

CNO FINANCIAL GROUP, INC.

FORM 8-K

(Current report filing)

Filed 02/23/11 for the Period Ending 02/22/11

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
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Symbol	CNO
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

**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): **February 22, 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 February 22, 2011, CNO Financial Group, Inc. (the "Company") issued: (i) a press release announcing its financial results for the quarter and year ended December 31, 2010, 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 December 31, 2010, 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 February 22, 2011 related to financial results for the quarter and year ended December 31, 2010.
- 99.2 Quarterly Financial Supplement – 4Q2010.

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: February 22, 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 fourth quarter 2010 net income of \$168.2 million, or 56 cents per share

Carmel, Ind. February 22, 2011 – CNO Financial Group, Inc. (NYSE: CNO) today announced results for the fourth quarter and the full year of 2010. “CNO’s fourth quarter results were strong, with net income increasing to \$168 million from \$18 million in the prior year, and net operating income increasing to \$52 million (or 18 cents per share), compared to \$32 million in the prior year,” CEO Jim Prieur said. “We also were pleased that our core businesses continued to perform well, and key measures of financial strength, including our risk-based capital ratio and our debt-to-total capital ratio, also improved. Of note during the quarter, we were able to release \$95 million of our tax valuation reserve, given our improved financial performance in recent years.”

During 2010, the improved controls we established in 2009 continued to operate effectively and, as a result, the previous material weakness no longer existed as of December 31, 2010.

Fourth Quarter 2010 Results

- \$98.2 million of income before net realized investment gains, corporate interest and taxes (“EBIT”) (1), up 38% compared to \$71.0 million in 4Q09
- Net operating income (2) of \$51.7 million, up 62% compared to \$32.0 million in 4Q09
- Net operating income per diluted share: 18 cents, compared to 15 cents in 4Q09
- Net income increased to \$168.2 million, compared to \$18.2 million in 4Q09 (4Q10 included \$116.5 million of net realized investment gains, decrease in valuation allowance for deferred tax assets and loss on extinguishment of debt; and 4Q09 included \$(13.8) million of net realized investment losses, increase in valuation allowance for deferred tax assets and loss on extinguishment of debt)
- Net income per diluted share of 56 cents, compared to 9 cents in 4Q09 (4Q10 included 38 cents of net realized investment gains, decrease in valuation allowance for deferred tax assets and loss on extinguishment of debt; and 4Q09 included (6) cents of net realized investment losses, increase in valuation allowance for deferred tax assets and loss on extinguishment or modification of debt)
- Net income reflects a \$95.0 million reduction to the valuation allowance for deferred taxes primarily resulting from the utilization of capital loss carryforwards in 2010 and consideration of our recent higher levels of operating income when projecting future taxable income
- Total new annualized premium (“NAP”) excluding Private-Fee-For-Service (“PFFS”) and Prescription Drug Plan (“PDP”) (3): \$97 million, down 18% from 4Q09

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Full Year 2010 Results

- \$360.9 million of income before net realized investment losses, corporate interest and taxes (“EBIT”) (1), up 7% compared to 2009
- Net operating income (2) of \$181.9 million, up 11% compared to 2009
- Net operating income per diluted share: 65 cents, compared to 86 cents in 2009 (1)
- Net income of \$284.6 million, up 232% compared to 2009 (2010 included \$102.7 million of net realized investment gains, decrease in valuation allowance for deferred tax assets and loss on extinguishment of debt; and 2009 included \$(78.9) million of net realized investment losses, increase in valuation allowance for deferred tax assets and loss on extinguishment or modification of debt)
- Net income per diluted share of 99 cents, compared to 45 cents in 2009 (2010 included 34 cents of net realized investment gains, decrease in valuation allowance for deferred tax assets and loss on extinguishment of debt; and 2009 included (41) cents of net realized investment losses, increase in valuation allowance for deferred tax assets and loss on extinguishment or modification of debt)
- NAP excluding PFFS and PDP (3): \$366 million, down 5% from 2009

Financial Strength at December 31, 2010

- The consolidated statutory risk-based capital ratio of our insurance subsidiaries increased 12 percentage points to 332% in 4Q10; the increase for the year was 23 percentage points
- Unrestricted cash held by our non-insurance subsidiaries decreased \$29 million to \$161 million during 4Q10 reflecting the repayment of debt
- Debt-to-total capital ratio, as defined in our senior secured credit facility (4), reduced to 19.99% from 21.63% at December 31, 2009
- Book value per common share, excluding accumulated other comprehensive income (loss) (4), increased to \$16.28 from \$15.14 at December 31, 2009
- Accumulated other comprehensive income decreased in 4Q10 by \$449.8 million, to \$238.3 million, reflecting the decrease in estimated fair value of our fixed maturity investments, primarily resulting from the increase in market interest rates

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Quarterly Segment Operating Results

	Three months ended	
	December 31,	
	2010	2009
	(\$ in millions, except per-share data)	
EBIT (1):		
Bankers Life	\$ 71.4	\$ 84.6
Washington National	28.7	23.0
Colonial Penn	5.8	5.9
Other CNO Business	6.0	(29.7)
Corporate Operations, excluding corporate interest expense	(13.7)	(12.8)
EBIT	98.2	71.0
Corporate interest expense	(20.0)	(23.1)
Income before net realized investment gains (losses) and taxes	78.2	47.9
Tax expense on operating income	26.5	15.9
Net operating income (2)	51.7	32.0
Loss on extinguishment or modification of debt, net of income taxes	(2.6)	(8.3)
Net realized investment gains (losses) (net of related amortization and taxes and the establishment of a valuation allowance for deferred tax assets related to such losses) (6)	24.1	(2.5)
Net income before valuation allowance for deferred tax assets	73.2	21.2
(Increase) decrease in the valuation allowance for deferred tax assets (excluding the establishment of a valuation allowance for realized investment losses)	95.0	(3.0)
Net income	\$ 168.2	\$ 18.2
Per diluted share:		
Net operating income	\$.18	\$.15
Loss on extinguishment or modification of debt, net of income taxes	(.01)	(.04)
Net realized investment gains (losses), net of related amortization and taxes	.08	(.01)
Valuation allowance for deferred tax assets	.31	(.01)
Net income	\$.56	\$.09

Segment Results

Bankers Life: Pre-tax operating earnings were \$71.4 million in 4Q10 down 16% compared to 4Q09.

- Results in 4Q10 were favorably impacted by \$18 million from improved spreads and growth in the annuity block.
- Results in 4Q10 were unfavorably impacted by:
 - an increase in insurance policy benefits of \$4 million due to unfavorable life mortality; and
 - an increase in amortization expense of \$3 million due to increased lapses of Medicare supplement policies.
- Results in 4Q09 were favorably impacted by:
 - earnings of \$11 million from agreements pursuant to which we assumed PFFS business, the last of which expired on January 1, 2010;
 - a reserve release of approximately \$10 million due to positive development of long-term care reserves and the impact of policyholder actions following rate increases; and
 - a \$6 million out-of-period correction which increased earnings.

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Washington National: Pre-tax operating earnings were \$28.7 million in 4Q10 up 25% compared to 4Q09, reflecting an increase in earnings of approximately \$6 million from our supplemental health products, due to growth in this block of business and favorable claim experience.

Colonial Penn: Pre-tax operating earnings in 4Q10 were comparable to 4Q09.

Other CNO Business: Pre-tax operating income was \$6.0 million in 4Q10 compared to a loss of \$29.7 million in 4Q09.

- Results in 4Q10 reflect favorable mortality in this segment's life blocks of business which increased earnings by \$6 million.
- Results in 4Q09 were unfavorably impacted by:
 - regulatory and legal settlements of \$14 million; and
 - amortization of insurance intangibles primarily related to an unprofitable universal life insurance block of business of \$15 million.

Corporate Operations (including our investment advisory subsidiary and corporate expenses): Results for 4Q10 reflect slightly higher expenses.

Corporate interest expense decreased primarily due to lower average debt outstanding in 4Q10 compared to 4Q09.

The results for 4Q10 include a \$2.6 million loss on extinguishment of debt, net of income taxes, related to the repayment of our previous senior credit agreement. The results for 4Q09 include an \$8.3 million loss on extinguishment of debt, net of income taxes, primarily related to the tender of \$176.5 million aggregate principal amount of our 3.5% convertible senior debentures.

The results for 4Q10 reflect a \$95.0 million reduction to the deferred tax valuation allowance primarily resulting from the utilization of capital loss carryforwards in 2010 and consideration of our recent higher levels of operating income when projecting future taxable income.

The results for 4Q09 reflect a net increase to the deferred tax valuation allowance of \$3.0 million consisting of an increase of \$18 million from the completion of a reinsurance transaction with Wilton Re, net of a \$15 million reduction based on the higher income earned in recent periods compared to amounts expected in our deferred tax valuation model.

Investment Results

Net realized investment gains in 4Q10 were \$24.1 million (net of related amortization and taxes), including total other-than-temporary impairment losses of \$77.0 million, of which \$77.1 million was recorded in earnings and \$(.1) million in accumulated other comprehensive income (loss). Net realized investment losses in 4Q09 were \$2.5 million (net of related amortization and taxes), including: (i) total other-than-temporary impairment losses of \$60.8 million, of which \$31.1 million was recorded in earnings and \$29.7 million in accumulated other comprehensive income (loss); and (ii) an \$8.9 million decrease to the deferred tax valuation allowance based on our year-end assessment of our ability to utilize such losses to reduce future taxable income.

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Sales Results

At Bankers Life (career distribution), total NAP (excluding PFFS and PDP) in 4Q10 was \$69 million, down 25% from 4Q09; driven by lower NAP from Medicare supplement policies compared to the prior year which included the conversion of a significant number of former PFFS policyholders to Bankers Life Medicare supplement policies.

At Washington National (independent distribution), total NAP in 4Q10 was \$19 million, up 3% from 4Q09. NAP in 4Q10 of Washington National's core supplemental health products (including specified disease, accident and hospital indemnity policies) was \$18 million, up 15% from 4Q09.

At Colonial Penn (direct distribution), total NAP in 4Q10 was \$9 million, up 13% from 4Q09.

Conference Call

The Company will host a conference call to discuss results on February 23, 2011 at 10:00 a.m. Eastern Standard 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.

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.

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- (1) Management believes that an analysis of earnings before net realized investment gains (losses), corporate interest expense, loss on extinguishment or modification 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 or modification 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 tables on pages 3 and 10.
 - (2) Management believes that an analysis of Net income applicable to common stock before: (i) loss on extinguishment or modification 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 tables on pages 3 and 10. 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.

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- (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. Effective January 1, 2010, we no longer assume any of the risks of PFFS business through reinsurance.
- (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 18.76% and 22.70% at December 31, 2010 and 2009, 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 \$17.23 and \$14.09 at December 31, 2010 and 2009, respectively.
- (6) The \$2.5 million net realized investment loss in the fourth quarter of 2009 reflects a release of the deferred tax valuation allowance of \$8.9 million as it is more likely than not that tax benefits related to investment losses previously recognized in 2009 will be utilized to offset future taxable income.

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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 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; (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 financial services affecting (among other things) bank sales and underwriting of insurance products, 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. 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)

	2010	2009
ASSETS		
Investments:		
Fixed maturities, available for sale, at fair value (amortized cost: 2010 - \$20,155.8; 2009 - \$18,998.0)	\$ 20,633.9	\$ 18,528.4
Equity securities at fair value (cost: 2010 - \$68.2; 2009 - \$30.7)	68.1	31.0
Mortgage loans	1,761.2	1,965.5
Policy loans	284.4	295.2
Trading securities	372.6	293.3
Investments held by securitization entities (1)	420.9	-
Securities lending collateral	-	180.0
Other invested assets	240.9	236.8
Total investments	23,782.0	21,530.2
Cash and cash equivalents - unrestricted	571.9	523.4
Cash and cash equivalents held by securitization entities (1)	26.8	3.4
Accrued investment income	327.8	309.0
Present value of future profits	1,008.6	1,175.9
Deferred acquisition costs	1,764.2	1,790.9
Reinsurance receivables	3,256.3	3,559.0
Income tax assets, net	839.4	1,124.0
Assets held in separate accounts	17.5	17.3
Other assets	305.1	310.7
Total assets	\$ 31,899.6	\$ 30,343.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Interest-sensitive products	\$ 13,194.7	\$ 13,219.2
Traditional products	10,307.6	10,063.5
Claims payable and other policyholder funds	968.7	994.0
Liabilities related to separate accounts	17.5	17.3
Other liabilities	496.3	610.4
Investment borrowings	1,204.1	683.9
Borrowings related to securitization entities (1)	386.9	-
Securities lending payable	-	185.7
Notes payable – direct corporate obligations	998.5	1,037.4
Total liabilities	27,574.3	26,811.4
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: 2010 – 251,084,174; 2009 – 250,786,216)	2.5	2.5
Additional paid-in capital	4,424.2	4,408.8
Accumulated other comprehensive income (loss)	238.3	(264.3)
Accumulated deficit	(339.7)	(614.6)
Total shareholders' equity	4,325.3	3,532.4
Total liabilities and shareholders' equity	\$ 31,899.6	\$ 30,343.8

(1) In the first quarter of 2010, the Company began reporting assets and liabilities related to securitization entities required to be consolidated under a new accounting standard effective January 1, 2010.

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

	Three months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Revenues:				
Insurance policy income	\$ 663.0	\$ 747.5	\$ 2,670.0	\$ 3,093.6
Net investment income:				
General account assets	332.2	307.3	1,295.0	1,230.9
Policyholder and reinsurer accounts and other special-purpose portfolios	27.3	14.5	71.9	61.8
Realized investment gains (losses):				
Net realized investment gains, excluding impairment losses	125.3	14.1	180.0	134.9
Other-than-temporary impairment losses:				
Total other-than-temporary impairment losses	(77.0)	(60.8)	(146.8)	(385.0)
Change in other-than-temporary impairment losses recognized in accumulated other comprehensive income (loss)	(.1)	29.7	(3.0)	189.6
Net impairment losses recognized	(77.1)	(31.1)	(149.8)	(195.4)
Total realized gains (losses)	48.2	(17.0)	30.2	(60.5)
Fee revenue and other income	5.1	5.4	16.8	15.6
Total revenues	1,075.8	1,057.7	4,083.9	4,341.4
Benefits and expenses:				
Insurance policy benefits	673.7	749.4	2,723.7	3,066.7
Interest expense	28.6	30.1	113.2	117.9
Amortization	126.0	96.8	443.8	432.7
Loss on extinguishment or modification of debt	4.1	12.7	6.8	22.2
Other operating costs and expenses	132.1	151.0	502.9	528.3
Total benefits and expenses	964.5	1,040.0	3,790.4	4,167.8
Income before income taxes	111.3	17.7	293.5	173.6
Income tax expense:				
Tax expense on period income	38.1	5.4	103.9	60.1
Valuation allowance for deferred tax assets	(95.0)	(5.9)	(95.0)	27.8
Net income	\$ 168.2	\$ 18.2	\$ 284.6	\$ 85.7
Earnings per common share:				
Basic:				
Weighted average shares outstanding	251,064,000	199,001,000	250,973,000	188,365,000
Net income	\$.67	\$.09	\$ 1.13	\$.45
Diluted:				
Weighted average shares outstanding	306,662,000	217,528,000	301,858,000	193,340,000
Net income	\$.56	\$.09	\$.99	\$.45

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Operating Results
(Dollars in millions, except per-share data)

	Year ended December 31,	
	2010	2009
EBIT (1):		
Bankers Life	\$ 284.1	\$ 278.0
Washington National	104.6	110.9
Colonial Penn	26.5	29.4
Other CNO Business	(11.5)	(43.6)
Corporate Operations, excluding corporate interest expense	(42.8)	(37.7)
EBIT	360.9	337.0
Corporate interest expense	(79.3)	(84.7)
Income before loss on extinguishment or modification of debt, net realized investment gains (losses) and taxes	281.6	252.3
Tax expense on operating income	99.7	87.7
Net operating income (2)	181.9	164.6
Loss on extinguishment or modification of debt, net of income taxes	(4.4)	(14.4)
Net realized investment gains (losses) (net of related amortization and taxes and the establishment of a valuation allowance for deferred tax assets related to such losses)	12.1	(41.5)
Net income before valuation allowance for deferred tax assets	189.6	108.7
(Increase) decrease in the valuation allowance for deferred tax assets (excluding the establishment of a valuation allowance for realized investment losses)	95.0	(23.0)
Net income	\$ 284.6	\$ 85.7
Per diluted share:		
Net operating income	\$.65	\$.86
Loss on extinguishment or modification of debt, net of income taxes	(.01)	(.08)
Net realized investment gains (losses), net of related amortization and taxes	.04	(.21)
Valuation allowance for deferred tax assets	.31	(.12)
Net income	\$.99	\$.45

(1) and (2) Refer to the notes on page 5.

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

	Three months ended December 31,	
	2010	2009
Bankers Life segment :		
Annuity	\$ 234.4	\$ 198.2
Medicare supplement and other supplemental health	347.2	425.2
Life	56.2	61.4
Total collected premiums	<u>\$ 637.8</u>	<u>\$ 684.8</u>
Washington National segment :		
Medicare supplement and other supplemental health	\$ 142.9	\$ 144.0
Life	4.2	4.3
Total collected premiums	<u>\$ 147.1</u>	<u>\$ 148.3</u>
Colonial Penn segment:		
Life	\$ 46.8	\$ 48.9
Supplemental health	1.6	1.7
Total collected premiums	<u>\$ 48.4</u>	<u>\$ 50.6</u>
Other CNO Business segment :		
Annuity	\$ 3.5	\$ 11.4
Other health	7.5	8.0
Life	46.7	48.9
Total collected premiums	<u>\$ 57.7</u>	<u>\$ 68.3</u>

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

	Three months ended December 31,	
	2010	2009
Bankers Life segment :		
Medicare Supplement:		
Earned premium	\$177 million	\$166 million
Benefit ratio ^(a)	70.7%	71.7%
PDP and PFFS:		
Earned premium	\$11 million	\$95 million
Benefit ratio ^(a)	43.2%	80.9%
Long-Term Care:		
Earned premium	\$145 million	\$152 million
Benefit ratio ^(a)	113.3%	104.3%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	71.5%	66.4%
Washington National segment :		
Medicare Supplement:		
Earned premium	\$38 million	\$44 million
Benefit ratio ^(a)	70.9%	66.3%
Supplemental health:		
Earned premium	\$103 million	\$98 million
Benefit ratio ^(a)	75.0%	82.0%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	45.0%	49.1%
Other CNO Business segment :		
Long-Term Care:		
Earned premium	\$7 million	\$8 million
Benefit ratio ^(a)	243.0%	199.4%
Interest-adjusted benefit ratio (a non-GAAP measure) ^(b)	155.1%	122.1%

(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 - 4Q2010

February 22, 2011

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CNO Financial Group, Inc.
Consolidated balance sheet (in millions)

	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Assets								
Investments:								
Fixed maturities, available for sale, at fair value	\$15,396.8	\$16,876.2	\$18,568.0	\$18,528.4	\$18,813.8	\$19,935.7	\$21,007.5	\$20,633.9
Equity securities at fair value	32.5	32.3	30.7	31.0	31.1	31.0	41.1	68.1
Mortgage loans	2,140.5	2,094.1	2,030.8	1,965.5	1,936.6	1,948.1	1,825.6	1,761.2
Policy loans	361.3	361.9	299.2	295.2	294.0	292.9	290.9	284.4
Trading securities	280.3	258.9	275.8	293.3	332.0	360.7	389.7	372.6
Investments held by variable interest entities*	0.0	0.0	0.0	0.0	511.7	478.4	454.8	420.9
Securities lending collateral	243.9	259.9	207.0	180.0	147.4	77.6	0.0	0.0
Other invested assets	101.6	131.6	192.4	236.8	236.3	167.2	189.5	240.9
Total investments	18,556.9	20,014.9	21,603.9	21,530.2	22,302.9	23,291.6	24,199.1	23,762.0
Cash and cash equivalents - unrestricted	769.6	881.3	532.3	523.4	321.1	323.7	548.6	571.9
Cash and cash equivalents held by variable interest entities*	4.5	3.7	12.0	3.4	24.3	13.5	18.3	26.8
Accrued investment income	312.5	302.9	317.4	309.0	334.0	323.1	345.3	327.8
Present value of future profits	1,425.5	1,335.1	1,220.5	1,175.9	1,133.2	1,077.3	1,028.3	1,008.6
Deferred acquisition costs	1,874.5	1,874.9	1,779.1	1,790.9	1,788.0	1,700.0	1,612.7	1,764.2
Reinsurance receivables	3,155.3	3,049.8	3,444.8	3,559.0	3,444.1	3,357.2	3,315.7	3,256.3
Income tax assets, net	2,068.6	1,607.3	1,057.4	1,124.0	1,021.9	789.0	536.7	839.4
Assets held in separate accounts	17.0	18.5	19.5	17.3	17.0	15.6	16.7	17.5
Other assets	322.9	345.1	282.1	310.7	398.4	349.8	352.0	305.1
Total assets	\$28,507.3	\$29,433.5	\$30,269.0	\$30,343.8	\$30,784.9	\$31,220.8	\$31,973.6	\$31,899.6
Liabilities								
Liabilities for insurance products:								
Interest-sensitive products	\$13,215.3	\$13,124.1	\$13,208.7	\$13,219.2	\$13,217.7	\$13,177.8	\$13,217.6	\$13,194.7
Traditional products	9,864.3	9,913.4	10,006.8	10,063.5	10,137.6	10,199.7	10,253.0	10,307.6
Claims payable and other policyholder funds	987.8	972.4	945.8	994.0	969.4	946.0	939.4	958.7
Liabilities related to separate accounts	17.0	18.5	19.5	17.3	17.0	15.6	16.7	17.5
Other liabilities	506.5	715.9	565.0	610.4	583.8	683.6	833.9	496.3
Investment borrowings	758.3	747.6	714.9	683.9	454.5	454.2	653.9	1,204.1
Borrowings related to variable interest entities*	0.0	0.0	0.0	0.0	495.4	449.7	425.0	386.9
Securities lending payable	256.4	267.3	212.7	185.7	152.4	82.0	0.0	0.0
Notes payable - direct corporate obligations	1,310.5	1,259.3	1,261.9	1,037.4	1,037.2	1,029.4	1,029.8	998.5
Total liabilities	26,916.1	27,018.5	26,935.3	26,811.4	27,064.8	27,036.0	27,369.3	27,574.3
Shareholders' equity								
Common stock	1.9	1.9	1.9	2.5	2.5	2.5	2.5	2.5
Additional paid-in capital	4,105.6	4,108.2	4,110.6	4,408.8	4,411.0	4,418.8	4,421.6	4,424.2
Accumulated deficit	(675.8)	(648.2)	(632.8)	(614.6)	(590.4)	(557.3)	(507.9)	(339.7)
Total shareholders' equity before accumulated other comprehensive income (loss)	3,431.7	3,461.9	3,479.7	3,796.7	3,823.1	3,864.0	3,916.2	4,087.0
Accumulated other comprehensive income (loss)	(1,840.5)	(1,046.9)	(146.0)	(264.3)	(103.0)	318.8	688.1	238.3
Total shareholders' equity	1,591.2	2,415.0	3,333.7	3,532.4	3,720.1	4,182.8	4,604.3	4,325.3
Total liabilities and shareholders' equity	\$28,507.3	\$29,433.5	\$30,269.0	\$30,343.8	\$30,784.9	\$31,220.8	\$31,973.6	\$31,899.6
	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Book value per share at period-end (1) (2)	\$18.57	\$18.72	\$18.82	\$15.14	\$15.24	\$15.39	\$15.60	\$16.28
Book value per share assuming conversion of convertible securities (1) (3)	\$18.57	\$18.68	\$18.72	\$13.96	\$13.68	\$13.52	\$13.70	\$14.23

* Effective January 1, 2010, the Company began reporting assets and liabilities related to variable interest entities required to be consolidated under a new accounting standard.

CNO Financial Group, Inc.

Consolidated statement of operations (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Revenues										
Insurance policy income	\$782.8	\$791.3	\$772.0	\$747.5	\$3,093.6	\$664.6	\$667.9	\$674.5	\$663.0	\$2,670.0
Net investment income (loss):										
General account assets	308.8	308.5	306.3	307.3	1,230.9	315.2	321.1	326.5	332.2	1,295.0
Policyholder and reinsurer accounts and other special-purpose portfolios	(18.2)	9.0	56.5	14.5	61.8	24.0	(22.7)	43.3	27.3	71.9
Realized investment gains (losses):										
Net realized investment gains, excluding impairment losses	85.1	20.3	15.4	14.1	134.9	15.4	11.2	28.1	125.3	180.0
Other-than-temporary impairment losses:										
Total other-than-temporary impairment losses	(108.1)	(53.7)	(162.4)	(60.8)	(385.0)	(17.7)	(29.3)	(22.8)	(77.0)	(146.8)
Change in other-than-temporary impairment losses recognized in accumulated other comprehensive income (loss)	16.1	17.1	126.7	29.7	189.6	(2.6)	1.4	(1.7)	(0.1)	(3.0)
Net impairment losses recognized	(92.0)	(36.6)	(35.7)	(31.1)	(195.4)	(20.3)	(27.9)	(24.5)	(77.1)	(149.8)
Total realized gains (losses)	(6.9)	(16.3)	(20.3)	(17.0)	(60.5)	(4.9)	(16.7)	3.6	48.2	30.2
Fee revenue and other income	3.0	3.1	4.1	5.4	15.6	3.5	3.6	4.6	5.1	16.8
Total revenues	1,069.5	1,095.6	1,118.6	1,057.7	4,341.4	1,002.4	953.2	1,052.5	1,075.8	4,083.9
Benefits and expenses										
Insurance policy benefits	753.5	781.1	782.7	749.4	3,066.7	699.0	651.0	700.0	673.7	2,723.7
Interest expense	23.2	32.7	31.9	30.1	117.9	27.5	28.7	28.4	28.6	113.2
Amortization	120.8	101.8	113.3	96.8	432.7	102.6	96.6	118.6	126.0	443.8
Loss on extinguishment or modification of debt	9.5	0.0	0.0	12.7	22.2	1.8	0.9	0.0	4.1	6.8
Other operating costs and expenses	120.3	130.4	126.6	151.0	528.3	118.4	124.2	128.2	132.1	502.9
Total benefits and expenses	1,027.3	1,046.0	1,054.5	1,040.0	4,167.8	949.3	901.4	975.2	964.5	3,790.4
Income before income taxes	42.2	49.6	64.1	17.7	173.6	53.1	51.8	77.3	111.3	293.5
Income tax expense on period income	15.3	17.4	22.0	5.4	60.1	19.2	18.7	27.9	38.1	103.9
Valuation allowance for deferred tax assets	2.4	4.6	26.7	(5.9)	27.8	0.0	0.0	0.0	(95.0)	(95.0)
Net income	\$24.5	\$27.6	\$15.4	\$18.2	\$85.7	\$33.9	\$33.1	\$49.4	\$168.2	\$284.6

CNO Financial Group, Inc.

Earnings per share analysis (\$ in millions, except per share amounts)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Income (loss) before net realized investment losses, net of related amortization and income taxes:										
Bankers Life	\$44.7	\$63.3	\$85.4	\$84.6	\$278.0	\$53.2	\$64.0	\$95.5	\$71.4	\$284.1
Washington National	33.6	25.2	29.1	23.0	110.9	27.6	21.1	27.2	28.7	104.6
Colonial Penn	5.1	11.0	7.4	5.9	29.4	5.3	7.6	7.8	5.8	26.5
Other CNO Business	(2.4)	(4.0)	(7.5)	(29.7)	(43.6)	(1.9)	8.8	(24.4)	6.0	(11.5)
Corporate operations:										
Interest expense on debt	(13.7)	(23.9)	(24.0)	(23.1)	(84.7)	(19.5)	(19.8)	(20.0)	(20.0)	(79.3)
Loss on extinguishment or modification of debt	(9.5)	0.0	0.0	(12.7)	(22.2)	(1.8)	(0.9)	0.0	(4.1)	(6.8)
Other corporate expenses, net	(8.7)	(8.8)	(7.4)	(12.8)	(37.7)	(5.0)	(11.8)	(12.3)	(13.7)	(42.8)
Net realized investment gains (losses), net of related amortization	(6.9)	(13.2)	(18.9)	(17.5)	(56.5)	(4.8)	(17.2)	3.5	37.2	18.7
Income before taxes	42.2	49.6	64.1	17.7	173.6	53.1	51.8	77.3	111.3	293.5
Taxes	15.3	17.4	22.0	5.4	60.1	19.2	18.7	27.9	38.1	103.9
Valuation allowance for deferred tax assets	2.4	4.6	26.7	(5.9)	27.8	0.0	0.0	0.0	(95.0)	(95.0)
Net income	\$24.5	\$27.6	\$15.4	\$18.2	\$65.7	\$33.9	\$33.1	\$49.4	\$168.2	\$284.6
Diluted earnings per share	\$0.13	\$0.15	\$0.08	\$0.09	\$0.45	\$0.13	\$0.12	\$0.17	\$0.56	\$0.99
Net realized investment gains (losses), net of related amortization and taxes, per share	(\$0.04)	(\$0.07)	(\$0.10)	(\$0.01)	(\$0.21)	(\$0.01)	(\$0.04)	\$0.01	\$0.08	\$0.04
Valuation allowance for deferred tax assets	\$0.00	\$0.00	(\$0.11)	(\$0.01)	(\$0.12)	\$0.00	\$0.00	\$0.00	\$0.31	\$0.31
Loss on extinguishment or modification of debt	(\$0.03)	\$0.00	\$0.00	(\$0.04)	(\$0.08)	\$0.00	\$0.00	\$0.00	(\$0.01)	(\$0.01)
Diluted earnings per share, excluding net realized investment gains (losses), valuation allowance for deferred tax assets and loss on extinguishment or modification of debt	\$0.20	\$0.22	\$0.29	\$0.15	\$0.86	\$0.14	\$0.16	\$0.16	\$0.18	\$0.65

CNO Financial Group, Inc.

Computation of weighted average shares outstanding (000s)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Basic										
Shares outstanding, beginning of period	184,753.8	184,758.8	184,886.2	184,886.2	184,753.8	250,786.2	250,929.8	251,044.7	251,046.4	250,786.2
Weighted average shares issued during the period:										
Shares issued under equity offerings	0.0	0.0	0.0	14,115.2	3,528.8	0.0	0.0	0.0	0.0	0.0
Shares issued under stock option and restricted stock plans	0.3	60.8	0.0	0.0	82.7	2.3	67.8	0.1	18.2	240.0
Shares withheld for the payment of the exercise price of stock options and taxes	0.0	0.0	0.0	0.0	0.0	(0.7)	(3.4)	0.0	(0.5)	(53.5)
Weighted average basic shares outstanding during the period	184,754.1	184,819.6	184,886.2	199,001.4	188,365.3	250,787.8	250,994.2	251,044.8	251,064.1	250,972.7
Basic shares outstanding, end of period	184,758.8	184,886.2	184,886.2	250,786.2	250,786.2	250,929.8	251,044.7	251,046.4	251,084.2	251,084.2
Diluted										
Weighted average basic shares outstanding	184,754.1	184,819.6	184,886.2	199,001.4	188,365.3	250,787.8	250,994.2	251,044.8	251,064.1	250,972.7
Common stock equivalent shares related to:										
Convertible debentures	0.0	0.0	0.0	17,122.1	4,280.5	39,532.4	49,793.3	53,363.6	53,366.9	49,014.1
Stock option and restricted stock plans	2.1	409.3	959.6	1,404.7	693.9	1,760.3	1,860.6	1,531.2	2,231.1	1,870.8
Weighted average diluted shares outstanding during the period	184,756.2	185,228.9	185,845.8	217,528.2	193,339.7	292,080.5	302,648.1	306,039.6	306,662.1	301,857.6
Diluted shares outstanding, end of period	184,760.9	185,295.5	185,845.8	284,338.0	284,338.0	296,498.0	306,268.9	306,044.5	306,682.1	306,682.1

CNO Financial Group, Inc.

Bankers Life

Analysis of income before taxes (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2009
Insurance policy income	\$491.5	\$497.6	\$493.1	\$477.0	\$1,959.2	\$396.2	\$400.7	\$405.1	\$394.2	\$1,596.2
Net investment income (loss):										
General account invested assets	155.4	160.2	162.2	165.8	643.6	172.2	177.0	182.4	187.7	719.3
Fixed index products	(13.5)	(2.5)	33.6	6.9	24.5	12.1	(15.3)	21.9	13.9	32.6
Other special-purpose portfolios	0.3	5.9	3.8	0.0	10.0	1.6	(1.2)	4.2	2.4	7.0
Net realized investment gains (losses)	(1.9)	(14.9)	(17.9)	3.3	(31.4)	(3.0)	(10.3)	18.3	57.1	62.1
Fee revenue and other income	1.4	1.6	2.4	4.8	10.2	2.3	2.7	3.6	4.2	12.8
Total revenues	633.2	647.9	677.2	657.8	2,616.1	581.4	553.6	635.5	659.5	2,430.0
Insurance policy benefits	429.6	422.9	412.1	402.9	1,667.5	350.6	344.2	341.8	339.9	1,376.5
Amounts added to policyholder account balances:										
Annuity products and interest-sensitive life products other than fixed index products	45.9	48.2	46.8	42.2	183.1	43.8	44.1	43.3	44.1	175.3
Fixed index products	(8.3)	16.0	29.1	17.6	54.4	22.1	(5.6)	17.0	22.0	55.5
Amortization related to operations	75.6	63.1	74.5	54.7	267.9	67.0	70.6	76.4	76.5	290.5
Amortization related to net realized investment gains (losses)	0.5	(1.6)	(1.3)	2.6	0.2	0.5	(0.5)	1.4	8.8	10.2
Interest expense on investment borrowings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Other operating costs and expenses	47.6	49.3	47.2	52.5	196.6	47.7	46.6	43.2	47.5	185.0
Total benefits and expenses	590.9	597.9	608.4	572.5	2,369.7	531.7	499.4	523.1	539.8	2,094.0
Income before income taxes	\$42.3	\$50.0	\$68.8	\$85.3	\$246.4	\$49.7	\$54.2	\$112.4	\$119.7	\$336.0

Health underwriting margins (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Medicare supplement:										
Earned premium	\$155.3	\$155.6	\$165.7	\$166.4	\$663.0	\$178.8	\$178.5	\$178.2	\$177.4	\$712.9
Benefit ratio	70.2%	68.6%	72.4%	71.7%	70.7%	72.8%	70.7%	69.5%	70.7%	70.9%
Underwriting margin (earned premium less policy benefits)	\$49.3	\$52.0	\$45.8	\$47.1	\$194.2	\$48.6	\$52.3	\$54.4	\$52.0	\$207.3
PDP:										
Earned premium	\$24.7	\$21.5	\$16.2	\$16.2	\$78.6	\$18.0	\$19.7	\$19.3	\$10.8	\$67.8
Benefit ratio	95.5%	97.1%	68.0%	68.4%	84.7%	88.7%	89.8%	64.4%	60.7%	77.7%
Underwriting margin (earned premium less policy benefits)	\$1.1	\$0.6	\$5.2	\$5.1	\$12.0	\$2.0	\$2.0	\$6.9	\$4.2	\$15.1
PFFS:										
Earned premium	\$97.9	\$97.4	\$91.9	\$78.5	\$365.7	\$(0.1)	\$(0.3)	\$(0.4)	\$0.2	\$(0.6)
Benefit ratio	94.1%	93.7%	75.3%	83.5%	87.0%	N/A	N/A	N/A	N/A	N/A
Underwriting margin (earned premium less policy benefits)	\$5.8	\$6.1	\$22.7	\$12.9	\$47.5	\$5.0	\$4.0	\$6.5	\$2.0	\$17.5
Long-term care:										
Earned premium	\$150.7	\$152.0	\$149.9	\$151.8	\$604.4	\$149.1	\$144.6	\$146.8	\$145.4	\$585.9
Benefit ratio before interest income on reserves	105.1%	103.2%	108.3%	104.3%	105.2%	114.4%	113.0%	114.2%	113.3%	113.7%
Interest-adjusted benefit ratio	68.6%	66.4%	70.4%	66.4%	67.9%	75.2%	71.9%	73.2%	71.5%	73.0%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$47.3	\$51.0	\$44.5	\$50.9	\$193.7	\$36.9	\$40.6	\$39.4	\$41.5	\$158.4

CNO Financial Group, Inc.

Bankers Life

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

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Annuitants:										
Mortality based	\$252.9	\$250.7	\$249.3	\$250.5	\$250.9	\$251.8	\$250.7	\$249.4	\$248.5	\$250.1
Fixed index	1,426.4	1,464.4	1,529.5	1,605.2	1,506.3	1,685.0	1,769.7	1,871.3	2,008.3	1,833.6
Deposit based	4,678.2	4,754.7	4,834.1	4,892.5	4,789.9	4,905.3	4,905.5	4,905.2	4,882.8	4,899.7
Medicare supplement and other supplemental health	4,050.4	4,090.0	4,143.3	4,204.9	4,122.1	4,275.6	4,337.4	4,376.8	4,431.4	4,355.3
Life:										
Interest sensitive	397.6	399.4	403.6	405.8	401.6	407.8	412.2	414.0	417.6	412.9
Non-interest sensitive	396.5	415.0	432.6	384.5	407.2	331.4	346.9	363.4	379.5	355.3
Total average liabilities for insurance products, net of reinsurance ceded	\$11,202.0	\$11,374.2	\$11,592.4	\$11,743.4	\$11,478.0	\$11,856.9	\$12,022.4	\$12,180.1	\$12,368.1	\$12,106.9

Present value of future profits (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$761.7	\$727.6	\$656.5	\$587.4	\$761.7	\$569.5	\$539.1	\$495.3	\$465.7	\$569.5
Amortization related to operations	(31.8)	(26.7)	(19.8)	(18.3)	(96.6)	(22.5)	(21.5)	(19.1)	(16.9)	(80.0)
Amortization related to net realized investment (gains) losses	(0.1)	0.1	0.1	(0.1)	0.0	0.0	0.0	(0.1)	(0.4)	(0.5)
Effect of reinsurance transaction	0.0	0.0	0.0	(8.8)	(8.8)	0.0	0.0	0.0	0.0	0.0
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	(2.2)	(44.5)	(49.4)	9.3	(86.8)	(7.9)	(22.3)	(10.4)	18.8	(21.8)
Balance, end of period	\$727.6	\$656.5	\$587.4	\$569.5	\$569.5	\$539.1	\$495.3	\$465.7	\$467.2	\$467.2

Deferred acquisition costs (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$1,216.2	\$1,259.8	\$1,257.6	\$1,183.6	\$1,216.2	\$1,179.1	\$1,171.3	\$1,089.6	\$1,011.4	\$1,179.1
Deferred acquisition expenses	76.7	72.4	73.6	70.4	293.1	72.0	78.5	77.5	77.7	305.7
Amortization related to operations	(43.8)	(36.4)	(54.7)	(36.4)	(171.3)	(44.5)	(49.1)	(57.3)	(59.6)	(210.5)
Amortization related to net realized investment (gains) losses	(0.4)	1.5	1.2	(2.5)	(0.2)	(0.5)	0.5	(1.3)	(8.4)	(9.7)
Effect of reinsurance transaction	0.0	0.0	0.0	(77.5)	(77.5)	0.0	0.0	0.0	0.0	0.0
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	11.1	(39.7)	(94.1)	41.5	(81.2)	(34.8)	(111.6)	(97.1)	128.4	(115.1)
Balance, end of period	\$1,259.8	\$1,257.6	\$1,183.6	\$1,179.1	\$1,179.1	\$1,171.3	\$1,089.6	\$1,011.4	\$1,149.5	\$1,149.5

CNO Financial Group, Inc.

Washington National

Analysis of Income before taxes (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Insurance policy income	\$151.0	\$150.3	\$149.7	\$146.9	\$597.9	\$145.4	\$144.7	\$144.9	\$146.0	\$581.0
Net investment income (loss):										
General account invested assets	49.0	48.8	47.8	45.6	191.2	45.5	45.8	46.2	46.7	184.2
Trading account income related to reinsurer accounts	(1.7)	2.8	3.7	(0.6)	4.2	0.8	1.1	1.6	(1.0)	2.5
Change in value of embedded derivatives related to modified coinsurance agreements	0.2	(2.7)	(3.5)	(0.5)	(6.5)	(0.9)	(1.0)	(1.4)	2.0	(1.3)
Net realized investment gains (losses)	0.5	(0.6)	1.6	(4.1)	(2.6)	(1.2)	0.0	(2.3)	(3.9)	(7.4)
Fee revenue and other income	0.7	0.4	0.5	(0.1)	1.5	0.3	0.2	0.3	0.3	1.1
Total revenues	199.7	199.0	199.8	187.2	785.7	189.9	190.8	189.3	190.1	760.1
Insurance policy benefits	114.4	120.9	115.6	116.1	467.0	112.5	116.7	112.4	109.0	450.6
Amortization related to operations	15.9	13.3	12.9	11.8	53.9	14.8	13.1	14.4	14.6	56.9
Other operating costs and expenses	35.3	40.2	40.6	40.4	156.5	36.2	39.9	37.6	41.7	155.4
Total benefits and expenses	165.6	174.4	169.1	168.3	677.4	163.5	169.7	164.4	165.3	662.9
Income before income taxes	\$34.1	\$24.6	\$30.7	\$18.9	\$108.3	\$26.4	\$21.1	\$24.9	\$24.8	\$97.2

Health underwriting margins (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Medicare supplement:										
Earned premium	\$47.3	\$45.9	\$44.8	\$43.6	\$181.6	\$41.6	\$40.2	\$39.1	\$37.5	\$158.4
Benefit ratio	67.3%	71.2%	68.2%	66.3%	68.3%	65.7%	65.8%	67.0%	70.9%	67.3%
Underwriting margin (earned premium less policy benefits)	\$15.4	\$13.2	\$14.3	\$14.7	\$57.6	\$14.2	\$13.8	\$12.9	\$10.9	\$51.8
Supplemental health:										
Earned premium	\$93.8	\$94.7	\$95.2	\$97.9	\$381.6	\$98.0	\$99.1	\$100.6	\$103.1	\$400.8
Benefit ratio before interest income on reserves	76.0%	83.3%	76.6%	82.0%	79.5%	82.3%	83.2%	81.3%	75.0%	80.4%
Interest-adjusted benefit ratio	42.2%	49.7%	42.9%	49.1%	46.0%	49.4%	52.0%	50.5%	45.0%	49.2%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$54.2	\$47.7	\$54.3	\$49.7	\$205.9	\$49.6	\$47.6	\$49.7	\$56.8	\$203.7

CNO Financial Group, Inc.

Washington National

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

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Medicare supplement and other supplemental health	\$2,505.0	\$2,515.5	\$2,525.9	\$2,526.5	\$2,518.2	\$2,530.1	\$2,485.5	\$2,432.4	\$2,432.5	\$2,470.1
Non-interest sensitive life	481.5	476.2	340.3	208.6	376.7	206.8	206.5	207.8	205.7	206.7
Total average liabilities for insurance products, net of reinsurance ceded	\$2,986.5	\$2,991.7	\$2,866.2	\$2,735.1	\$2,894.9	\$2,736.9	\$2,692.0	\$2,640.2	\$2,638.2	\$2,676.8

Present value of future profits (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$491.8	\$482.2	\$474.5	\$461.7	\$491.8	\$455.1	\$447.6	\$440.7	\$433.8	\$455.1
Amortization related to operations	(9.6)	(7.7)	(7.4)	(6.6)	(31.3)	(7.5)	(6.9)	(6.9)	(6.9)	(28.2)
Effect of reinsurance transaction	0.0	0.0	(5.4)	0.0	(5.4)	0.0	0.0	0.0	0.0	0.0
Balance, end of period	\$482.2	\$474.5	\$461.7	\$455.1	\$455.1	\$447.6	\$440.7	\$433.8	\$426.9	\$426.9

Deferred acquisition costs (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$159.7	\$165.0	\$171.4	\$177.8	\$159.7	\$185.4	\$190.2	\$196.4	\$206.7	\$185.4
Deferred acquisition expenses	11.6	12.0	13.4	12.8	49.8	12.1	12.4	17.8	13.3	55.6
Amortization related to operations	(6.3)	(5.6)	(5.5)	(5.2)	(22.6)	(7.3)	(6.2)	(7.5)	(7.7)	(28.7)
Effect of reinsurance transaction	0.0	0.0	(1.5)	0.0	(1.5)	0.0	0.0	0.0	0.0	0.0
Balance, end of period	\$165.0	\$171.4	\$177.8	\$185.4	\$185.4	\$190.2	\$196.4	\$206.7	\$212.3	\$212.3

CNO Financial Group, Inc.
Colonial Penn

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Analysis of income before taxes (in millions)										
Insurance policy income	\$47.1	\$52.7	\$48.4	\$47.9	\$196.1	\$48.2	\$49.3	\$48.8	\$48.6	\$194.9
Net investment income on general account invested assets	9.8	9.8	9.5	9.6	38.7	9.7	9.7	9.9	10.0	39.3
Net realized investment gains	0.1	1.1	1.5	1.8	4.5	0.5	0.0	2.0	4.1	6.6
Fee revenue and other income	0.2	0.2	0.2	0.3	0.9	0.2	0.1	0.2	0.2	0.7
Total revenues	57.2	63.8	59.6	59.6	240.2	58.6	59.1	60.9	62.9	241.5
Insurance policy benefits	36.1	36.0	34.7	35.1	141.9	36.4	35.2	36.1	36.1	143.8
Amounts added to annuity and interest-sensitive life product account balances	0.3	0.2	0.3	0.3	1.1	0.3	0.2	0.3	0.2	1.0
Amortization related to operations	8.4	8.0	8.4	8.5	33.3	8.7	8.8	7.0	8.8	33.3
Other operating costs and expenses	7.2	7.5	7.3	8.0	30.0	7.4	7.3	7.7	7.9	30.3
Total benefits and expenses	52.0	51.7	50.7	51.9	206.3	52.8	51.5	51.1	53.0	208.4
Income before income taxes	\$5.2	\$12.1	\$8.9	\$7.7	\$33.9	\$5.8	\$7.6	\$9.8	\$9.9	\$33.1
Average liabilities for insurance products (in millions)										
Annuities - mortality based	\$83.4	\$82.1	\$81.0	\$80.4	\$81.7	\$79.9	\$79.3	\$79.2	\$79.2	\$79.4
Supplemental health	19.7	19.2	18.8	18.6	19.1	18.3	17.7	17.5	17.1	17.8
Life:										
Interest sensitive	24.1	23.3	23.0	22.4	23.2	21.9	21.6	21.1	20.7	21.3
Non-interest sensitive	568.6	569.1	568.4	572.3	569.6	576.6	578.2	580.3	583.6	579.7
Total average liabilities for insurance products, net of reinsurance ceded	\$695.8	\$693.7	\$691.2	\$693.7	\$693.6	\$696.7	\$696.8	\$698.1	\$700.6	\$698.0
Present value of future profits (in millions)										
Balance, beginning of period	\$105.3	\$101.6	\$98.4	\$95.4	\$105.3	\$92.4	\$89.4	\$86.6	\$84.0	\$92.4
Amortization related to operations	(3.7)	(3.2)	(3.0)	(3.0)	(12.9)	(3.0)	(2.8)	(2.6)	(2.3)	(10.7)
Balance, end of period	\$101.6	\$98.4	\$95.4	\$92.4	\$92.4	\$89.4	\$86.6	\$84.0	\$81.7	\$81.7
Deferred acquisition costs (in millions)										
Balance, beginning of period	\$174.8	\$183.9	\$190.0	\$195.8	\$174.8	\$199.8	\$211.0	\$217.0	\$223.7	\$199.8
Deferred acquisition expenses	13.8	10.9	11.2	9.5	45.4	16.9	12.0	11.1	9.3	49.3
Amortization related to operations	(4.7)	(4.8)	(5.4)	(5.5)	(20.4)	(5.7)	(6.0)	(4.4)	(6.5)	(22.6)
Balance, end of period	\$183.9	\$190.0	\$195.8	\$199.8	\$199.8	\$211.0	\$217.0	\$223.7	\$226.5	\$226.5

CNO Financial Group, Inc.
Other CNO Business

Analysis of income (loss) before taxes (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Insurance policy income	\$93.2	\$90.7	\$80.8	\$75.7	\$340.4	\$74.8	\$73.2	\$75.7	\$74.2	\$297.9
Net investment income (loss):										
General account invested assets	94.4	89.7	86.7	86.3	357.1	87.8	88.5	88.0	87.8	352.1
Fixed index products	(7.0)	(0.4)	11.0	3.4	7.0	3.9	(6.5)	6.2	6.2	9.8
Trading account income related to policyholder accounts	(0.6)	2.9	4.5	1.0	7.8	0.9	(1.6)	2.3	1.1	2.7
Net realized investment gains (losses)	2.2	(4.1)	(1.1)	(20.6)	(23.6)	0.1	(5.0)	(13.0)	(9.7)	(27.6)
Total revenues	182.2	178.8	181.9	145.8	688.7	167.5	148.6	159.2	159.6	634.9
Insurance policy benefits	100.2	94.5	91.0	90.9	376.6	90.3	84.3	110.4	82.6	367.6
Amounts added to policyholder account balances:										
Annuity products and interest-sensitive life products other than fixed index products	35.5	35.5	35.0	32.8	138.8	32.4	31.4	32.4	31.4	127.6
Fixed index products	(0.2)	6.9	18.1	11.5	36.3	10.6	0.5	6.3	8.4	25.8
Amortization related to operations	20.9	20.5	18.9	21.3	81.6	12.2	3.6	20.7	15.1	51.6
Amortization related to net realized investment gains (losses)	(0.5)	(1.5)	(0.1)	(2.1)	(4.2)	(0.6)	1.0	(1.3)	2.2	1.3
Interest expense on investment borrowings	5.2	5.2	5.1	5.0	20.5	5.0	5.0	5.1	4.9	20.0
Other operating costs and expenses	20.8	24.3	22.4	34.6	102.1	18.8	20.0	21.7	20.9	81.4
Total benefits and expenses	181.9	185.4	190.4	194.0	751.7	168.7	145.8	195.3	165.5	675.3
Income (loss) before income taxes	\$0.3	(\$6.6)	(\$8.5)	(\$48.2)	(\$63.0)	(\$1.2)	\$2.8	(\$36.1)	(\$5.9)	(\$40.4)

Health underwriting margins (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Long-term care:										
Earned premium	\$8.3	\$8.1	\$7.9	\$7.8	\$32.1	\$7.7	\$7.5	\$7.5	\$7.2	\$29.9
Benefit ratio before interest income on reserves	210.1%	182.2%	154.2%	199.4%	186.7%	187.2%	212.9%	201.7%	243.0%	210.8%
Interest-adjusted benefit ratio	132.0%	103.1%	73.8%	122.1%	107.9%	96.8%	128.0%	116.9%	155.1%	123.8%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$(2.7)	\$(0.2)	\$2.0	\$(1.7)	\$(2.6)	\$0.2	\$(2.1)	\$(1.2)	\$(4.0)	\$(7.1)

CNO Financial Group, Inc.
Other CNO Business

Average liabilities for insurance products (in millions) (continued)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Annuities:										
Mortality based	\$217.2	\$215.8	\$214.5	\$213.2	\$215.2	\$212.0	\$210.9	\$209.8	\$209.2	\$210.5
Fixed index	836.5	773.6	751.9	752.2	778.5	743.6	728.1	705.5	678.0	713.8
Deposit based	688.8	669.6	652.1	635.7	661.5	620.0	659.6	705.0	698.8	670.9
Separate accounts	17.6	17.7	19.0	18.4	18.2	17.1	16.3	16.2	17.1	16.7
Other health	486.9	488.0	485.7	482.8	485.9	480.9	480.1	479.4	479.8	480.0
Life:										
Interest sensitive	2,906.2	2,860.8	2,727.6	2,614.0	2,777.2	2,607.2	2,593.7	2,581.0	2,560.1	2,585.5
Non-interest sensitive	878.7	868.7	856.6	846.9	862.7	844.9	839.9	831.2	820.5	834.1
Total average liabilities for insurance products, net of reinsurance ceded	\$6,031.9	\$5,894.2	\$5,707.4	\$5,563.2	\$5,799.2	\$5,525.7	\$5,528.6	\$5,528.1	\$5,463.5	\$5,511.5

Present value of future profits (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$119.0	\$114.1	\$105.7	\$76.0	\$119.0	\$58.9	\$57.1	\$54.7	\$44.8	\$58.9
Amortization related to operations	(5.8)	(3.1)	(10.9)	(16.6)	(36.4)	(1.3)	(1.6)	(9.7)	(7.1)	(19.7)
Amortization related to net realized investment (gains) losses	(0.8)	0.4	0.1	0.0	(0.3)	0.0	0.0	0.1	0.0	0.1
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	1.7	(5.7)	(9.0)	(0.5)	(13.5)	(0.5)	(0.8)	(0.3)	(4.9)	(6.5)
Effect of reinsurance transaction	0.0	0.0	(9.9)	0.0	(9.9)	0.0	0.0	0.0	0.0	0.0
Balance, end of period	\$114.1	\$105.7	\$76.0	\$58.9	\$58.9	\$57.1	\$54.7	\$44.8	\$32.8	\$32.8

Deferred acquisition costs (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Balance, beginning of period	\$261.9	\$265.8	\$255.9	\$221.9	\$261.9	\$226.6	\$215.5	\$197.0	\$170.9	\$226.6
Deferred acquisition expenses	3.7	3.9	6.3	5.3	19.2	8.0	2.3	1.8	2.1	14.2
Other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	(3.9)	(6.8)	0.0	(10.7)
Amortization related to operations	(15.1)	(17.4)	(8.0)	(4.7)	(45.2)	(10.9)	(2.0)	(11.0)	(8.0)	(31.9)
Amortization related to net realized investment (gains) losses	1.3	1.1	0.0	2.1	4.5	0.6	(1.0)	1.2	(2.2)	(1.4)
Adjustment related to unrealized (gain) or loss on fixed maturities, available for sale	14.0	2.5	(32.3)	2.0	(13.8)	(8.8)	(13.9)	(11.3)	13.1	(20.9)
Balance, end of period	\$265.8	\$255.9	\$221.9	\$226.6	\$226.6	\$215.5	\$197.0	\$170.9	\$175.9	\$175.9

CNO Financial Group, Inc.
Bankers Life

Premiums collected on insurance products (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Annuities										
Fixed index (first-year)	\$73.1	\$90.8	\$88.4	\$97.8	\$350.1	\$104.0	\$146.9	\$146.3	\$180.5	\$577.7
Other fixed rate (first-year)	228.0	183.9	195.6	99.5	707.0	119.1	133.1	118.4	52.9	423.5
Other fixed rate (renewal)	1.0	0.7	0.7	0.9	3.3	1.1	1.1	1.1	1.0	4.3
Subtotal - other fixed rate annuities	229.0	184.6	196.3	100.4	710.3	120.2	134.2	119.5	53.9	427.8
Total annuities	302.1	275.4	284.7	198.2	1,060.4	224.2	281.1	265.8	234.4	1,005.5
Health										
Medicare supplement (first-year)	19.7	21.1	22.7	28.2	91.7	27.2	29.4	29.3	30.5	116.4
Medicare supplement (renewal)	136.1	134.1	146.2	145.6	562.0	149.4	139.4	140.8	151.8	581.4
Subtotal - Medicare supplement	155.8	155.2	168.9	173.8	653.7	176.6	168.8	170.1	182.3	697.8
Long-term care (first-year)	4.2	4.7	2.9	5.9	17.7	4.8	5.5	5.7	6.2	22.2
Long-term care (renewal)	141.7	147.2	151.4	143.6	583.9	144.7	141.1	139.3	137.3	562.4
Subtotal - long-term care	145.9	151.9	154.3	149.5	601.6	149.5	146.6	145.0	143.5	584.6
PDP and PFFS (first-year)	16.2	22.2	31.2	26.4	96.0	1.4	0.7	0.6	1.0	3.7
PDP and PFFS (renewal)	103.0	89.7	83.2	72.5	348.4	16.7	13.4	15.0	17.6	62.7
Subtotal - PDP and PFFS	119.2	111.9	114.4	98.9	444.4	18.1	14.1	15.6	18.6	66.4
Other health (first-year)	0.6	0.7	0.7	0.7	2.7	0.6	0.5	0.5	0.5	2.1
Other health (renewal)	2.3	2.3	2.4	2.3	9.3	2.3	2.4	2.2	2.3	9.2
Subtotal - other health	2.9	3.0	3.1	3.0	12.0	2.9	2.9	2.7	2.8	11.3
Total health	423.8	422.0	440.7	425.2	1,711.7	347.1	332.4	333.4	347.2	1,360.1
Life insurance										
First-year	16.8	19.4	23.4	23.0	82.6	20.2	24.8	25.8	26.9	97.7
Renewal	32.1	35.9	39.8	38.4	146.2	26.3	27.3	29.0	29.3	111.9
Total life insurance	48.9	55.3	63.2	61.4	228.8	46.5	52.1	54.8	56.2	209.6
Collections on insurance products										
Total first-year premium collections on insurance products	358.6	342.8	364.9	281.5	1,347.8	277.3	340.9	326.6	298.5	1,243.3
Total renewal premium collections on insurance products	416.2	409.9	423.7	403.3	1,653.1	340.5	324.7	327.4	339.3	1,331.9
Total collections on insurance products	\$774.8	\$752.7	\$788.6	\$684.8	\$3,000.9	\$617.8	\$665.6	\$654.0	\$637.8	\$2,575.2

CNO Financial Group, Inc.
Washington National

Premiums collected on insurance products (in millions)	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Health										
Medicare supplement (first-year)	\$1.5	\$1.9	\$2.2	\$1.6	\$7.2	\$1.2	\$1.1	\$0.7	\$0.8	\$3.8
Medicare supplement (renewal)	41.3	42.5	44.7	42.1	170.6	39.5	37.6	37.2	36.7	151.0
Subtotal - Medicare supplement	42.8	44.4	46.9	43.7	177.8	40.7	38.7	37.9	37.5	154.8
Supplemental health (first-year)	10.2	11.1	11.8	12.3	45.4	12.5	13.1	13.0	13.4	52.0
Supplemental health (renewal)	82.8	84.0	84.4	86.7	337.9	87.1	87.1	88.5	90.8	353.5
Subtotal - supplemental health	93.0	95.1	96.2	99.0	383.3	99.6	100.2	101.5	104.2	405.5
Other health (all renewal)	1.3	1.2	1.4	1.3	5.2	1.1	1.0	1.3	1.2	4.6
Total health	137.1	140.7	144.5	144.0	566.3	141.4	139.9	140.7	142.9	564.9
Life insurance										
First-year	0.2	0.2	0.2	0.2	0.8	0.2	0.1	0.1	0.4	0.8
Renewal	8.8	8.2	8.2	4.1	29.3	4.2	3.7	3.7	3.8	15.4
Total life insurance	9.0	8.4	8.4	4.3	30.1	4.4	3.8	3.8	4.2	16.2
Collections on insurance products										
Total first-year premium collections on insurance products	11.9	13.2	14.2	14.1	53.4	13.9	14.3	13.8	14.6	56.6
Total renewal premium collections on insurance products	134.2	135.9	138.7	134.2	543.0	131.9	129.4	130.7	132.5	524.5
Total collections on insurance products	\$146.1	\$149.1	\$152.9	\$148.3	\$596.4	\$145.8	\$143.7	\$144.5	\$147.1	\$581.1

CNO Financial Group, Inc.

Colonial Penn

Premiums collected on insurance products (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Life insurance										
First-year	\$9.2	\$8.4	\$7.9	\$7.5	\$33.0	\$7.9	\$8.1	\$8.1	\$9.2	\$32.3
Renewal	37.8	37.4	37.7	41.4	154.3	39.4	38.6	38.8	38.6	155.4
Total life insurance	47.0	45.8	45.6	48.9	187.3	47.3	46.7	46.9	46.8	187.7
Health (all renewal)										
Medicare supplement	1.7	1.9	1.8	1.6	7.0	1.5	1.6	1.4	1.5	6.0
Other health	0.2	0.2	0.0	0.1	0.5	0.1	0.1	0.1	0.1	0.4
Total health	1.9	2.1	1.8	1.7	7.5	1.6	1.7	1.5	1.6	6.4
Collections on insurance products										
Total first-year premium collections on insurance products	9.2	8.4	7.9	7.5	33.0	7.9	8.1	8.1	9.2	32.3
Total renewal premium collections on insurance products	39.7	39.5	39.5	43.1	161.8	41.0	40.3	40.3	40.2	161.8
Total collections on insurance products	\$48.9	\$47.9	\$47.4	\$50.6	\$194.8	\$48.9	\$48.4	\$48.4	\$48.4	\$194.1

CNO Financial Group, Inc.

Other CNO Business

Premiums collected on insurance products (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10	2010
Annuities										
Fixed index (first-year)	\$17.7	\$20.5	\$22.9	\$9.9	\$71.0	\$3.5	\$2.0	\$2.4	\$2.4	\$10.3
Fixed index (renewal)	1.4	1.4	1.5	1.3	5.6	1.2	1.5	0.9	1.0	4.6
Subtotal - fixed index annuities	19.1	21.9	24.4	11.2	76.6	4.7	3.5	3.3	3.4	14.9
Other fixed rate (first-year)	0.1	0.1	0.5	0.1	0.8	0.2	0.5	0.2	0.0	0.9
Other fixed rate (renewal)	0.3	0.3	0.3	0.1	1.0	0.2	0.2	0.1	0.1	0.6
Subtotal - other fixed rate annuities	0.4	0.4	0.8	0.2	1.8	0.4	0.7	0.3	0.1	1.5
Total annuities	19.5	22.3	25.2	11.4	78.4	5.1	4.2	3.6	3.5	16.4
Health										
Long-term care (all renewal)	8.4	8.0	7.8	7.4	31.4	7.7	7.5	7.1	6.9	29.2
Other health (all renewal)	0.7	0.6	0.8	0.6	2.7	0.7	0.7	0.5	0.6	2.5
Total health	9.1	8.6	8.4	8.0	34.1	8.4	8.2	7.6	7.5	31.7
Life insurance										
First-year	0.3	0.3	0.6	1.0	2.2	0.6	0.7	0.6	0.4	2.3
Renewal	55.1	53.7	51.3	47.9	208.0	49.6	46.2	47.2	46.3	189.3
Total life insurance	55.4	54.0	51.9	48.9	210.2	50.2	46.9	47.8	46.7	191.6
Collections on insurance products										
Total first-year premium collections on insurance products	18.1	20.9	24.0	11.0	74.0	4.3	3.2	3.2	2.8	13.5
Total renewal premium collections on insurance products	65.9	64.0	61.5	57.3	248.7	59.4	56.1	55.8	54.9	226.2
Total collections on insurance products	\$84.0	\$84.9	\$85.5	\$68.3	\$322.7	\$63.7	\$59.3	\$59.0	\$57.7	\$239.7

CNO Financial Group, Inc.

Statutory information - consolidated basis (4) (in millions)

	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10	3Q10	4Q10 (*)	2010 (*)
Net gain from operations before interest expense and federal income taxes	\$53.1	\$84.0	\$133.5	\$58.2	\$328.8	\$55.6	\$66.0	\$97.3	\$109.1	\$328.0
Interest expense on surplus debentures held by parent company	10.1	9.7	27.2	12.3	59.3	12.0	12.2	12.2	12.3	48.7
Net gain from operations before federal income taxes	43.0	74.3	106.3	45.9	269.5	43.6	53.8	85.1	96.8	279.3
Federal income tax expense (benefit)	(0.7)	0.1	(5.3)	11.4	5.5	4.3	7.6	1.6	4.3	17.8
Net gain from operations before net realized capital gains (losses)	43.7	74.2	111.6	34.5	264.0	39.3	46.2	83.5	92.5	261.5
Net realized capital losses	(69.0)	(80.2)	(58.8)	21.5	(186.5)	(13.5)	(10.2)	(10.3)	(45.6)	(79.6)
Net income (loss)	(\$25.3)	(\$6.0)	\$52.8	\$56.0	\$77.5	\$25.8	\$36.0	\$73.2	\$46.9	\$181.9
Capital and surplus	\$1,268.1	\$1,254.0	\$1,285.1	\$1,410.7	\$1,410.7	\$1,418.5	\$1,434.7	\$1,443.1	\$1,525.1	\$1,525.1
Asset valuation reserve (AVR)	32.9	24.9	23.1	28.2	28.2	46.0	61.9	78.6	71.3	71.3
Capital, surplus and AVR	1,301.0	1,278.9	1,308.2	1,438.9	1,438.9	1,464.5	1,496.6	1,521.7	1,596.4	1,596.4
Interest maintenance reserve (IMR)	215.8	274.0	297.9	290.6	290.6	308.6	319.5	343.9	428.1	428.1
Total statutory capital, surplus, AVR & IMR	\$1,516.8	\$1,552.9	\$1,606.1	\$1,729.5	\$1,729.5	\$1,773.1	\$1,816.1	\$1,865.6	\$2,024.5	\$2,024.5

* Such amounts are preliminary as the statutory basis financial statements of our insurance subsidiaries for 4Q10 will be filed with the respective insurance regulators on or about March 1, 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.

