.9	(6.5)	6.2	6.2	9.8	5.0
Trading account income related to policyholder accounts	0.9	(1.6)	2.3	1.1	2.7	1.5
Net realized investment gains (losses)	0.1	(5.0)	(13.0)	(9.7)	(27.6)	(1.0)
Total revenues	167.5	148.6	159.2	159.6	634.9	165.2
Insurance policy benefits	90.3	84.3	110.4	82.6	367.6	88.8
Amounts added to policyholder account balances:						
Annuity products and interest-sensitive life products other than fixed index products	32.4	31.4	32.4	31.4	127.6	31.6
Fixed index products	10.6	0.5	6.3	8.4	25.8	7.1
Amortization related to operations	12.2	3.6	20.7	15.1	51.6	9.1
Amortization related to net realized investment gains (losses)	(0.6)	1.0	(1.3)	2.2	1.3	(0.4)
Interest expense on investment borrowings	5.0	5.0	5.1	4.9	20.0	4.9
Other operating costs and expenses	18.8	20.0	21.7	20.9	81.4	17.6
Total benefits and expenses	168.7	145.8	195.3	165.5	675.3	158.7
Income (loss) before income taxes	(\$1.2)	\$2.8	(\$36.1)	(\$5.9)	(\$40.4)	\$6.5

Health underwriting margins (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Long-term care:						
Earned premium	\$7.7	\$7.5	\$7.5	\$7.2	\$29.9	\$7.3
Benefit ratio before interest income on reserves	187.2%	212.9%	201.7%	243.0%	210.8%	235.7%
Interest-adjusted benefit ratio	96.8%	128.0%	116.9%	155.1%	123.8%	148.0%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$0.2	\$(2.1)	\$(1.2)	\$(4.0)	\$(7.1)	\$(3.5)

CNO Financial Group, Inc.

Other CNO Business

Average liabilities for insurance products (in millions) (continued)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Annuities:						
Mortality based	\$212.0	\$210.9	\$209.8	\$209.2	\$210.5	\$207.8
Fixed index	743.6	728.1	705.5	678.0	713.8	652.1
Deposit based	620.0	659.6	705.0	698.8	670.9	692.0
Separate accounts	17.1	16.3	16.2	17.1	16.7	17.8
Other health	480.9	480.1	479.4	479.8	480.0	481.8
Life:						
Interest sensitive	2,607.2	2,593.7	2,581.0	2,560.1	2,585.5	2,527.4
Non-interest sensitive	844.9	839.9	831.2	820.5	834.1	805.6
Total average liabilities for insurance products, net of reinsurance ceded	\$5,525.7	\$5,528.6	\$5,528.1	\$5,463.5	\$5,511.5	\$5,384.5
Present value of future profits (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$58.9	\$57.1	\$54.7	\$44.8	\$58.9	\$32.8
Amortization related to operations	(1.3)	(1.6)	(9.7)	(7.1)	(19.7)	(2.4)
Amortization related to net realized investment (gains) losses	0.0	0.0	0.1	0.0	0.1	0.0
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	(0.5)	(0.8)	(0.3)	(4.9)	(6.5)	(0.6)
Balance, end of period	\$57.1	\$54.7	\$44.8	\$32.8	\$32.8	\$29.8
Deferred acquisition costs (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Balance, beginning of period	\$226.6	\$215.5	\$197.0	\$170.9	\$226.6	\$175.9
Deferred acquisition expenses	8.0	2.3	1.8	2.1	14.2	2.1
Other adjustments	0.0	(3.9)	(6.8)	0.0	(10.7)	0.0
Amortization related to operations	(10.9)	(2.0)	(11.0)	(8.0)	(31.9)	(8.7)
Amortization related to net realized investment (gains) losses	0.6	(1.0)	1.2	(2.2)	(1.4)	0.4
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	(8.8)	(13.9)	(11.3)	13.1	(20.9)	(7.1)
Balance, end of period	\$215.5	\$197.0	\$170.9	\$175.9	\$175.9	\$164.6

CNO Financial Group, Inc.

Bankers Life

Premiums collected on insurance products (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Annuities						
Fixed index (first-year)	\$104.0	\$146.9	\$146.3	\$180.5	\$577.7	\$148.2
Other fixed rate (first-year)	119.1	133.1	118.4	52.9	423.5	73.1
Other fixed rate (renewal)	1.1	1.1	1.1	1.0	4.3	0.9
Subtotal - other fixed rate annuities	120.2	134.2	119.5	53.9	427.8	74.0
Total annuities	224.2	281.1	265.8	234.4	1,005.5	222.2
Health						
Medicare supplement (first-year)	27.2	29.4	29.3	30.5	116.4	25.1
Medicare supplement (renewal)	149.4	139.4	140.8	151.8	581.4	153.7
Subtotal - Medicare supplement	176.6	168.8	170.1	182.3	697.8	178.8
Long-term care (first-year)	4.8	5.5	5.7	6.2	22.2	6.1
Long-term care (renewal)	144.7	141.1	139.3	137.3	562.4	138.8
Subtotal - long-term care	149.5	146.6	145.0	143.5	584.6	144.9
PDP and PFFS (first-year)	1.4	0.7	0.6	1.0	3.7	0.4
PDP and PFFS (renewal)	16.7	13.4	15.0	17.6	62.7	10.6
Subtotal - PDP and PFFS	18.1	14.1	15.6	18.6	66.4	11.0
Other health (first-year)	0.6	0.5	0.5	0.5	2.1	0.4
Other health (renewal)	2.3	2.4	2.2	2.3	9.2	2.5
Subtotal - other health	2.9	2.9	2.7	2.8	11.3	2.9
Total health	347.1	332.4	333.4	347.2	1,360.1	337.6
Life insurance						
First-year	20.2	24.8	25.8	26.9	97.7	24.7
Renewal	26.3	27.3	29.0	29.3	111.9	31.7
Total life insurance	46.5	52.1	54.8	56.2	209.6	56.4
Collections on insurance products						
Total first-year premium collections on insurance products	277.3	340.9	326.6	298.5	1,243.3	278.0
Total renewal premium collections on insurance products	340.5	324.7	327.4	339.3	1,331.9	338.2
Total collections on insurance products	\$617.8	\$665.6	\$654.0	\$637.8	\$2,575.2	\$616.2

CNO Financial Group, Inc.
Washington National

Premiums collected on insurance products (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Health						
Medicare supplement (first-year)	\$1.2	\$1.1	\$0.7	\$0.8	\$3.8	\$0.6
Medicare supplement (renewal)	39.5	37.6	37.2	36.7	151.0	34.7
Subtotal - Medicare supplement	40.7	38.7	37.9	37.5	154.8	35.3
Supplemental health (first-year)	12.5	13.1	13.0	13.4	52.0	13.2
Supplemental health (renewal)	87.1	87.1	88.5	90.8	353.5	93.3
Subtotal - supplemental health	99.6	100.2	101.5	104.2	405.5	106.5
Other health (all renewal)	1.1	1.0	1.3	1.2	4.6	1.0
Total health	141.4	139.9	140.7	142.9	564.9	142.8
Life insurance						
First-year	0.2	0.1	0.1	0.4	0.8	0.4
Renewal	4.2	3.7	3.7	3.8	15.4	3.9
Total life insurance	4.4	3.8	3.8	4.2	16.2	4.3
Collections on insurance products						
Total first-year premium collections on insurance products	13.9	14.3	13.8	14.6	56.6	14.2
Total renewal premium collections on insurance products	131.9	129.4	130.7	132.5	524.5	132.9
Total collections on insurance products	\$145.8	\$143.7	\$144.5	\$147.1	\$581.1	\$147.1

CNO Financial Group, Inc.
 Colonial Penn

Premiums collected on insurance products (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Life insurance						
First-year	\$7.9	\$8.1	\$8.1	\$8.2	\$32.3	\$8.7
Renewal	39.4	38.6	38.8	38.6	155.4	40.7
Total life insurance	47.3	46.7	46.9	46.8	187.7	49.4
Health (all renewal)						
Medicare supplement	1.5	1.6	1.4	1.5	6.0	1.3
Other health	0.1	0.1	0.1	0.1	0.4	0.2
Total health	1.6	1.7	1.5	1.6	6.4	1.5
Collections on insurance products						
Total first-year premium collections on insurance products	7.9	8.1	8.1	8.2	32.3	8.7
Total renewal premium collections on insurance products	41.0	40.3	40.3	40.2	161.8	42.2
Total collections on insurance products	\$48.9	\$48.4	\$48.4	\$48.4	\$194.1	\$50.9

CNO Financial Group, Inc.

Other CNO Business

Premiums collected on insurance products (in millions)

	1Q10	2Q10	3Q10	4Q10	2010	1Q11
Annuities						
Fixed index (first-year)	\$3.5	\$2.0	\$2.4	\$2.4	\$10.3	\$2.7
Fixed index (renewal)	1.2	1.5	0.9	1.0	4.6	0.9
Subtotal - fixed index annuities	4.7	3.5	3.3	3.4	14.9	3.6
Other fixed rate (first-year)	0.2	0.5	0.2	0.0	0.9	0.4
Other fixed rate (renewal)	0.2	0.2	0.1	0.1	0.6	0.2
Subtotal - other fixed rate annuities	0.4	0.7	0.3	0.1	1.5	0.6
Total annuities	5.1	4.2	3.6	3.5	16.4	4.2
Health						
Long-term care (all renewal)	7.7	7.5	7.1	6.9	29.2	7.4
Other health (all renewal)	0.7	0.7	0.5	0.6	2.5	0.6
Total health	8.4	8.2	7.6	7.5	31.7	8.0
Life insurance						
First-year	0.6	0.7	0.6	0.4	2.3	0.4
Renewal	49.6	46.2	47.2	46.3	189.3	46.0
Total life insurance	50.2	46.9	47.8	46.7	191.6	46.4
Collections on insurance products						
Total first-year premium collections on insurance products	4.3	3.2	3.2	2.8	13.5	3.5
Total renewal premium collections on insurance products	59.4	56.1	55.8	54.9	226.2	55.1
Total collections on insurance products	\$63.7	\$59.3	\$59.0	\$57.7	\$239.7	\$58.6

CNO Financial Group, Inc.						
Statutory information - consolidated basis (4) (in millions)	1Q10	2Q10	3Q10	4Q10	2010	1Q11(*)
Net gain from operations before interest expense and federal income taxes	\$55.6	\$66.0	\$97.3	\$109.1	\$328.0	\$114.0
Interest expense on surplus debentures held by parent company	12.0	12.2	12.2	12.3	48.7	12.0
Net gain from operations before federal income taxes	43.6	53.8	85.1	96.8	279.3	102.0
Federal income tax expense (benefit)	4.3	7.6	1.6	4.3	17.8	0.6
Net gain from operations before net realized capital gains (losses)	39.3	46.2	83.5	92.5	261.5	101.4
Net realized capital losses	(13.5)	(10.2)	(10.3)	(45.6)	(79.6)	(15.0)
Net income	\$25.8	\$36.0	\$73.2	\$46.9	\$181.9	\$66.4
Capital and surplus	\$1,418.5	\$1,434.7	\$1,443.1	\$1,525.1	\$1,525.1	\$1,567.4
Asset valuation reserve (AVR)	46.0	61.9	78.6	71.3	71.3	97.7
Capital, surplus and AVR	1,464.5	1,496.6	1,521.7	1,596.4	1,596.4	1,665.1
Interest maintenance reserve (IMR)	308.6	319.5	343.9	428.1	428.1	448.3
Total statutory capital, surplus, AVR & IMR	\$1,773.1	\$1,816.1	\$1,865.6	\$2,024.5	\$2,024.5	\$2,113.4

* Such amounts are preliminary as the statutory basis financial statements of our insurance subsidiaries for 1Q11 will be filed with the respective insurance regulators on or about May 13, 2011.

Notes

(1) Excludes accumulated other comprehensive income (loss).

(2) Shareholders' equity divided by common shares outstanding.

(3) Assumes conversion of all convertible securities.

(4) Based on statutory accounting practices prescribed or permitted by regulatory authorities for CNO Financial's insurance subsidiaries after appropriate elimination of intercompany accounts among such subsidiaries. Such accounting practices differ from GAAP.