



First Quarter 2022

Financial and operating results for the period ended March 31, 2022

May 2, 2022

Unless otherwise specified, comparisons in this presentation are between 1Q21 and 1Q22.

Important Legal Information

Forward-Looking Statements

Certain statements made in this presentation should be considered forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These include statements about future results of operations and capital plans. We caution investors that these forward-looking statements are not guarantees of future performance, and actual results may differ materially. Investors should consider the important risks and uncertainties that may cause actual results to differ, including those included in our press release issued on May 2, 2022, our Quarterly Reports on Form 10-Q, our Annual Report on Form 10-K and other filings we make with the Securities and Exchange Commission. We assume no obligation to update this presentation, which speaks as of today's date.

Non-GAAP Measures

This presentation contains financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP). Reconciliations between those non-GAAP measures and the comparable GAAP measures are included in the Appendix, or on the page such measure is presented.

While management believes the measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered substitutes for the most directly comparable GAAP measures.

Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors – SEC Filings" section of CNO's website, CNOinc.com.



Quarter in Review

Solid sales metrics; stable underlying earnings; capital efficient

Strong Operational Performance

- Robust sales growth; continued improvement in agent productivity
- New agent recruiting momentum
- COVID benefits moderating; alternatives returns normalizing
- Solid underlying margins and earnings

Building on Track Record of Execution

- Significant capital return; shares outstanding down 11%
- At targeted overall capital level
- Advancing strategic initiatives in Consumer and Worksite divisions

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

Growth Scorecard

Four of five metrics up year-over-year

(dollars in millions)

		2021					2022	% Change
		1Q	2Q	3Q	4Q	FY	1Q	Y/Y
Drive Growth	New Annualized Premiums¹							
	Life	\$53.0	\$52.3	\$45.4	\$39.8	\$190.5	\$55.8	5.3%
	Health	35.7	41.5	39.2	47.7	164.1	34.8	-2.5%
	Total Life and Health	\$88.7	\$93.8	\$84.6	\$87.5	\$354.6	\$90.6	2.1%
	Collected Premiums							
	Life							
	Life - single premium WL	\$17.5	\$12.6	\$10.7	\$11.9	\$52.7	\$10.4	-40.6%
	Life - all other	209.0	210.8	211.5	211.8	843.1	216.3	3.5%
	Total Life	226.5	223.4	222.2	223.7	895.8	226.7	0.1%
	Health	424.7	410.6	407.3	416.9	1,659.5	408.9	-3.7%
Total Life and Health	\$651.2	\$634.0	\$629.5	\$640.6	\$2,555.3	\$635.6	-2.4%	
Expand to the Right	Annuity Collected Premiums	\$325.4	\$344.3	\$333.3	\$397.4	\$1,400.4	\$368.6	13.3%
	Client Assets in BD and Advisory²	\$2,444.6	\$2,636.0	\$2,693.1	\$2,898.5	\$2,898.5	\$2,835.1	16.0%
	Fee Revenue³	\$32.3	\$31.1	\$28.0	\$56.2	\$147.6	\$40.3	24.8%

1 Measured as 100% of new life and health annualized premiums, except for single premium whole life deposits, which are measured at 10% of annualized premium.

2 Client assets include cash and securities in brokerage, broker/dealer customer account assets custodied directly at fund companies and insurance carriers, and assets under management in advisory accounts. Prior periods have been restated to conform with current presentation.

3 Represents fee revenue from the sales of third-party insurance products; services provided by WBD; fee revenue earned by DirectPath; fees generated by our broker-dealer and registered investment advisor.

Consumer Division Update

Solid execution; continued strong D2C momentum

Key Initiatives	First Quarter Highlights
Maintain growth momentum	▪ Total Life sales up 3%; D2C Life sales up 16% ▪ Annuity collected premiums up 13% ▪ Supplemental Health NAP up 8%; Long-Term Care up 6%
Optimize distribution	▪ Continued third-party sales momentum ▪ Agent productivity strength; new agent recruiting momentum ▪ Registered agent¹ count up 3%
Expand reach	▪ Enhanced distribution through third parties ▪ Steady growth in client assets in brokerage and advisory

¹ Registered agents are dually licensed as insurance agents and financial representatives who can buy and sell securities for clients, and/or investment advisors who can provide ongoing investment advice for clients.

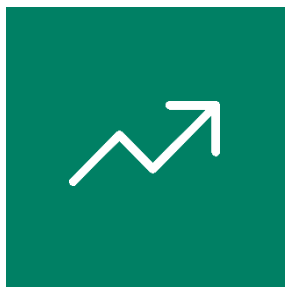
Worksite Division Update

Sales gaining momentum; strong agent productivity

Key Initiatives	First Quarter Highlights
Restore growth	▪ Life and Health insurance sales up 8% ▪ Stable employer base and premium collection ▪ Continued strong fee revenue growth
Optimize distribution	▪ Productivity gains across all cohorts ▪ Stable veteran agent retention ▪ Agent referral program driving recruiting momentum
Expand reach	▪ Continued DirectPath / WBD synergies ▪ Launch of hybrid enrollment technology platform

Excess Capital Allocation Strategy

Disciplined and opportunistic approach to maximize shareholder value



Organic investments to sustain and grow the core businesses

- Agent pilots, technology-driven customer experience enhancements
- Hybrid distribution
- Worksite B2B marketing, lead generation



Return capital to shareholders

- Share repurchases: \$100 million in 1Q22
- Dividends: \$16 million in 1Q22



Opportunistic transactions

- Highly selective M&A
- CNO Ventures; strategic minority investments largely in InsurTech
- LTC reinsurance (2018), Web Benefits Design (2019), DirectPath (2021)

Financial Highlights

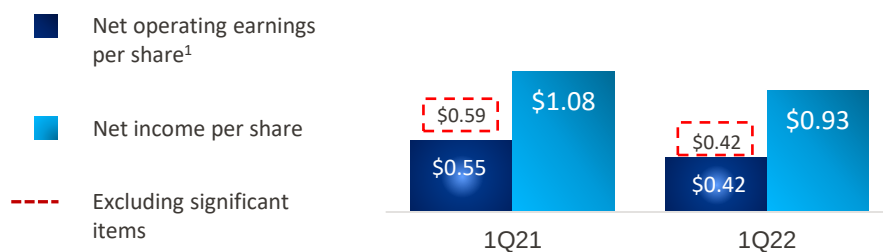
Solid underlying earnings

First Quarter 2022

- 1Q22 Operating EPS¹ excl. significant items of \$0.42 vs. \$0.59 in 1Q21
- 1Q22 Pre-tax operating income excl. significant items of \$68 million vs. \$105 million in 1Q21, reflecting:
 - Moderating variable investment income: down \$15 million YoY
 - Unfavorable market impacts on annuities: down \$10 million YoY
 - Reduced net favorable COVID impacts: down \$6 million YoY
 - Higher non-deferrable advertising spend: up \$6 million YoY
- Fee income up 36%
- Effective tax rate up 240 bps
- 1Q22 total expenses, excl. significant items, up 3% YoY
- \$100 million share repurchases
- Weighted average share count down 11%
- Operating ROE¹, as adjusted, of 11.2%; 10.7% excl. significant items

Earnings Results

(dollars in millions, except where noted)



Net operating income ¹	\$75.2	\$51.1
Net operating income excluding significant items ¹	\$81.3	\$51.1
Net income	\$147.4	\$112.3
Weighted average shares outstanding (in millions)	136.7	121.0

- 1 A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.
- 2 Excluding significant items.

Insurance Product Margin

Continued net COVID benefit; stable underlying margins

(dollars in millions)

Insurance Product Margin Excluding Significant Items¹

	1Q21	2Q21	3Q21	4Q21	1Q22
Annuity	\$57.9	\$66.0	\$52.5	\$67.0	\$44.6
<i>Margin / average net insurance liabilities</i>	2.33%	2.63%	2.05%	2.58%	1.70%
Health	\$124.7	\$120.9	\$117.9	\$129.5	\$124.8
<i>Margin / insurance policy income</i>	30%	29%	28%	31%	31%
Life	\$27.1	\$39.7	\$53.2	\$31.4	\$19.8
<i>ISL: Interest margin / average net insurance liabilities</i>	0.80%	0.66%	0.69%	0.52%	0.59%
<i>ISL: Underwriting margin / insurance policy income</i>	30%	37%	43%	34%	36%
<i>Trad: Margin / insurance policy income</i>	8%	14%	20%	9%	2%
<i>Trad: Margin ex. Adv. Exp. / insurance policy income</i>	21%	28%	31%	22%	19%
Total Margin	\$209.7	\$226.6	\$223.6	\$227.9	\$189.2

¹ Excludes \$26.9 million favorable annuity unlocking/\$1.0 million unfavorable life unlocking in 4Q21. See the Appendix for a reconciliation to the corresponding GAAP measure.

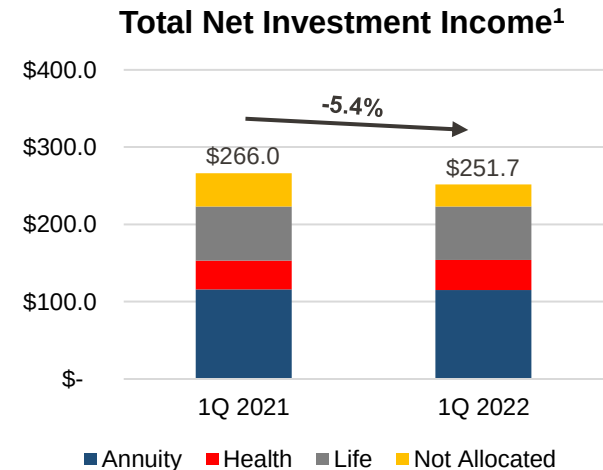
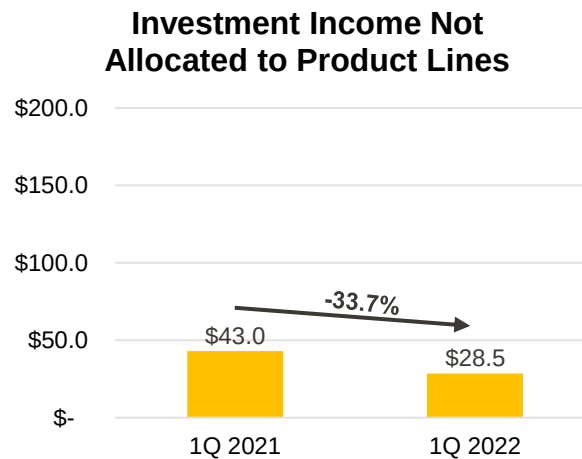
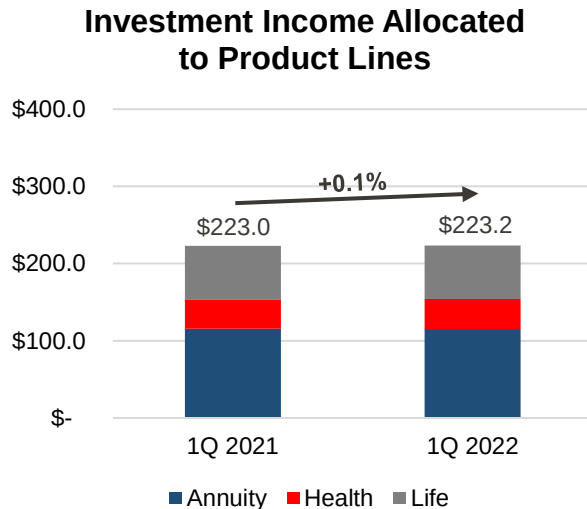
1Q 2022 Highlights¹

- Total margin down \$20 million, or 10%
 - \$6 million decline in net favorable COVID impact
 - \$10 million unfavorable impact to fixed indexed annuities from market impacts
 - \$6 million increase in non-deferred life advertising expense
- Annuity margin down \$13 million, or 23%
 - \$1 million decline in favorable COVID impacts
- Health margin flat
 - \$8 million decline in favorable COVID impacts
- Life margin down \$7 million, or 27%
 - \$3 million improvement in unfavorable COVID impact

Investment Results

Stable Core NII: moderating alternative returns; up-in-quality positioning

(dollars in millions)



- Average yield on allocated investments of 4.60% vs. 4.68% in 4Q21 and 4.81% in 1Q21
- New money rate of 3.73%, up from 3.67% in 4Q21
 - Reflects up in quality approach

- Moderated Private Equity returns

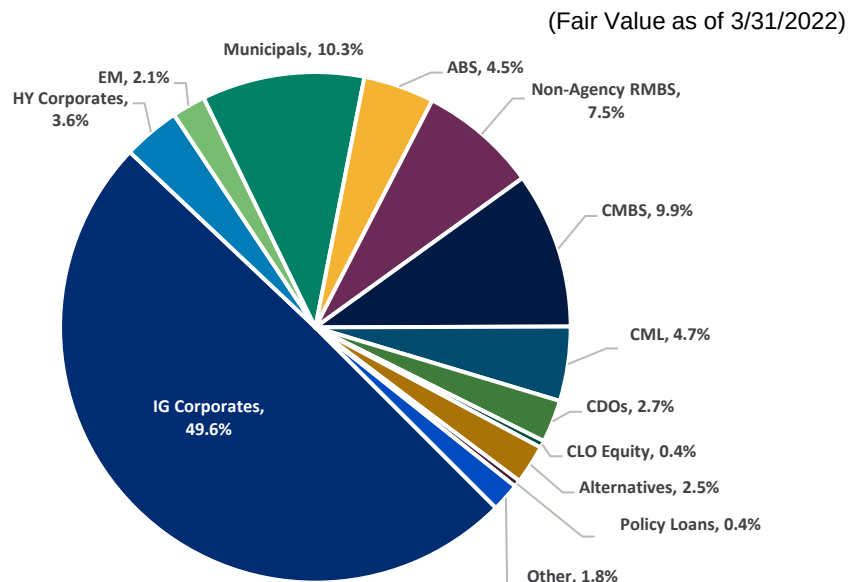
- Average invested assets up 10% YoY
- Earned yield of 4.50% vs. 4.83% in 4Q21.
- “BBB” allocation reduced by 250 bps in the last 12 months.
- “A” allocation increased by 310 bps in the last 12 months.

¹ Reflects sum of allocated and non-allocated investment income. Refer to pages 16-19 of the financial supplement for more information on the components of net investment income.

Portfolio Composition

High quality, stable core returns with variable upside

\$27 billion of Invested Assets



General Approach

- Positioned for stable performance across credit cycles
- Focus on quality - margin against adverse development
- Calibrated, lower than average allocation to most higher risk categories – specific boundaries as the amount of high-risk assets we will own
- Low impairments through multiple cycles
- Embedded asset liability management

Highlights

- High degree of liquidity
- 66% of portfolio in corporate and government bonds
- Reflects up-in-quality positioning over past 18 months
- Strong credit risk profile
 - 95% rated NAIC 1 or 2
 - Portfolio average rating A
 - Significant credit enhancement in structured products
- Diversified commercial and residential mortgages with favorable performance metrics and strong operating characteristics. No commercial mortgage loan delinquencies.
- Alternative investments emphasizing current cash flows and comparatively predictable results

Cash Flow Profile

1Q free cash flow reflects impact from market volatility, FABN issuance

(dollars in millions)

	For the Quarter		Trailing Twelve Months	
	1Q21	1Q22	1Q21	1Q22
Net Operating Income ¹	\$ 75.2	\$ 51.1	\$ 353.2	\$ 341.5
Holding Company Cash Flows:				
Dividends from Subsidiaries	\$ 83.1	\$ 69.6	\$ 335.1	\$ 335.5
Management Fees	31.7	33.2	113.6	119.3
Surplus Debenture Interest	12.0	12.0	57.2	55.4
Earnings on Corporate Investments	2.1	2.1	19.6	7.7
Other	12.0	(14.0)	69.4	10.6
Holding Company Sources of Cash²	140.9	102.9	594.9	528.5
Holding Company Expenses and Other	(21.5)	(27.4)	(92.8)	(79.0)
Tax Payments	(16.1)	(13.6)	(37.9)	(50.5)
Interest Payments	(2.1)	(2.1)	(55.1)	(60.8)
Excess Cash Flow to Holding Company²	101.2	59.8	409.1	338.2
Net Proceeds from New Debt	-	-	146.4	-
Share Repurchases	(97.8)	(100.0)	(277.8)	(404.6)
Dividend Payments to Stockholders	(16.3)	(16.1)	(67.1)	(65.4)
Acquisition	(51.1)	-	(51.1)	-
Net Change in Holding Company Cash and Investments	(64.0)	(56.3)	159.5	(131.8)
Non-Cash Changes in Investment Balances	-	-	(3.5)	-
Cash and Investments, Beginning of Period	388.1	248.6	168.1	324.1
Cash and Investments, End of Period	\$ 324.1	\$ 192.3	\$ 324.1	\$ 192.3

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

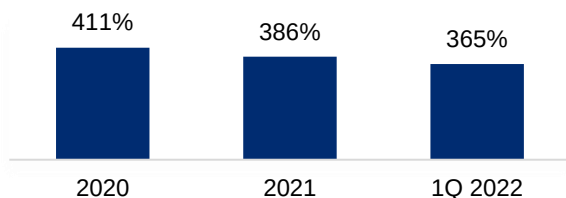
2 Cash flows exclude acquisitions, dividend payments, stock repurchases, and financing transactions.

Capital and Liquidity Overview

Balanced approach to capital structure; strong liquidity

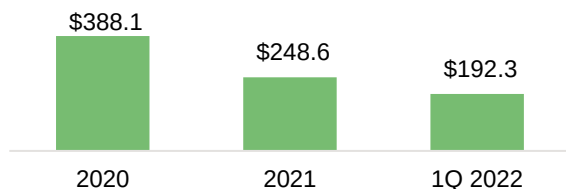
(dollars in millions)

Consolidated Risk Based Capital (RBC) Ratio¹



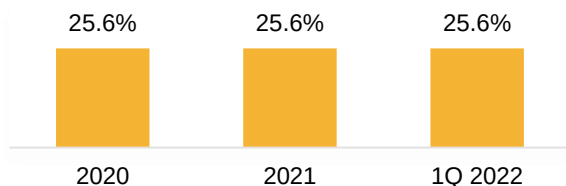
- Target consolidated RBC ratio of approximately 375%
- RBC variability can be expected in periods of market volatility
- Will manage back up to 375% over time

Holding Company Liquidity



- Minimum targeted holding company liquidity of \$150 million
- Liquidity bolstered by \$250 million undrawn revolver
- No outstanding debt maturities until 2025

Debt to Capital²



- Target leverage of 25.0 - 28.0%
- Debt covenant ceiling of 35%
- Debt capacity within limit of target leverage \$150 million

1 The ratio of the combined capital of the insurance companies to the minimum amount of capital appropriate to support the overall business operations, as determined based on the methodology developed by the National Association of Insurance Commissioners.

2 Excluding accumulated other comprehensive income (a non-GAAP measure). See the Appendix for a reconciliation to the corresponding GAAP measure.

2022 Outlook

Sales

- Continued positive momentum

Free Cash Flow / Excess Capital

- Free cash flow expected to be lower than 2021 reflecting diminishing COVID impacts and alternative investment returns, capital strain from new business, and the ramp up of the FABN program
- Free cash flow conversion rate to remain strong
- Manage to 375% RBC and \$150 million holdco liquidity

Earnings

- COVID-related
 - Continued net favorable COVID impacts, tapering over the course of the year
- Investment income
 - Allocated to products: relatively flat as asset growth is mostly offset by declining yield
 - Not allocated to products: lower than 2021 as alternative yields continue to moderate
- Fee income
 - Trending up vs. full year 2021
 - Seasonally weaker sequentially in 2Q and 3Q, trending up in 4Q
- Expenses (excluding significant items)
 - Expected to be modestly higher vs. 2021 as operating efficiencies are offset by investments in growth
- Effective Tax rate
 - 24-25%, trending up vs. 2021 due to state income tax impacts

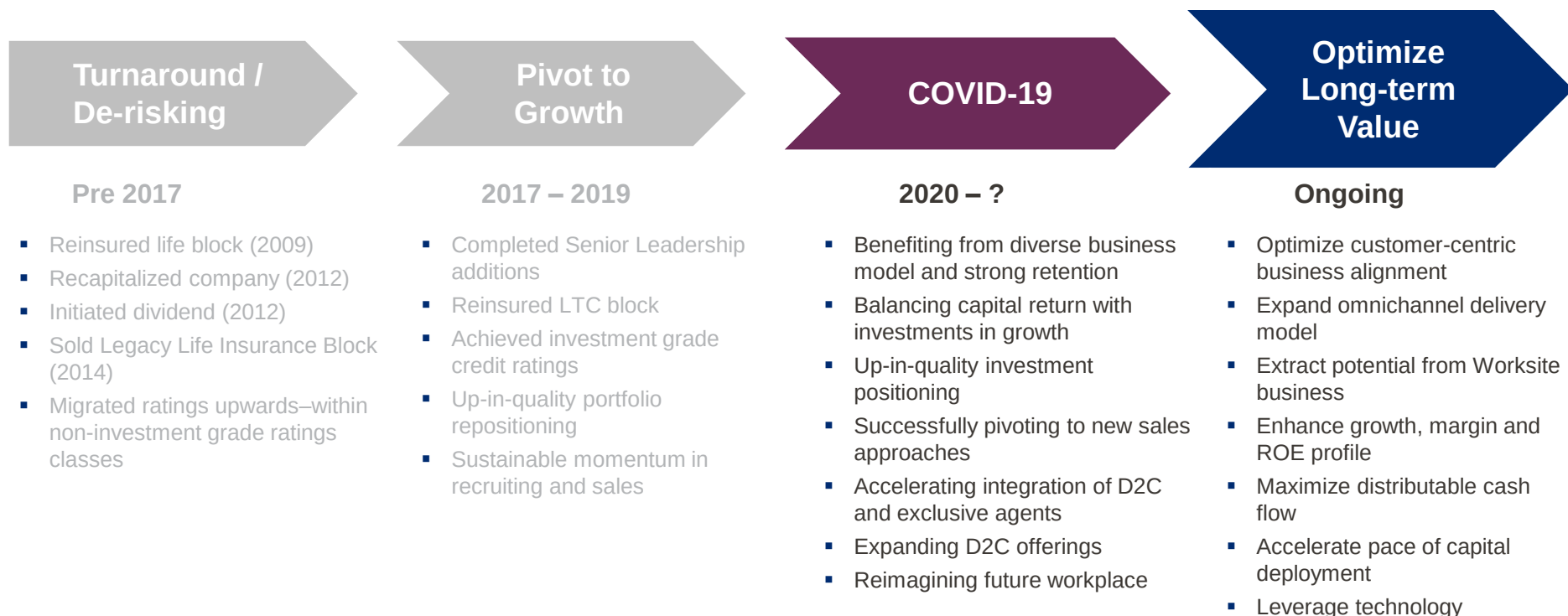
Long Duration Targeted Improvements

Balance sheet impacts at transition in line with expectations

- Expect shareholders equity ex. AOCI to be reduced by \$100 - \$200 million primarily from negative margin in older LTC blocks
 - Debt leverage ex. AOCI to increase by 60 - 120 basis points
- Expect AOCI balance to be reduced by \$1.8 - \$2.2 billion from the mark-to-market on the impacted liabilities
 - AOCI balance to be approximately zero

Balance Sheet as of January 1, 2021 (\$ millions)	As Reported	LDTI Adj Range Low	LDTI Adj Range High	As Adjusted Range Low	As Adjusted Range High
Common Stock	\$ 1	\$ -	\$ -	\$ 1	\$ 1
Additional Paid in Capital	2,545	-	-	2,545	2,545
Retained Earnings	752	(100)	(200)	652	552
Total Shareholders' Equity Before AOCI	3,298	(100)	(200)	3,198	3,098
AOCI	2,186	(1,800)	(2,200)	386	(14)
Total Shareholders' Equity	<u>\$ 5,484</u>	<u>\$ (1,900)</u>	<u>\$ (2,400)</u>	<u>\$ 3,584</u>	<u>\$ 3,084</u>
Debt	<u>\$ 1,136</u>			<u>\$ 1,136</u>	<u>\$ 1,136</u>
Total Capital ex AOCI	<u>\$ 4,434</u>			<u>\$ 4,334</u>	<u>\$ 4,234</u>
Total Capital	<u>\$ 6,620</u>			<u>\$ 4,720</u>	<u>\$ 4,220</u>
Debt / Total Capital ex AOCI	<u>25.6%</u>			<u>26.2%</u>	<u>26.8%</u>
Debt / Total Capital	<u>17.2%</u>			<u>24.1%</u>	<u>26.9%</u>

Delivering on our Commitments



Investment Highlights



Well-positioned in
underserved senior
middle-income market



Favorable
demographic
tailwinds



Highly
differentiated
business model



Sustainable
growth initiatives
in place



Strong balance sheet;
robust free cash flow
generation

Questions and Answers

Appendix 1: Quarter in Review

Strong Operational Performance

- Broker-Dealer/Registered Investment Advisor
- Exclusive Agent Counts

Slide 21

Slide 22

Building on Strong Track Record of Execution

- New Money Rate Walk
- New Money Summary
- Long-Term Care Insurance
- Tax Asset Summary

Slide 23

Slide 24

Slide 25

Slide 26

Broker-Dealer/Registered Investment Advisor

Account values up 16% YoY; \$2.8 billion in client assets

(dollars in millions)

		2021				2022
		1Q	2Q	3Q	4Q	1Q
Net New Client Assets in Brokerage and Advisory ¹	Brokerage	\$ (12.4)	\$ 2.2	\$ (23.0)	\$ 9.0	\$ (35.2)
	Advisory	74.2	69.9	66.0	67.5	76.1
	Total	\$ 61.8	\$ 72.1	\$ 43.0	\$ 76.5	\$ 40.9
Client Assets in Brokerage and Advisory ¹ at end of period	Brokerage	\$ 1,560.3	\$ 1,635.3	\$ 1,639.0	\$ 1,734.0	\$ 1,675.2
	Advisory	884.3	1,000.7	1,054.1	1,164.5	1,159.9
	Total	\$ 2,444.6	\$ 2,636.0	\$ 2,693.1	\$ 2,898.5	\$ 2,835.1

¹ Client assets include cash and securities in brokerage, broker/dealer customer account assets custodied directly at fund companies and insurance carriers, and assets under management in advisory accounts. Prior periods have been restated to conform with current presentation.

Bankers Life is the marketing brand of various affiliated companies of CNO Financial Group including, Bankers Life and Casualty Company, Bankers Life Securities, Inc., and Bankers Life Advisory Services, Inc. Non-affiliated insurance products are offered through Bankers Life General Agency, Inc. (dba BL General Insurance Agency, Inc., AK, AL, CA, NV, PA). Agents who are financial advisors are registered with Bankers Life Securities, Inc.

Securities and variable annuity products and services are offered by Bankers Life Securities, Inc. Member FINRA/SIPC, (dba BL Securities, Inc., AL, GA, IA, IL, MI, NV, PA). Advisory products and services are offered by Bankers Life Advisory Services, Inc. SEC Registered Investment Adviser (dba BL Advisory Services, Inc., AL, GA, IA, MT, NV, PA). Home Office: 111 East Wacker Drive, Suite 1900, Chicago, IL 60601

Exclusive Agent Counts

Labor market conditions impacting producing agent counts; veteran agent retention strong

	2021				2022	% Change
	1Q	2Q	3Q	4Q	1Q	Y/Y
<u>Consumer</u>						
Producing Field Agents ^{1,3}	4,389	4,360	4,168	4,008	3,939	-10.3%
Producing Tele-Sales Agents ^{1,3}	258	247	235	220	217	-15.9%
Total Producing Agents ^{1,3}	4,647	4,607	4,403	4,228	4,156	-10.6%
Registered Agents ^{2,3}	646	639	646	655	663	2.6%
<u>Worksite</u>						
Producing Field Agents ^{1,3}	241	258	229	227	208	-13.7%

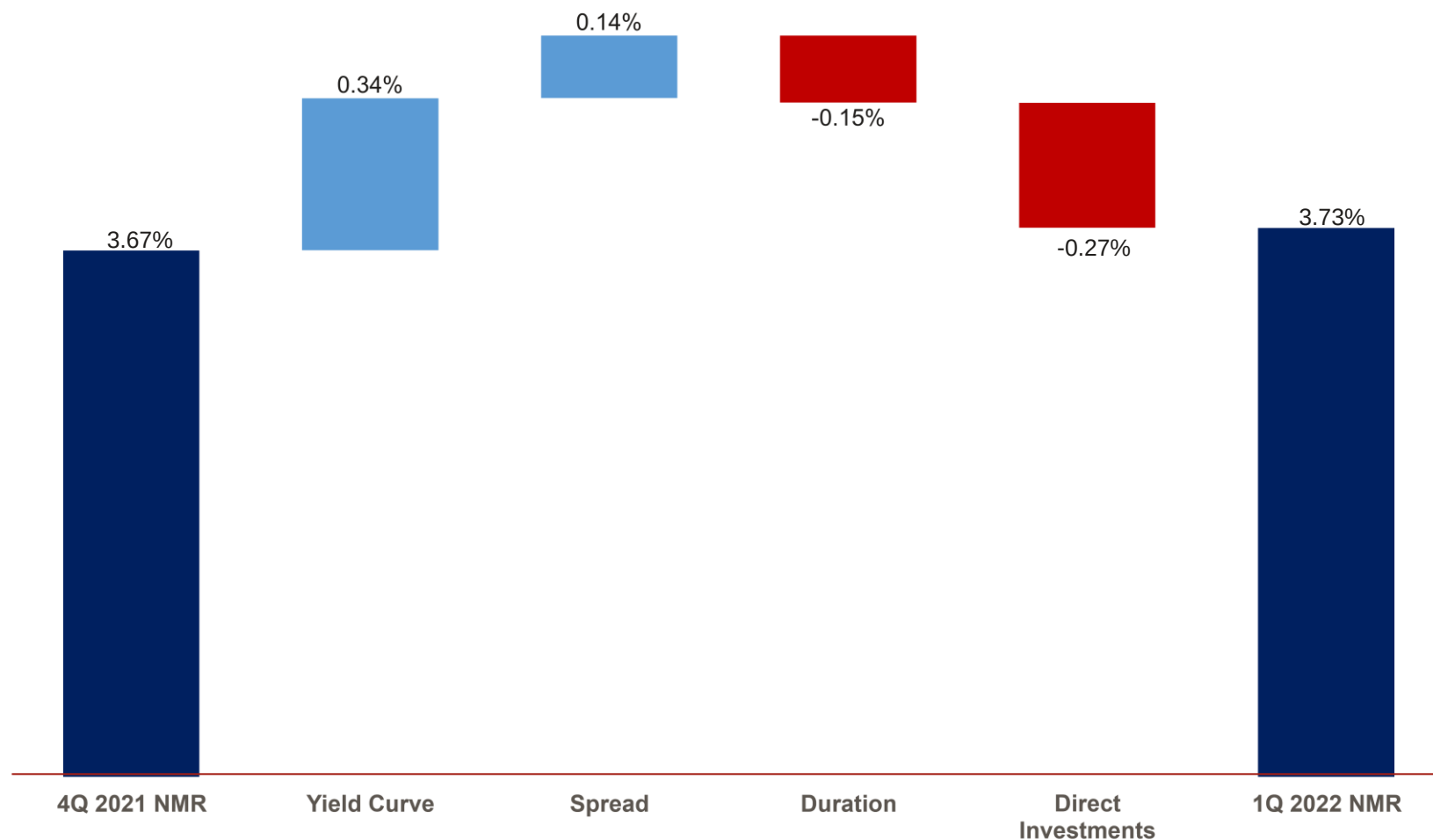
1 Producing agents represent the monthly average of exclusive agents that have submitted at least one policy in the month.

2 Registered agents are dually licensed as insurance agents and financial representatives who can buy and sell securities for clients, and/or investment advisors who can provide ongoing investment advice for clients.

3 Agent and representative counts represent the average of the last 3 months.

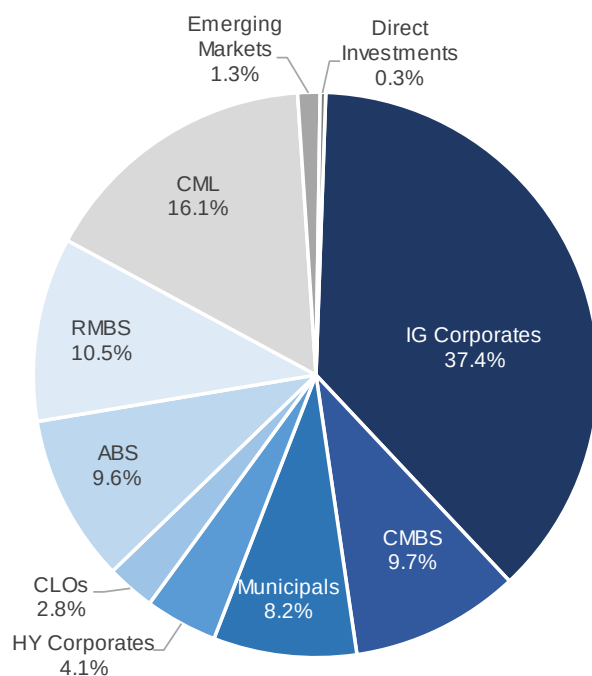
New Money Rate Walk

Higher market yields balanced by up-in-quality trend, shorter duration requirements



New Money Summary

Strategically harvesting rising market yields, while sliding up-in-quality / down the curve.



First Quarter General Account New Money Purchases

	\$	%	GAAP YTM	Duration
IG Corp AAA-A	175	18.6%	3.16%	16.56
IG Corp BBB	177	18.8%	3.99%	13.39
HY Corp	39	4.2%	4.66%	5.55
EM	12	1.3%	4.18%	8.92
Municipals	77	8.2%	3.58%	13.78
Non-Agency RMBS	99	10.5%	3.64%	6.84
ABS	90	9.5%	4.16%	5.33
CMBS	91	9.7%	3.79%	6.36
CLOs	26	2.8%	3.68%	4.44
CML	151	16.1%	3.47%	7.40
Direct/Alternatives	3	0.3%	9.69%	N/A
Total	940	100.0%	3.73%	10.26

Long-Term Care Insurance

Highly differentiated inforce block; prudently managed

New sales (~\$30 million annually) focused on short duration products

- 99% of new sales for policies with 2 years or less in benefits
- Average benefit period of 11 months
- New business 25% reinsured since 2008

Reserve assumptions informed by historical experience

- No morbidity improvement
- No mortality improvement
- Minimal future rate increases
- New money rates reflect a low for long environment

Favorable economic profile

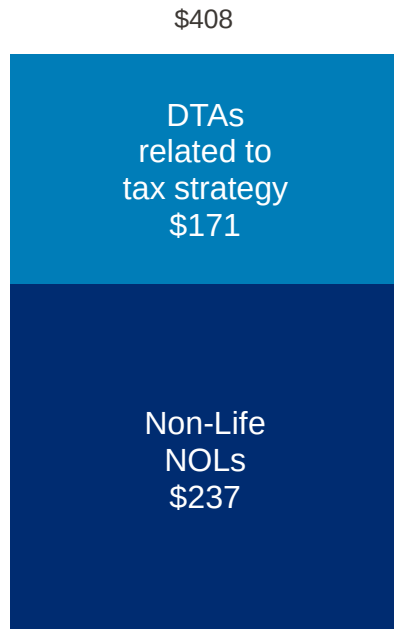
- 2021 Loss Recognition Testing margin increased to \$376 million or ~15% of Net GAAP Liabilities driven by margin from new business
- Statutory reserves ~\$221 million higher than LTC Net GAAP Liabilities, which are currently ~\$2.51 billion
- Total LTC is just 12% of overall CNO insurance liabilities
- Potential adverse impact from severe stress scenarios is significantly reduced
- Average maximum benefit at issuance is \$143 per day for inforce block

Tax Asset Summary as of March 31, 2022

\$408 million/\$3.42 per diluted share value of NOLs and DTAs related to tax strategy

Value of NOLs and deferred tax assets (DTAs) related to tax strategy

(dollars in millions)



Details

- Total estimated economic value of tax assets related to our NOLs and tax strategy of approximately \$245 million @ 10% discount rate (\$2.02 on a per share basis).
- Life NOLs have been fully utilized. Non-life NOLs are expected to offset 100% of non-life taxable income and 35% of life taxable income through 2023.

Appendix 2: Financial Exhibits

Non-GAAP Financial Measures

Slides 28 - 46

4Q21 Significant Items

The table below summarizes the financial impact of significant items on our 4Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended December 31, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 93.9	\$ (26.9) (1)	\$ 67.0
Health	129.5	-	129.5
Life	30.4	1.0 (1)	31.4
Total insurance product margin	253.8	(25.9)	227.9
Allocated expenses	(143.3)	-	(143.3)
Income from insurance products	110.5	(25.9)	84.6
Fee income	2.9	-	2.9
Investment income not allocated to product lines	42.8	-	42.8
Expenses not allocated to product lines	(17.4)	-	(17.4)
Operating earnings before taxes	138.8	(25.9)	112.9
Income tax expense on operating income	(30.3)	5.7	(24.6)
Net operating income (2)	<u>\$ 108.5</u>	<u>\$ (20.2)</u>	<u>88.3</u>
Net operating income per diluted share (2)	<u>\$ 0.87</u>	<u>\$ (0.16)</u>	<u>\$ 0.71</u>

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

3Q21 Significant Items

The table below summarizes the financial impact of significant items on our 3Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended September 30, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 52.5	\$ -	\$ 52.5
Health	117.9	-	117.9
Life	53.2	-	53.2
Total insurance product margin	223.6	-	223.6
Allocated expenses	(140.5)	-	(140.5)
Income from insurance products	83.1	-	83.1
Fee income	2.6	-	2.6
Investment income not allocated to product lines	50.9	-	50.9
Expenses not allocated to product lines	(17.3)	3.0 (1)	(14.3)
Operating earnings before taxes	119.3	3.0	122.3
Income tax expense on operating income	(26.5)	(0.7)	(27.2)
Net operating income (2)	<u>\$ 92.8</u>	<u>\$ 2.3</u>	<u>95.1</u>
Net operating income per diluted share (2)	<u>\$ 0.72</u>	<u>\$ 0.02</u>	<u>\$ 0.74</u>

(1) Comprised of \$3.0 million from legal and regulatory matters.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

2Q21 Significant Items

The table below summarizes the financial impact of significant items on our 2Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended June 30, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 66.0	\$ -	\$ 66.0
Health	120.9	-	120.9
Life	39.7	-	39.7
Total insurance product margin	226.6	-	226.6
Allocated expenses	(141.6)	-	(141.6)
Income from insurance products	85.0	-	85.0
Fee income	6.6	-	6.6
Investment income not allocated to product lines	47.8	-	47.8
Expenses not allocated to product lines	(23.8)	4.5 (1)	(19.3)
Operating earnings before taxes	115.6	4.5	120.1
Income tax expense on operating income	(26.5)	(1.0)	(27.5)
Net operating income (2)	<u>\$ 89.1</u>	<u>\$ 3.5</u>	<u>92.6</u>
Net operating income per diluted share (2)	<u>\$ 0.66</u>	<u>\$ 0.03</u>	<u>\$ 0.69</u>

(1) Comprised of \$4.5 million from legal and regulatory matters.

(2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

1Q21 Significant Items

The table below summarizes the financial impact of significant items on our 1Q21 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended March 31, 2021		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 57.9	\$ -	\$ 57.9
Health	124.7	-	124.7
Life	27.1	-	27.1
Total insurance product margin	209.7	-	209.7
Allocated expenses	(141.1)	-	(141.1)
Income from insurance products	68.6	-	68.6
Fee income	7.3	-	7.3
Investment income not allocated to product lines	43.0	-	43.0
Expenses not allocated to product lines	(22.0)	7.8 (1)	(14.2)
Operating earnings before taxes	96.9	7.8	104.7
Income tax expense on operating income	(21.7)	(1.7)	(23.4)
Net operating income (2)	<u>\$ 75.2</u>	<u>\$ 6.1</u>	<u>81.3</u>
Net operating income per diluted share (2)	<u>\$ 0.55</u>	<u>\$ 0.04</u>	<u>\$ 0.59</u>

- (1) Comprised of: (i) \$5.3 million from legal and regulatory matters; and (ii) \$2.5 million of transaction expenses related to the previously announced acquisition of DirectPath, LLC. The legal and regulatory matters primarily consist of an increase to our liability for claims and interest pursuant to the Global Resolution Agreement, as we have now processed and verified most of the claims provided by the third-party auditor allowing us to more accurately estimate the ultimate liability.
- (2) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

4Q20 Significant Items

The table below summarizes the financial impact of significant items on our 4Q20 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended December 31, 2020		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 68.1	\$ (16.1) (1)	\$ 52.0
Health	125.2	-	125.2
Life	37.3	4.3 (1)	41.6
Total insurance product margin	230.6	(11.8)	218.8
Allocated expenses	(162.7)	-	(162.7)
Income from insurance products	67.9	(11.8)	56.1
Fee income	2.9	-	2.9
Investment income not allocated to product lines	57.8	-	57.8
Expenses not allocated to product lines	(17.8)	3.7 (2)	(14.1)
Operating earnings before taxes	110.8	(8.1)	102.7
Income tax expense on operating income	(24.8)	1.7	(23.1)
Net operating income (3)	<u>\$ 86.0</u>	<u>\$ (6.4)</u>	<u>\$ 79.6</u>
Net operating income per diluted share (3)	<u>\$ 0.61</u>	<u>\$ (0.04)</u>	<u>\$ 0.57</u>

(1) Adjustments arising from our comprehensive annual actuarial review of assumptions.

(2) Unfavorable impact related to asset impairments.

(3) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

2Q20 Significant Items

The table below summarizes the financial impact of significant items on our 2Q20 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.

(dollars in millions, except per-share amounts)

	Three months ended June 30, 2020		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 123.8	\$ 40.0 (1)	\$ 72.3
		(91.5) (1)	
Health	95.5	-	95.5
Life	36.1	5.6 (1)	41.7
Total insurance product margin	255.4	(45.9)	209.5
Allocated expenses	(128.1)	-	(128.1)
Income from insurance products	127.3	(45.9)	81.4
Fee income	5.2	-	5.2
Investment income not allocated to product lines	8.2	-	8.2
Expenses not allocated to product lines	(38.5)	23.5 (2)	(15.0)
Operating earnings before taxes	102.2	(22.4)	79.8
Income tax expense on operating income	(22.8)	4.7	(18.1)
Net operating income (3)	<u>\$ 79.4</u>	<u>\$ (17.7)</u>	<u>\$ 61.7</u>
Net operating income per diluted share (3)	<u>\$0.55</u>	<u>\$ (0.12)</u>	<u>\$ 0.43</u>

The footnotes to the above table are on the following page.

2Q20 Significant Items

(Continued from the previous page)

- (1) Given our expectation that interest rates will remain low for the long-term, we performed an actuarial unlocking exercise in the second quarter of 2020 to reflect our assumption that average new money rates will remain flat at 4 percent forever. This change and the related impacts to persistency assumptions had a \$45.6 million unfavorable impact on pre-tax earnings. As part of the actuarial unlocking exercise, we also changed our assumptions related to the future option costs we incur in providing benefits on fixed index annuities which had a favorable impact on pre-tax earnings of \$91.5 million. The impact of these changes in assumptions is summarized below (dollars in millions):

	Line of business			
	Fixed index annuities	Fixed interest annuities	Interest-sensitive life	Total
	Favorable (unfavorable)			
<u>Impacts of an average new money rate assumption of 4 percent</u>				
Insurance policy benefits	\$ (5.0)	\$ —	\$ (7.4)	\$ (12.4)
Amortization	(25.6)	(9.4)	1.8	(33.2)
Subtotal	(30.6)	(9.4)	(5.6)	(45.6)
<u>Impacts of changes in future option costs</u>				
Insurance policy benefits	104.8	—	—	104.8
Amortization	(13.3)	—	—	(13.3)
Subtotal	91.5	—	—	91.5
Impact on pre-tax income	\$ 60.9	\$ (9.4)	\$ (5.6)	\$ 45.9

This actuarial unlocking exercise did not replace our comprehensive annual review of all assumptions for our insurance products, which we completed in the fourth quarter of 2020.

- (2) We increased our liability for claims and interest pursuant to the previously disclosed Global Resolution Agreement entered into in November 2018. Pursuant to this agreement, a third-party auditor is acting on behalf of 42 states and the District of Columbia for the purpose of identifying deceased insureds and contract holders where benefits are payable pursuant to unclaimed property laws. The third-party auditor has provided information that we have processed and verified allowing us to more accurately estimate the ultimate liability pursuant to this agreement.
- (3) A non-GAAP measure. See pages 35 and 37 for a reconciliation to the corresponding GAAP measure.

Quarterly Earnings

(dollars in millions)

	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Insurance product margin					
Annuity	\$ 57.9	\$ 66.0	\$ 52.5	\$ 93.9	\$ 44.6
Health	124.7	120.9	117.9	129.5	124.8
Life	27.1	39.7	53.2	30.4	19.8
Total insurance product margin	209.7	226.6	223.6	253.8	189.2
Allocated expenses	(141.1)	(141.6)	(140.5)	(143.3)	(144.8)
Income from insurance products	68.6	85.0	83.1	110.5	44.4
Fee income	7.3	6.6	2.6	2.9	9.9
Investment income not allocated to product lines	43.0	47.8	50.9	42.8	28.5
Expenses not allocated to product lines	(22.0)	(23.8)	(17.3)	(17.4)	(14.8)
Operating earnings before taxes	96.9	115.6	119.3	138.8	68.0
Income tax expense on operating income	(21.7)	(26.5)	(26.5)	(30.3)	(16.9)
Net operating income*	75.2	89.1	92.8	108.5	51.1
Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses (net of related amortization)	3.6	24.3	2.2	4.7	(7.1)
Net change in market value of investments recognized in earnings	(6.4)	5.7	(4.6)	(12.1)	(25.5)
Fair value changes in embedded derivative liabilities (net of related amortization)	82.1	(44.9)	10.9	19.1	90.8
Fair value changes related to agent deferred compensation plan	13.2	-	-	(4.3)	22.7
Other	0.6	0.9	0.2	1.9	0.4
Non-operating income (loss) before taxes	93.1	(14.0)	8.7	9.3	81.3
Income tax (expense) benefit on non-operating income	(20.9)	2.9	(1.7)	(2.0)	(20.1)
Net non-operating income (loss)	72.2	(11.1)	7.0	7.3	61.2
Net income	<u>\$ 147.4</u>	<u>\$ 78.0</u>	<u>\$ 99.8</u>	<u>\$ 115.8</u>	<u>\$ 112.3</u>

* Management believes that an analysis of Net income applicable to common stock before: (i) net realized investment gains or losses from sales, impairments and the change in allowance for credit losses, net of related amortization and taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss on extinguishment of debt, net of taxes; (vi) changes in the valuation allowance for deferred tax assets and other tax items; and (vii) other non-operating items consisting primarily of earnings attributable to variable interest entities, net of taxes ("Net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of Net operating income to Net income applicable to common stock is provided in the above table.

Information Related to Certain Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP measures used in this presentation. A non-GAAP measure is a numerical measure of a company's performance, financial position, or cash flows that excludes or includes amounts that are normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered as substitutes for the most directly comparable GAAP measures. Additional information concerning non-GAAP measures is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors – SEC Filings" section of CNO's website, www.CNOinc.com.

Operating earnings measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses from sales, impairments and change in allowance for credit losses, net change in market value of investments recognized in earnings, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, changes in the valuation allowance for deferred tax assets and other tax items and other non-operating items consisting primarily of earnings attributable to variable interest entities ("net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company's underlying fundamentals.

Information Related to Certain Non-GAAP Financial Measures

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

(dollars in millions, except per-share amounts)

	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Net income applicable to common stock	\$ 147.4	\$ 78.0	\$ 99.8	\$ 115.8	\$ 112.3
Non-operating items:					
Net realized investment (gains) losses from sales and impairments, net of related amortization	(3.6)	(24.3)	(2.2)	(4.7)	7.1
Net change in market value of investments recognized in earnings	6.4	(5.7)	4.6	12.1	25.5
Fair value changes in embedded derivative liabilities, net of related amortization	(82.1)	44.9	(10.9)	(19.1)	(90.8)
Fair value changes related to the agent deferred compensation plan	(13.2)	-	-	4.3	(22.7)
Other	(0.6)	(0.9)	(0.2)	(1.9)	(0.4)
Non-operating (income) loss before taxes	(93.1)	14.0	(8.7)	(9.3)	(81.3)
Income tax (expense) benefit on non-operating (income) loss	(20.9)	2.9	(1.7)	(2.0)	(20.1)
Net non-operating (income) loss	(72.2)	11.1	(7.0)	(7.3)	(61.2)
Net operating income (a non-GAAP financial measure)	\$ 75.2	\$ 89.1	\$ 92.8	\$ 108.5	\$ 51.1
Per diluted share:					
Net income	\$ 1.08	\$ 0.58	\$ 0.77	\$ 0.93	\$ 0.93
Net realized investment (gains) losses from sales and impairments (net of related amortization and taxes)	(0.02)	(0.14)	(0.02)	(0.03)	0.04
Net change in market value of investments recognized in earnings (net of taxes)	0.04	(0.03)	0.03	0.07	0.16
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	(0.47)	0.26	(0.06)	(0.12)	(0.57)
Fair value changes related to the agent deferred compensation plan (net of taxes)	(0.08)	-	-	0.03	(0.14)
Other	-	(0.01)	-	(0.01)	-
Net operating income (a non-GAAP financial measure)	\$ 0.55	\$ 0.66	\$ 0.72	\$ 0.87	\$ 0.42

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of operating income and shares used to calculate basic and diluted operating earnings per share is as follows:

(dollars in millions, except per-share amounts, and shares in thousands)

	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Operating income	<u>\$ 75.2</u>	<u>\$ 89.1</u>	<u>\$ 92.8</u>	<u>\$ 108.5</u>	<u>\$ 51.1</u>
Weighted average shares outstanding for basic earnings per share	134,140	131,016	126,429	122,017	118,622
Effect of dilutive securities on weighted average shares:					
Stock options, restricted stock and performance units	<u>2,513</u>	<u>2,798</u>	<u>2,589</u>	<u>3,003</u>	<u>2,380</u>
Weighted average shares outstanding for diluted earnings per share	<u>136,653</u>	<u>133,814</u>	<u>129,018</u>	<u>125,020</u>	<u>121,002</u>
Net operating income per diluted share	<u>\$ 0.55</u>	<u>\$ 0.66</u>	<u>\$ 0.72</u>	<u>\$ 0.87</u>	<u>\$ 0.42</u>

Information Related to Certain Non-GAAP Financial Measures

Book value per diluted share

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

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

(dollars in millions, except per-share amounts)

	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Total shareholders' equity	\$ 4,860.7	\$ 5,324.0	\$ 5,232.9	\$ 5,259.7	\$ 3,690.9
Shares outstanding for the period	132,268,255	129,105,039	124,269,869	120,377,152	117,241,006
Book value per share	\$ 36.75	\$ 41.24	\$ 42.11	\$ 43.69	\$ 31.48
Total shareholders' equity	\$ 4,860.7	\$ 5,324.0	\$ 5,232.9	\$ 5,259.7	\$ 3,690.9
Less accumulated other comprehensive income	(1,518.1)	(1,995.5)	(1,929.7)	(1,947.1)	(380.5)
Adjusted shareholders' equity excluding AOCI	\$ 3,342.6	\$ 3,328.5	\$ 3,303.2	\$ 3,312.6	\$ 3,310.4
Shares outstanding for the period	132,268,255	129,105,039	124,269,869	120,377,152	117,241,006
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	2,356,263	2,444,309	2,647,710	2,953,586	2,261,617
Diluted shares outstanding	134,624,518	131,549,348	126,917,579	123,330,738	119,502,623
Book value per diluted share (a non-GAAP measure)	\$ 24.83	\$ 25.30	\$ 26.03	\$ 26.86	\$ 27.70

Information Related to Certain Non-GAAP Financial Measures

Operating return measures

Management believes that an analysis of net income applicable to common stock before net realized investment gains or losses from sales, impairments and change in allowance for credit losses, net change in market value of investments recognized in earnings, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, loss on extinguishment of debt, changes in the valuation allowance for deferred tax assets and other tax items, loss on extinguishment of debt and other non-operating items consisting primarily of earnings attributable to variable interest entities (“net operating income,” a non-GAAP financial measure) is important to evaluate the financial performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company’s underlying fundamentals.

Management also believes that an operating return, excluding significant items, is important as the impact of these items enhances the understanding of our operating results.

This non-GAAP financial measure also differs from return on equity because accumulated other comprehensive income (loss) has been excluded from the value of equity used to determine this ratio. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

In addition, our equity includes the value of significant net operating loss carryforwards (included in income tax assets). In accordance with GAAP, these assets are not discounted, and accordingly will not provide a return to shareholders (until after it is realized as a reduction to taxes that would otherwise be paid). Management believes that excluding this value from the equity component of this measure enhances the understanding of the effect these non-discounted assets have on operating returns and the comparability of these measures from period-to-period. Operating return measures are used in measuring the performance of our business units and are used as a basis for incentive compensation.

Information Related to Certain Non-GAAP Financial Measures

The calculations of: (i) operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); (ii) operating return, excluding significant item, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); and (iii) return on equity are as follows:

(dollars in millions)

	Trailing Twelve Months Ended				
	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Operating income	\$ 353.2	\$ 362.9	\$ 343.1	\$ 365.6	\$ 341.5
Operating income, excluding significant items	\$ 335.2	\$ 366.1	\$ 348.6	\$ 357.3	\$ 327.1
Net income	\$ 470.4	\$ 466.4	\$ 437.0	\$ 441.0	\$ 405.9
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,876.5	\$ 2,947.7	\$ 2,995.5	\$ 3,026.0	\$ 3,046.7
Average common shareholders' equity	\$ 4,903.1	\$ 5,114.1	\$ 5,206.8	\$ 5,197.4	\$ 5,023.1
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	12.3%	12.3%	11.5%	12.1%	11.2%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	11.7%	12.4%	11.6%	11.8%	10.7%
Return on equity	9.6%	9.1%	8.4%	8.5%	8.1%

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

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

(dollars in millions)

	Net operating income	Significant items (a)	Net operating income, excluding significant items	Net operating income, excluding significant items - trailing four quarters	Net income	Net income - trailing four quarters
2Q20	\$ 79.4	\$ (17.7)	\$ 61.7	\$ 285.9	\$ 82.0	\$ 380.8
3Q20	112.6	-	112.6	329.3	129.2	468.0
4Q20	86.0	(6.4)	79.6	338.2	111.8	301.8
1Q21	75.2	6.1	81.3	335.2	147.4	470.4
2Q21	89.1	3.5	92.6	366.1	78.0	466.4
3Q21	92.8	2.3	95.1	348.6	99.8	437.0
4Q21	108.5	(20.2)	88.3	357.3	115.8	441.0
1Q22	51.1	-	51.1	327.1	112.3	405.9

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

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

The calculations of: (i) operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); (ii) operating return, excluding significant item, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); and (iii) return on equity are as follows:

(dollars in millions)

	Twelve Months Ended				
	<u>1Q21</u>	<u>2Q21</u>	<u>3Q21</u>	<u>4Q21</u>	<u>1Q22</u>
Pre-tax operating earnings (a non-GAAP financial measure)	\$ 455.2	\$ 468.6	\$ 442.6	\$ 470.6	\$ 441.7
Income tax expense	(102.0)	(105.7)	(99.5)	(105.0)	(100.2)
Operating return	<u>353.2</u>	<u>362.9</u>	<u>343.1</u>	<u>365.6</u>	<u>341.5</u>
Non-operating items:					
Net realized investment gains (losses) from sales and impairments, net of related amortization	36.2	48.2	42.7	34.8	24.1
Net change in market value of investments recognized in earnings	39.3	13.8	0.7	(17.4)	(36.5)
Fair value changes in embedded derivative liabilities, net of related amortization	69.7	51.9	64.4	67.2	75.9
Fair value changes and amendment related to the agent deferred compensation plan	(3.1)	10.1	10.1	8.9	18.4
Other	8.0	8.9	2.6	3.6	3.4
Non-operating income before taxes	<u>150.1</u>	<u>132.9</u>	<u>120.5</u>	<u>97.1</u>	<u>85.3</u>
Income tax expense on non-operating income	(32.9)	(29.4)	(26.6)	(21.7)	(20.9)
Net non-operating income	<u>117.2</u>	<u>103.5</u>	<u>93.9</u>	<u>75.4</u>	<u>64.4</u>
Net income	<u>\$ 470.4</u>	<u>\$ 466.4</u>	<u>\$ 437.0</u>	<u>\$ 441.0</u>	<u>\$ 405.9</u>

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows:

(dollars in millions)

	1Q19	2Q19	3Q19	4Q19
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,703.4	\$ 2,702.9	\$ 2,685.0	\$ 2,761.9
Net operating loss carryforwards	479.6	451.1	425.4	542.6
Accumulated other comprehensive income	654.9	1,098.2	1,442.9	1,372.5
Common shareholders' equity	<u>\$ 3,837.9</u>	<u>\$ 4,252.2</u>	<u>\$ 4,553.3</u>	<u>\$ 4,677.0</u>
	1Q20	2Q20	3Q20	4Q20
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,701.2	\$ 2,784.2	\$ 2,905.1	\$ 2,956.2
Net operating loss carryforwards	469.4	426.8	377.2	341.9
Accumulated other comprehensive income	595.2	1,520.2	1,801.6	2,186.1
Common shareholders' equity	<u>\$ 3,765.8</u>	<u>\$ 4,731.2</u>	<u>\$ 5,083.9</u>	<u>\$ 5,484.2</u>
	1Q21	2Q21	3Q21	4Q21
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,019.5	\$ 3,035.6	\$ 3,036.3	\$ 3,068.9
Net operating loss carryforwards	323.1	292.9	266.9	243.7
Accumulated other comprehensive income	1,518.1	1,995.5	1,929.7	1,947.1
Common shareholders' equity	<u>\$ 4,860.7</u>	<u>\$ 5,324.0</u>	<u>\$ 5,232.9</u>	<u>\$ 5,259.7</u>
	1Q22			
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,072.2			
Net operating loss carryforwards	238.2			
Accumulated other comprehensive income	380.5			
Common shareholders' equity	<u>\$ 3,690.9</u>			

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure) to common shareholders' equity, is as follows:

(dollars in millions)

	Trailing Four Quarter Average				
	1Q21	2Q21	3Q21	4Q21	1Q22
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 2,876.5	\$ 2,947.7	\$ 2,995.5	\$ 3,026.0	\$ 3,046.7
Net operating loss carryforwards	385.5	350.5	320.0	293.9	271.0
Accumulated other comprehensive income	1,641.1	1,815.9	1,891.3	1,877.5	1,705.4
Common shareholders' equity	<u>\$ 4,903.1</u>	<u>\$ 5,114.1</u>	<u>\$ 5,206.8</u>	<u>\$ 5,197.4</u>	<u>\$ 5,023.1</u>

Information Related to Certain Non-GAAP Financial Measures

Debt to capital ratio, excluding accumulated other comprehensive income (loss)

The debt to capital ratio, excluding accumulated other comprehensive income (loss), differs from the debt to capital ratio because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management. A reconciliation of these ratios is as follows:

(dollars in millions)

	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Corporate notes payable	\$ 1,136.2	\$ 1,136.6	\$ 1,136.9	\$ 1,137.0	\$ 1,137.3	\$ 1,137.6
Total shareholders' equity	5,484.2	4,860.7	5,324.0	5,232.9	5,259.7	3,690.9
Total capital	\$ 6,620.4	\$ 5,997.3	\$ 6,460.9	\$ 6,369.9	\$ 6,397.0	\$ 4,828.5
Corporate debt to capital	17.2%	19.0%	17.6%	17.8%	17.8%	23.6%
Corporate notes payable	\$ 1,136.2	\$ 1,136.6	\$ 1,136.9	\$ 1,137.0	\$ 1,137.3	\$ 1,137.6
Total shareholders' equity	5,484.2	4,860.7	5,324.0	5,232.9	5,259.7	3,690.9
Less accumulated other comprehensive income	(2,186.1)	(1,518.1)	(1,995.5)	(1,929.7)	(1,947.1)	(380.5)
Total capital	\$ 4,434.3	\$ 4,479.2	\$ 4,465.4	\$ 4,440.2	\$ 4,449.9	\$ 4,448.0
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	25.6%	25.4%	25.5%	25.6%	25.6%	25.6%