



# Third Quarter 2024

Financial and operating results for the period  
ended September 30, 2024

October 31, 2024

Unless otherwise specified, comparisons in this presentation  
are between 3Q23 and 3Q24.



# 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 October 31, 2024, 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 – Financials – SEC Filings" section of CNO's website, [CNOinc.com](http://CNOinc.com).

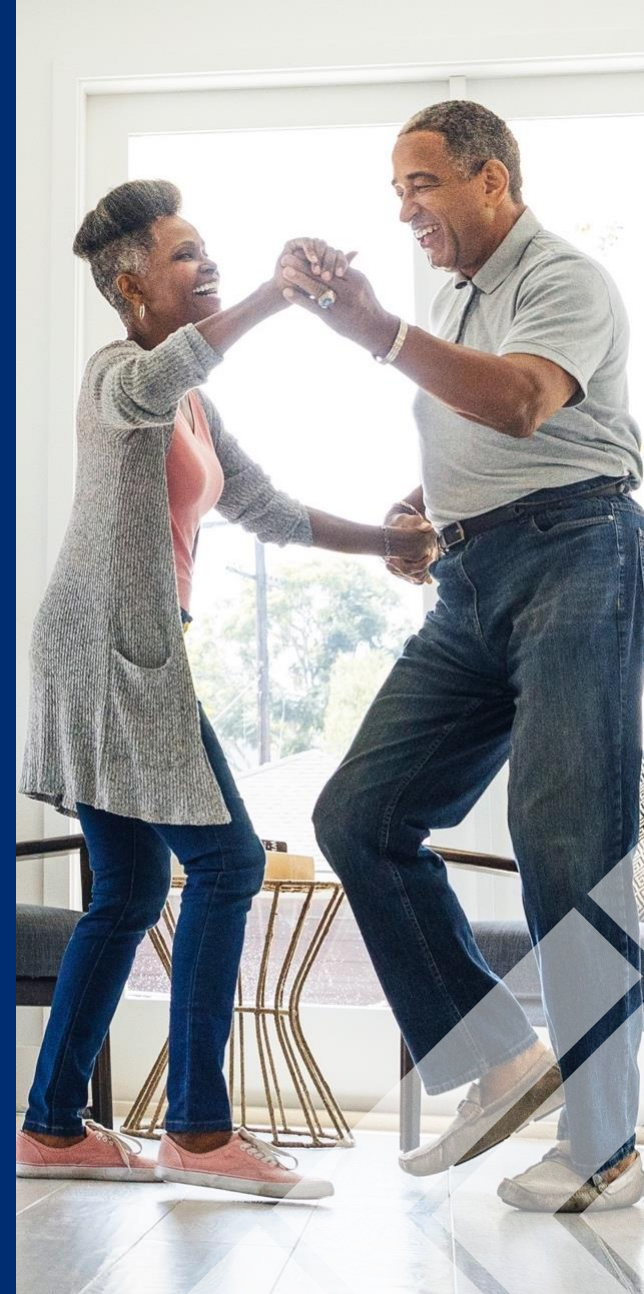
# OUR PURPOSE

We secure the future of middle-income America.



# OUR MISSION

We secure the future of middle-income America by providing insurance and financial services that help protect their health, income and retirement needs, while building enduring value for all our stakeholders.



## QUARTER IN REVIEW

### *Continued strong results in operating earnings, production, distribution, and capital*

#### Operational Highlights

- 9<sup>th</sup> consecutive quarter of strong sales momentum
  - Record Annuity collected premiums, up 25%
  - Total new annualized premiums (NAP) up 1% in total, up 7% excluding direct-to-consumer (D2C)
- Total producing agent count (PAC) up 6%; 7<sup>th</sup> consecutive quarter of growth
- Policyholder and client assets up 12%
- Diverse and integrated distribution model and broad product portfolio delivering consistent and sustainable results

#### Financial Highlights

- Operating EPS<sup>1</sup> of \$1.11, up 26%
  - Operating EPS<sup>1</sup> excluding significant items of \$0.94, up 27%
  - Continued strong underwriting and investment income results
- New money rate of 6.5%, the 7<sup>th</sup> consecutive quarter above 6%
  - Average yield on allocated investments up 12 basis points
- Capital and liquidity remain above target levels; continued strong free cash flow generation
- Returned \$107 million to shareholders
- Book value per diluted share excluding AOCI<sup>1</sup> was \$35.84

<sup>1</sup> A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.

# GROWTH SCORECARD

## Growth in all scorecard metrics

	2023			2024			Change vs 3Q23	
	3Q	4Q	FY	1Q	2Q	3Q		
<b>PRODUCTION</b>	<b>New Annualized Premiums<sup>1</sup></b>	\$98.3	\$96.1	\$389.7	\$104.5	\$102.9	\$99.4	1.1%
	Consumer	83.1	81.8	336.2	91.5	87.4	83.5	0.5%
	Worksite	15.2	14.3	53.5	13.0	15.5	15.9	4.6%
	<b>Annuity Collected Premiums</b>	\$372.2	\$438.3	\$1,583.2	\$393.3	\$439.1	\$465.1	25.0%
	<b>Fee Revenue<sup>2</sup></b>	\$27.9	\$69.0	\$177.6	\$50.5	\$32.0	\$29.3	5.0%
	<b>Policyholder and Client Assets</b>	\$14,357	\$14,804	--	\$15,169	\$15,509	\$16,012	11.5%
Annuity Account Values	11,452	11,636	--	11,723	11,882	\$12,081	5.5%	
Client Assets in BD and Advisory <sup>3</sup>	2,905	3,168	--	3,446	3,627	3,931	35.3%	
<b>DISTRIBUTION</b>	<b>Producing Agent Counts (PAC)</b>	4,588	4,573	--	4,690	4,811	4,859	5.9%
	Consumer	4,267	4,224	--	4,322	4,422	4,484	5.1%
	Worksite	321	349	--	368	389	375	16.8%
<b>INVESTMENTS &amp; CAPITAL</b>	<b>Average Book Value of Investments &amp; Cash</b>	\$27,288	\$27,649	--	\$27,897	\$28,577	\$29,716	8.9%
	<b>Average Yield on Allocated Investments</b>	4.69%	4.68%	4.66%	4.70%	4.81%	4.81%	12 bps
	New Money Rate	6.03%	6.92%	--	6.17%	6.41%	6.50%	47 bps
	<b>Book Value per Diluted Share x AOCI<sup>4</sup></b>	\$33.75	\$33.94	--	\$34.97	\$36.00	\$35.84	6.2%
2-year CAGR	14.6%	12.4%	--	11.2%	8.6%	6.0%	--	

(dollars in millions)

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 Represents fee revenue from the sales of third-party insurance products; fees generated by our broker/dealer and registered investment advisor; fee revenue earned by Optavise.

3 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.

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

# CONSUMER DIVISION UPDATE

## *8th consecutive quarter of sustained sales momentum*

### Operational Highlights

- Life and Health NAP up 1%, Field agent NAP up 9%
- Health NAP up 11%; Medicare Supplement NAP up 15%; LTC NAP up 31%
- Record Annuity collected premiums, up 25%; Account values up 6%
- Medicare Advantage policies sold up 26%
- Client assets in brokerage and advisory up 35% to a record \$3.9B
  - New accounts up 11%

### Distribution Highlights

- PAC up 5%, 7<sup>th</sup> consecutive quarter of growth
  - Recruiting up 5%, 9<sup>th</sup> consecutive quarter of growth
- Agent productivity and retention remain strong and sustainable
- Continued disciplined and opportunistic approach to D2C advertising spend
- NAP generated from web/digital channels 32% of total D2C

# WORKSITE DIVISION UPDATE

## *10<sup>th</sup> consecutive quarter of NAP growth*

### Operational Highlights

- Life and Health NAP up 4%
- New products driving growth
  - Hospital Indemnity product up 66%
  - Critical Illness product up 9%
- Fee sales<sup>1</sup> up 108%
- NAP from new group clients up 164%

### Distribution Highlights

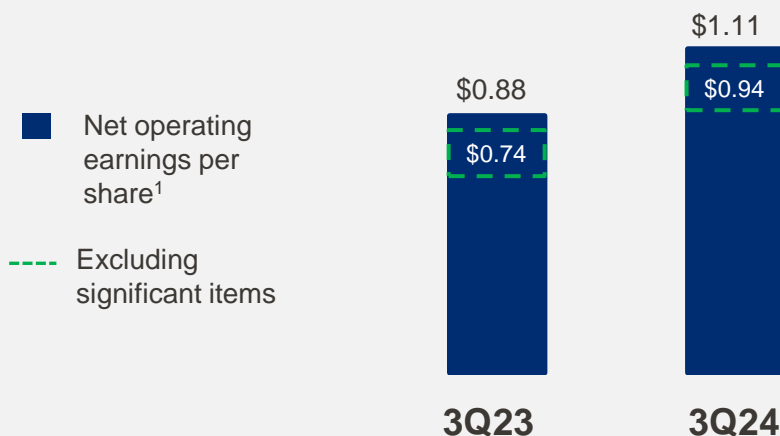
- PAC up 17%, first-year PAC up 16%
- Strong agent recruiting and retention
- Continued success with geographic expansion, contributing 11% of NAP growth in the quarter

<sup>1</sup> Fee sales represents the annualized value of fee-based services contracts executed in the quarter.

# FINANCIAL HIGHLIGHTS

## Operating EPS growth driven by continued strong underwriting and NII results

### Earnings Results



Net operating income <sup>1</sup>	\$101.3	\$119.2
Net operating income excluding significant items <sup>1</sup>	\$84.4	\$100.4
Weighted average shares outstanding (in millions)	114.5	107.1

### Third Quarter 2024

- Operating EPS<sup>1</sup> of \$1.11, up 26%
  - Net favorable results from annual actuarial review
- Operating EPS<sup>1</sup> excl. significant items of \$0.94, up 27%
  - Strong insurance product margins across most product lines
  - NII allocated to products, benefiting from growing asset base and 12 bps improvement in yield
  - NII not allocated to products benefiting from improved alternative investment returns
  - Expense ratio excluding significant items was 18.8% in 3Q24 and 19.2% LTM
- Maintained robust capital position, bolstered by strong free cash flow generation
- Accelerated capital return, \$90 million of share repurchases
- Operating ROE<sup>1</sup> as reported of 11.7%, and 10.5% excluding significant items

(dollars in millions, except where noted)

<sup>1</sup> A non-GAAP measure. See the Appendix for a reconciliation to the corresponding GAAP measure.



# INSURANCE PRODUCT MARGIN

## Continued strong underwriting margin

### Insurance Product Margin Excluding Significant Items<sup>1</sup>

	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Annuity</b>	<b>\$57.0</b>	<b>\$50.7</b>	<b>\$52.0</b>	<b>\$76.1</b>	<b>\$54.9</b>
Fixed Indexed Annuities	\$47.2	\$41.5	\$43.4	\$49.9	\$42.8
Fixed Interest Annuities	\$8.4	\$7.7	\$7.6	\$8.7	\$7.3
Other Annuities	\$1.4	\$1.5	\$1.0	\$17.5	\$4.8
<b>Health</b>	<b>\$123.2</b>	<b>\$124.1</b>	<b>\$123.0</b>	<b>\$135.9</b>	<b>\$136.0</b>
Supplemental Health	\$62.8	\$66.5	\$65.4	\$65.1	\$68.3
Medicare Supplement	\$37.2	\$31.9	\$26.5	\$35.5	\$35.7
Long-term Care	\$23.2	\$25.7	\$31.1	\$35.3	\$32.0
<b>Life</b>	<b>\$59.8</b>	<b>\$65.9</b>	<b>\$54.6</b>	<b>\$63.1</b>	<b>\$64.0</b>
Interest Sensitive Life	\$22.9	\$25.0	\$22.5	\$23.9	\$24.4
Traditional Life	\$36.9	\$40.9	\$32.1	\$39.2	\$39.6
<b>Total Margin</b>	<b>\$240.0</b>	<b>\$240.7</b>	<b>\$229.6</b>	<b>\$275.1</b>	<b>\$254.9</b>

(dollars in millions)

<sup>1</sup> Excludes the following impacts from annual actuarial review. See the Appendix for a reconciliation to the corresponding GAAP measure.

4Q23: Annuity - \$12.9 million, Health - \$22.3 million, and Life - (\$1.3) million

3Q24: Annuity - \$36.2 million, Health - (\$8.2) million, and Life (\$0.7) million

### Highlights

#### Annuity margin

- Fixed Indexed Annuities – higher amortization from assumption unlocking and spread compression
- Other Annuities – favorable reserve releases due to higher mortality on closed block policies

#### Health margin

- Supplemental Health – favorable morbidity and growth in the block
- LTC – favorable morbidity and growth in the block

#### Life margin

- Traditional Life – lower nondeferrable advertising expense

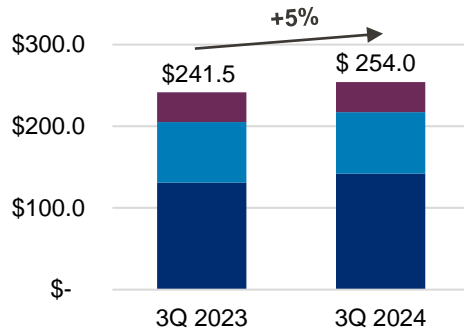
#### Annual actuarial review

- Current period net benefit of \$27.3 million, primarily due to Fixed Indexed Annuities
- Quarterly go-forward income pattern changes beginning 3Q24
  - Fixed Indexed Annuities – (\$1.5) million
  - Med Supp – (\$0.5) million

# INVESTMENT RESULTS

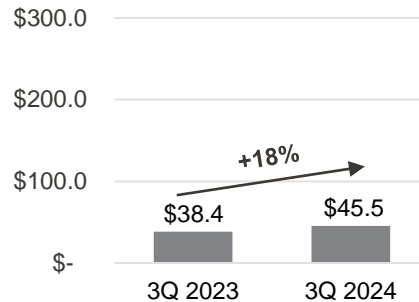
## Continued strong net investment income

### Investment Income Allocated to Product Lines



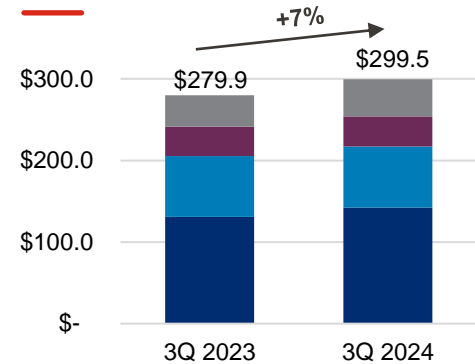
- Average yield on allocated investments of 4.81% vs. 4.69% in 3Q23
- Average net insurance liabilities<sup>2</sup> up 2.4%

### Investment Income Not Allocated to Product Lines



- Investment income not allocated to product lines up \$7.1 million
- Improved alternative investment income year-over-year
- Issued \$400 million FABN in the quarter

### Total Net Investment Income<sup>1</sup>



- New money rate of 6.50%, compared to 6.41% in 2Q24 and 6.03% in 3Q23
- Average book value of invested assets up 9%; 9<sup>th</sup> consecutive quarter of book yield increase
- Earned yield of 4.71%, compared to 4.71% in 2Q24 and 4.55% in 3Q23

■ Annuity ■ Health ■ Life ■ Not allocated

(dollars in millions)

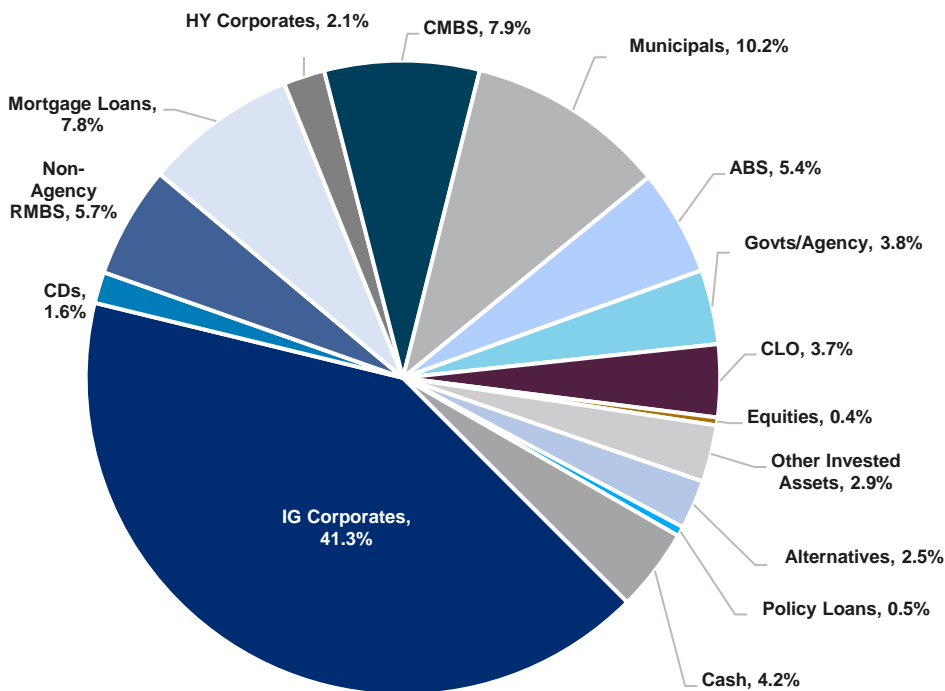
<sup>1</sup> Reflects sum of allocated and non-allocated investment income. Refer to pages 15-18 of the financial supplement for more information on the components of net investment income.

<sup>2</sup> Net insurance liabilities for the purpose of allocating investment income to product lines are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsured business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) the value of unexpired options credited to insurance liabilities.

# PORTFOLIO COMPOSITION

*High-quality, liquid portfolio producing solid and consistent results*

## \$29 Billion of Invested Assets<sup>1</sup>



## Highlights

- High degree of liquidity: over 45% of portfolio in corporate and government bonds
- Strong credit risk profile
  - Capital efficient: 97% rated NAIC 1 or 2
  - Portfolio average rating A
  - CRE portfolio performing as expected

## General Approach

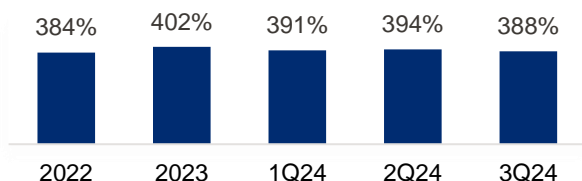
- Positioned for stable performance across credit cycles
- Focus on quality - margin against adverse development
- Low impairments through multiple cycles
- Embedded asset liability management
- Opportunistic investments protect/grow book yield and core earnings power

<sup>1</sup> Fair Value as of 09/30/2024

# CAPITAL AND LIQUIDITY OVERVIEW

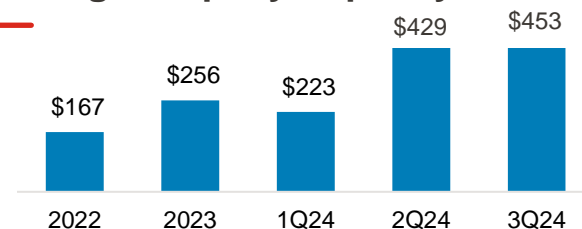
## Capital and liquidity remain above target levels

### Consolidated Risk Based Capital (RBC) Ratio<sup>1</sup>



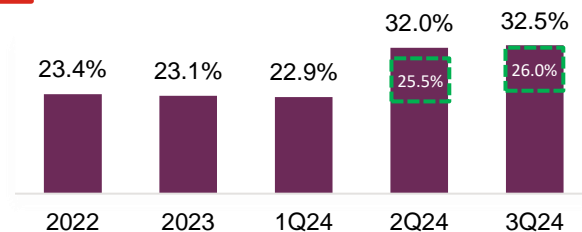
- Target consolidated RBC ratio of approximately 375%
- RBC variability expected in periods of market volatility

### Holding Company Liquidity



- Target minimum holding company liquidity of \$150 million
- Liquidity backstopped by \$250 million undrawn revolver
- Issued \$700 million in senior unsecured notes in 2Q24, \$500 million earmarked for repayment of May 2025 maturity
- Staggered debt maturities in 2029 and 2034

### Debt to Capital<sup>2</sup>



- Target leverage of 25% - 28%
- Reported result of 32.5%<sup>2</sup> includes \$500 million note maturing May 2025, expected to be repaid with proceeds from the recent \$700 million debt issuance. Excluding this note, debt to capital is 26.0%<sup>2</sup>
- Debt covenant ceiling of 35%
- \$145 million in debt capacity to top of target leverage range, assuming repayment of 2025 Notes

 Debt to capital<sup>2</sup> excluding \$500 million note maturing May 2025

(dollars in millions)

<sup>1</sup> 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.

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

## *Raising full-year guidance for earnings and cash flow*



### **Earnings**

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- \$3.50 - \$3.60 operating EPS
- 19.0% – 19.2% expense ratio
- ~23% effective tax rate



### **Free Cash Flow / Excess Capital**

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- \$250 – \$275 million excess cash flow to holding company
- 375% consolidated RBC ratio target
- \$150 million minimum holding company liquidity
- 25% – 28% target leverage

***Guidance excludes significant items***

# WHY INVEST IN CNO

1

**Exclusive focus** on underserved middle-income market

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2

**Significant** demographic tailwinds

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3

**Diverse** and integrated "last mile" virtual and in-person model

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4

**Growth** initiatives delivering sustainable results

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5

**Strong balance sheet** and solid free cash flow generation

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## Questions and Answers

## Appendix 1: Quarter in Review

- Cash Flow Profile Slide 17
- Broker-Dealer/Registered Investment Advisor Slide 18
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- New Money Summary Slide 21
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# CASH FLOW PROFILE

	For the Quarter		Trailing Twelve Months	
	3Q23	3Q24	3Q23	3Q24
<b>Holding Company Cash Flows:</b>				
Net Dividends (Contributions) from/to Subsidiaries	\$ (16.8)	\$ 38.9	\$ 120.8	\$ 314.8
Management Fees	28.4	29.4	122.5	116.6
Surplus Debenture Interest	31.6	32.9	78.7	85.9
Earnings on Corporate Investments	3.6	16.7	14.4	30.7
Other	16.8	18.9	1.8	(5.6)
<b>Holding Company Sources of Cash<sup>1</sup></b>	<b>63.6</b>	<b>136.8</b>	<b>338.2</b>	<b>542.4</b>
Holding Company Expenses and Other	(13.5)	(10.0)	(76.3)	(64.5)
Intercompany Tax Receipts (Payments)	19.5	10.8	14.9	64.3
Tax Payments	(16.1)	(4.8)	(46.0)	(52.2)
Interest Payments	(2.1)	(2.0)	(60.8)	(60.7)
<b>Excess Cash Flow to Holding Company<sup>1</sup></b>	<b>51.4</b>	<b>130.8</b>	<b>170.0</b>	<b>429.3</b>
Net Proceeds from the Issuance of Notes Payable	-	-	-	691.0
Share Repurchases	(40.1)	(89.7)	(94.3)	(269.4)
Dividend Payments to Stockholders	(16.9)	(16.8)	(67.5)	(68.0)
<b>Net Change in Holding Company Cash and Investments</b>	<b>(5.6)</b>	<b>24.3</b>	<b>8.2</b>	<b>782.9</b>
Cash and Investments, Beginning of Period	176.1	929.1	162.3	170.5
<b>Cash and Investments, End of Period</b>	<b>\$ 170.5</b>	<b>\$ 953.4</b>	<b>\$ 170.5</b>	<b>\$ 953.4</b>
Amounts Invested for the Future Repayment of Notes Payable	-	(500.0)	-	(500.0)
<b>Available Cash and Investments, End of Period</b>	<b>\$ 170.5</b>	<b>\$ 453.4</b>	<b>\$ 170.5</b>	<b>\$ 453.4</b>

(dollars in millions)

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

# BROKER-DEALER/REGISTERED INVESTMENT ADVISOR

**Account values up 35% YoY; Record \$3.9 billion in client assets**

		2023		2024		
		3Q	4Q	1Q	2Q	3Q
<b>Net New Client Assets in Brokerage and Advisory<sup>1</sup></b>	Brokerage	\$ 16.7	\$ (1.0)	\$ 10.5	\$ 55.9	\$ 36.6
	Advisory	47.8	18.7	57.7	82.9	91.7
	Total	\$ 64.5	\$ 17.7	\$ 68.2	\$ 138.8	\$ 128.3
<b>Client Assets in Brokerage and Advisory<sup>1</sup> at end of period</b>	Brokerage	\$ 1,597.6	\$ 1,729.8	\$ 1,855.6	\$ 1,932.2	\$ 2,058.5
	Advisory	1,307.6	1,438.2	1,590.4	1,694.6	1,872.2
	Total	\$ 2,905.2	\$ 3,168.0	\$ 3,446.0	\$ 3,626.8	\$ 3,930.7
<b>Registered Agent Counts<sup>2,3</sup></b>	Total	701	708	710	718	722

<sup>1</sup> 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.

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<sup>2</sup> 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.

<sup>3</sup> Representative counts represent the average of the last 3 months.

(dollars in millions)

# EXPENSE RATIO<sup>1</sup>

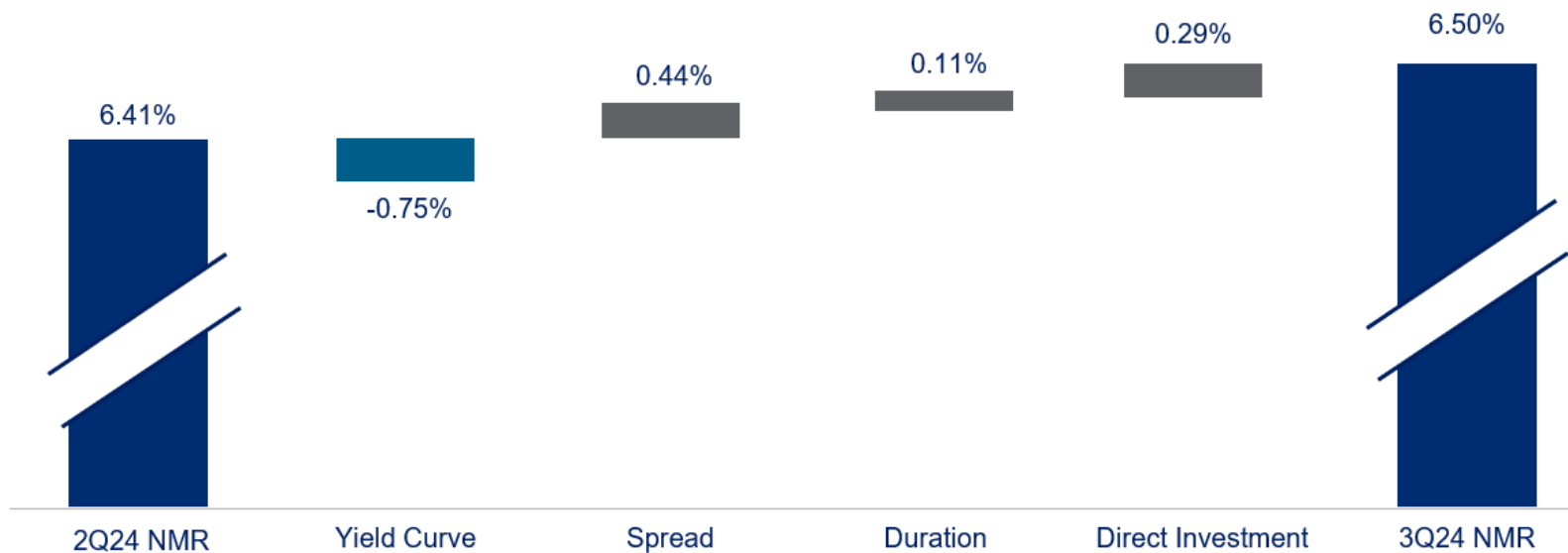
	2023				2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Allocated & Non Allocated Expenses	\$ 175.8	\$ 170.6	\$ 145.7	\$ 158.6	\$ 178.4	\$ 172.1	\$ 171.5
Allocated & Non Allocated Expenses - YTD	175.8	346.4	492.1	650.7	178.4	350.5	522.0
Significant Items <sup>2</sup>	\$ -	\$ -	\$ (21.7)	\$ -	\$ -	\$ -	\$ 2.9
Significant Items - YTD <sup>2</sup>	-	-	(21.7)	(21.7)	-	-	2.9
Allocated & Non Allocated Expenses Excluding Significant Items	\$ 175.8	\$ 170.6	\$ 167.4	\$ 158.6	\$ 178.4	\$ 172.1	\$ 168.6
Allocated & Non Allocated Expenses Excluding Significant Items - YTD	175.8	346.4	513.8	672.4	178.4	350.5	519.1
Policy Income and Net Investment Income Allocated to Products	\$ 861.2	\$ 866.4	\$ 867.5	\$ 868.2	\$ 873.7	\$ 893.8	\$ 899.0
Policy Income and Net Investment Income Allocated to Products - YTD	861.2	1,727.6	2,595.1	3,463.3	873.7	1,767.5	2,666.5
<b>Expense Ratio excluding Significant Items</b>	20.4%	19.7%	19.3%	18.3%	20.4%	19.3%	18.8%
<b>Expense Ratio excluding Significant Items - YTD</b>	20.4%	20.1%	19.8%	19.4%	20.4%	19.8%	19.5%
<b>Rolling Twelve Months Ratio</b>	19.7%	19.6%	19.6%	19.4%	19.4%	19.3%	19.2%

(dollars in millions)

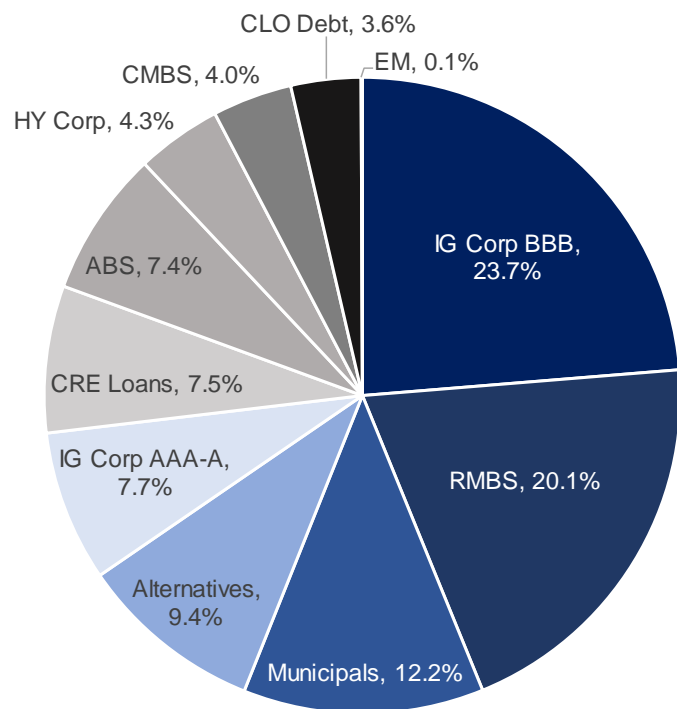
<sup>1</sup> Expenses allocated to products plus not allocated to products, divided by the sum of insurance policy income and net investment income allocated to products. Results exclude significant items.

<sup>2</sup> See pages 27 and 29 for a reconciliation of the significant items.

# NEW MONEY RATE WALK



# NEW MONEY SUMMARY



## 3Q24 General Account New Money Purchases

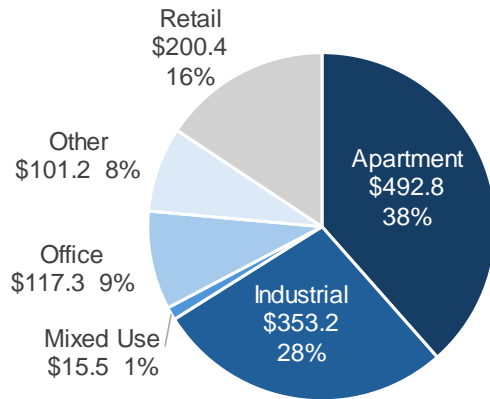
	\$	%	GAAP YTM	Duration
IG Corp BBB	141.8	23.7%	5.83%	8.0
RMBS	120.4	20.1%	6.34%	4.0
Municipals	73.1	12.2%	5.75%	11.4
Alternatives	56.1	9.4%	9.71%	2.8
IG Corp AAA-A	45.9	7.7%	5.39%	8.4
CRE Loans	44.7	7.5%	5.82%	3.4
ABS	44.3	7.4%	6.80%	2.8
HY Corp	25.9	4.3%	7.60%	3.5
CMBS	24.2	4.0%	7.04%	1.0
CLO Debt	21.3	3.6%	7.17%	0.9
EM	0.4	0.1%	5.89%	6.5
<b>Total</b>	<b>598.2</b>	<b>100%</b>	<b>6.50%</b>	<b>5.7</b>

(dollars in millions)

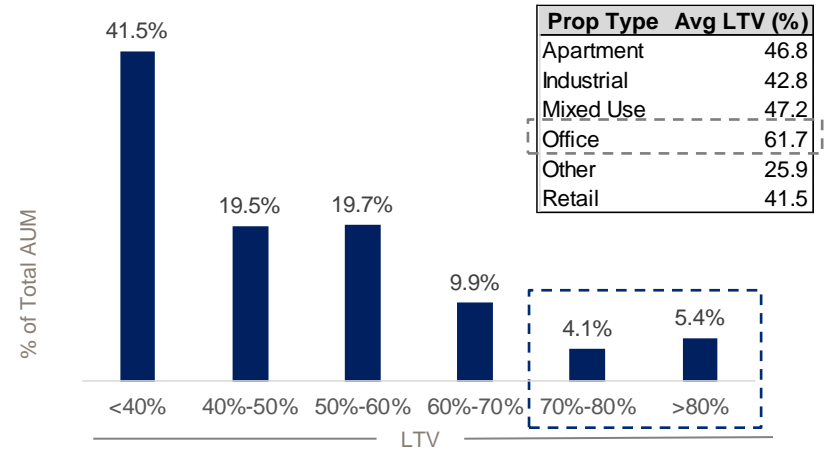
# COMMERCIAL MORTGAGE LOANS

*One delinquent loan in the last 8 years*

Our CRE loan portfolio emphasizes lower risk sectors



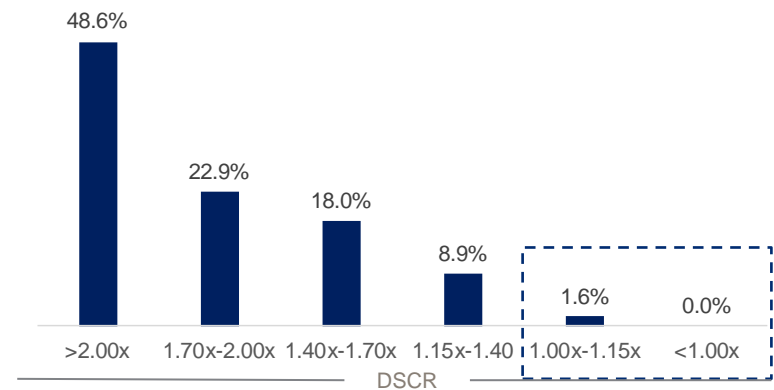
Our CRE loan portfolio is conservatively margined with cushion for adverse development



Our CRE loan portfolio is not significantly exposed to 2024/2025 maturity default risk



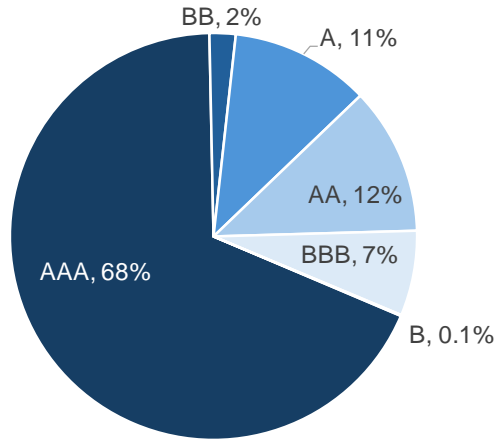
We emphasize stabilized cash flowing properties



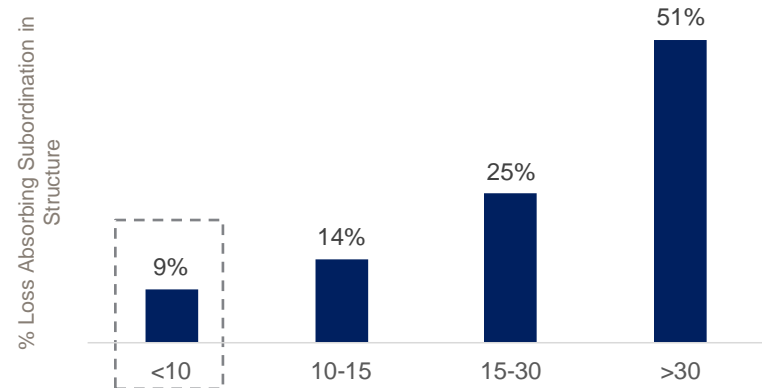
(dollars in millions)

# COMMERCIAL MORTGAGE-BACKED SECURITIES

Our CMBS allocation is highly rated - 93% AAA/AA/A categories

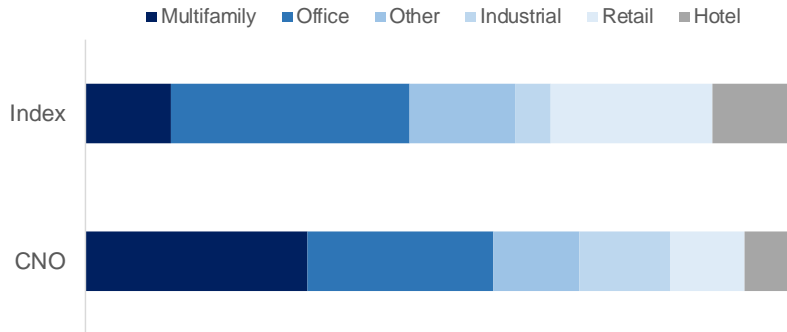


Our CMBS investments have significant structural cushion for collateral losses

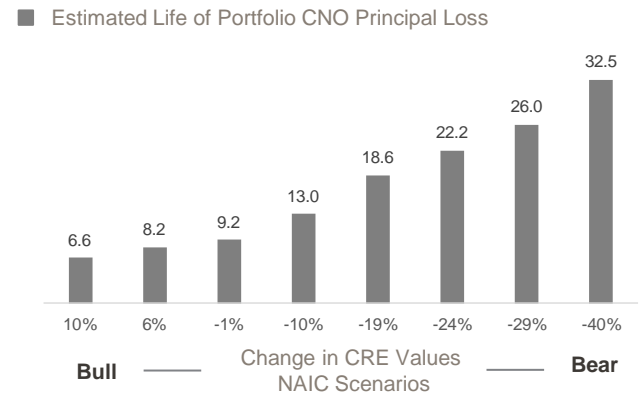


The composition in the 10% credit support bucket: 40% Freddie K, 49% SASB, 11% Conduit. Base Case Loss <50bps.

Our CMBS allocation is tilted toward lower risk property types



Our holdings have limited loss content in severe scenarios



70% of our CMBS investments are considered 'no-loss' in 2024 NAIC scenario testing

Source: NAIC Loss Scenario

(dollars in millions)

# LONG-TERM CARE INSURANCE

## *Highly differentiated inforce block; Prudently managed*

### **New sales (~\$50 million annually) focused on short duration products**

- Recent growth due to launch of new LTC Fundamental product
- 99% of new sales for policies with 2 years or less in benefits
- Average benefit period of 12 months

### **Reserve assumptions informed by historical experience**

- No morbidity improvement
- No mortality improvement
- Minimal future rate increases

### **Favorable economic profile**

- Total LTC is just 12.8% of overall CNO insurance liabilities
- Downside risk significantly reduced after 2018 reinsurance transaction
- Average maximum benefit at issuance is \$164 per day for inforce block

### **Block highlights**

- Less than 25% of policies have inflation benefits
- 2.2% of policies have lifetime benefits, the median benefit period is ~1 year, and the average non-lifetime benefit period is ~1.4 years
- Average attained age is 74.8 years

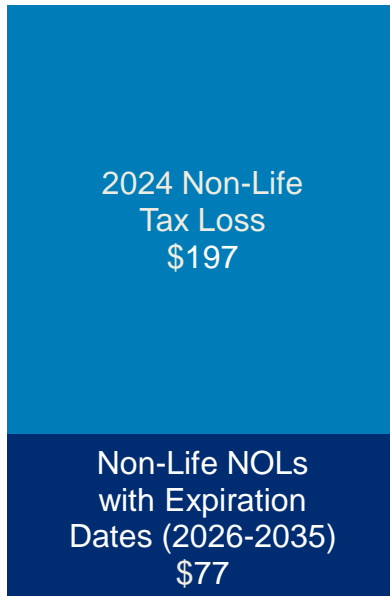


# TAX ASSET SUMMARY AS OF SEPTEMBER 30, 2024

***\$274 million / \$2.58 per diluted share value of remaining NOLs***

## Value of NOLs

**\$274**



## Details

- Effective January 1, 2024, the Company changed its method of accounting for indirect costs allocable to self-constructed real estate assets. This tax method change will result in a current year deduction of certain costs previously capitalized under the prior method. As a result, the Company recognized a loss of \$985 million in the first quarter of 2024 for tax reporting purposes. In 2024, the loss will offset 100% of non-life taxable income and 35% of life taxable income. Any remaining loss after 2024 can be carried forward indefinitely but will be limited each year to 80% of non-life taxable income and 35% of life taxable income pursuant to tax regulations.
- In May 2024, the Internal Revenue Service ("IRS") changed the requirements as it relates to the above tax method accounting change. Previously this tax method accounting change was automatically accepted by the IRS, now the IRS requires companies to obtain approval. The Company requested approval for this method change in June 2024.
- Remaining non-life NOLs with expiration dates ranging from 2026 through 2035 are expected to be fully utilized and can offset 100% of non-life taxable income and 35% of life taxable income.
- Total estimated economic value of tax assets related to our NOLs and tax strategy of approximately \$199 million @ 10% discount rate (\$1.88 on a per share basis).

(dollars in millions)

## **Appendix 2: Financial Exhibits**

Non-GAAP Financial Measures

Slides 27 - 42

## 3Q24 SIGNIFICANT ITEMS

*The table below summarizes the financial impact of significant items on our 3Q24 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.*

	Three months ended September 30, 2024		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 91.1	\$ (36.2) (1)	\$ 54.9
Health	127.8	8.2 (1)	136.0
Life	63.3	0.7 (1)	64.0
Total insurance product margin	282.2	(27.3)	254.9
Allocated expenses	(153.0)	-	(153.0)
Income from insurance products	129.2	(27.3)	101.9
Fee income	(2.7)	-	(2.7)
Investment income not allocated to product lines	45.5	-	45.5
Expenses not allocated to product lines	(18.5)	2.9 (2)	(15.6)
Operating earnings before taxes	153.5	(24.4)	129.1
Income tax (expense) benefit on operating income	(34.3)	5.6	(28.7)
Net operating income (3)	<u>\$ 119.2</u>	<u>\$ (18.8)</u>	<u>\$ 100.4</u>
Net operating income per diluted share (3)	<u>\$ 1.11</u>	<u>\$ (0.17)</u>	<u>\$ 0.94</u>

(dollars in millions, except per-share amounts)

(1) Impacts arising from our comprehensive annual actuarial review.

(2) Unfavorable impact related to a fixed asset impairment.

(3) A non-GAAP measure. See pages 31 and 33 for a reconciliation to the corresponding GAAP measure.

## 4Q23 SIGNIFICANT ITEMS

*The table below summarizes the financial impact of significant items on our 4Q23 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.*

	Three months ended December 31, 2023		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 63.6	\$ (12.9) (1)	\$ 50.7
Health	146.4	(22.3) (1)	124.1
Life	64.6	1.3 (1)	65.9
Total insurance product margin	274.6	(33.9)	240.7
Allocated expenses	(138.8)	-	(138.8)
Income from insurance products	135.8	(33.9)	101.9
Fee income	17.8	-	17.8
Investment income not allocated to product lines	38.3	-	38.3
Expenses not allocated to product lines	(19.8)	-	(19.8)
Operating earnings before taxes	172.1	(33.9)	138.2
Income tax (expense) benefit on operating income	(38.2)	7.5	(30.7)
Net operating income (2)	<u>\$ 133.9</u>	<u>\$ (26.4)</u>	<u>\$ 107.5</u>
Net operating income per diluted share (2)	<u>\$ 1.18</u>	<u>\$ 0.23</u>	<u>\$ 0.95</u>

(dollars in millions, except per-share amounts)

(1) Impacts arising from our comprehensive annual actuarial review.

(2) A non-GAAP measure. See pages 31 and 33 for a reconciliation to the corresponding GAAP measure.

## 3Q23 SIGNIFICANT ITEMS

*The table below summarizes the financial impact of significant items on our 3Q23 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.*

	Three months ended September 30, 2023		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 57.0	\$ -	\$ 57.0
Health	123.2	-	123.2
Life	59.8	-	59.8
Total insurance product margin	240.0	-	240.0
Allocated expenses	(153.2)	-	(153.2)
Income from insurance products	86.8	-	86.8
Fee income	(2.9)	-	(2.9)
Investment income not allocated to product lines	38.4	-	38.4
Expenses not allocated to product lines	7.5	(21.7) (1)	(14.2)
Operating earnings before taxes	129.8	(21.7)	108.1
Income tax (expense) benefit on operating income	(28.5)	4.8	(23.7)
Net operating income (2)	<u>\$ 101.3</u>	<u>\$ (16.9)</u>	<u>\$ 84.4</u>
Net operating income per diluted share (2)	<u>\$ 0.88</u>	<u>\$ (0.14)</u>	<u>\$ 0.74</u>

(dollars in millions, except per-share amounts)

(1) Legal recoveries, net of expenses and increased legal accruals.

(2) A non-GAAP measure. See pages 31 and 33 for a reconciliation to the corresponding GAAP measure.

## 4Q22 SIGNIFICANT ITEMS

*The table below summarizes the financial impact of significant items on our 4Q22 net operating income. Management believes that identifying the impact of these items enhances the understanding of our operating results.*

	Three months ended December 31, 2022		
	Actual results	Significant items	Excluding significant items
Insurance product margin			
Annuity	\$ 50.8	\$ 3.2 (1)	\$ 54.0
Health	140.4	(18.3) (1)	122.1
Life	43.3	14.4 (1)	57.7
Total insurance product margin	234.5	(0.7)	233.8
Allocated expenses	(149.1)	-	(149.1)
Income from insurance products	85.4	(0.7)	84.7
Fee income	9.2	-	9.2
Investment income not allocated to product lines	25.2	-	25.2
Expenses not allocated to product lines	(12.8)	-	(12.8)
Operating earnings before taxes	107.0	(0.7)	106.3
Income tax (expense) benefit on operating income	(24.1)	0.2	(23.9)
Net operating income (2)	<u>\$ 82.9</u>	<u>\$ (0.5)</u>	<u>\$ 82.4</u>
Net operating income per diluted share (2)	<u>\$ 0.71</u>	<u>\$ -</u>	<u>\$ 0.71</u>

(dollars in millions, except per-share amounts)

(1) Impacts arising from our comprehensive annual actuarial review.

(2) A non-GAAP measure. See pages 31 and 33 for a reconciliation to the corresponding GAAP measure.

# QUARTERLY EARNINGS

	3Q23	4Q23	1Q24	2Q24	3Q24
Insurance product margin					
Annuity	\$ 57.0	\$ 63.6	\$ 52.0	\$ 76.1	\$ 91.1
Health	123.2	146.4	123.0	135.9	127.8
Life	59.8	64.6	54.6	63.1	63.3
Total insurance product margin	240.0	274.6	229.6	275.1	282.2
Allocated expenses	(153.2)	(138.8)	(161.6)	(154.6)	(153.0)
Income from insurance products	86.8	135.8	68.0	120.5	129.2
Fee income	(2.9)	17.8	11.3	0.8	(2.7)
Investment income not allocated to product lines	38.4	38.3	12.3	44.8	45.5
Expenses not allocated to product lines	7.5	(19.8)	(16.8)	(17.5)	(18.5)
Operating earnings before taxes	129.8	172.1	74.8	148.6	153.5
Income tax expense on operating income	(28.5)	(38.2)	(17.3)	(34.0)	(34.3)
Net operating income*	101.3	133.9	57.5	114.6	119.2
Net realized investment gains (losses) from sales, impairments and change in allowance for credit losses	(20.1)	1.4	(4.6)	(21.9)	(11.1)
Net change in market value of investments recognized in earnings	(9.2)	8.8	12.4	4.7	12.3
Changes in fair value of embedded derivative liabilities and market risk benefits	109.4	(124.6)	64.0	16.8	(127.1)
Fair value changes related to agent deferred compensation plan	6.8	(10.3)	-	3.5	(3.5)
Other	(1.1)	(1.3)	(0.4)	(1.1)	(13.1)
Non-operating income (loss) before taxes	85.8	(126.0)	71.4	2.0	(142.5)
Income tax (expense) benefit on non-operating income (loss)	(19.8)	28.4	(16.6)	(0.3)	32.6
Net non-operating income (loss)	66.0	(97.6)	54.8	1.7	(109.9)
Net income	\$ 167.3	\$ 36.3	\$ 112.3	\$ 116.3	\$ 9.3

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

(dollars in millions)

## 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](http://www.CNOinc.com).

### **Operating earnings measures**

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



# 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:*

	<u>3Q23</u>	<u>4Q23</u>	<u>1Q24</u>	<u>2Q24</u>	<u>3Q24</u>
<b>Net income applicable to common stock</b>	<b>\$ 167.3</b>	<b>\$ 36.3</b>	<b>\$ 112.3</b>	<b>\$ 116.3</b>	<b>\$ 9.3</b>
Non-operating items:					
Net realized investment (gains) losses from sales and impairments	20.1	(1.4)	4.6	21.9	11.1
Net change in market value of investments recognized in earnings	9.2	(8.8)	(12.4)	(4.7)	(12.3)
Changes in fair value of embedded derivative liabilities and market risk benefits	(109.4)	124.6	(64.0)	(16.8)	127.1
Fair value changes related to the agent deferred compensation plan	(6.8)	10.3	-	(3.5)	3.5
Other	1.1	1.3	0.4	1.1	13.1
Non-operating (income) loss before taxes	(85.8)	126.0	(71.4)	(2.0)	142.5
Income tax expense (benefit) on non-operating income	19.8	(28.4)	16.6	0.3	(32.6)
Net non-operating (income) loss	(66.0)	97.6	(54.8)	(1.7)	109.9
<b>Net operating income (a non-GAAP financial measure)</b>	<b><u>\$ 101.3</u></b>	<b><u>\$ 133.9</u></b>	<b><u>\$ 57.5</u></b>	<b><u>\$ 114.6</u></b>	<b><u>\$ 119.2</u></b>
Per diluted share:					
<b>Net income</b>	<b>\$ 1.46</b>	<b>\$ 0.32</b>	<b>\$ 1.01</b>	<b>\$ 1.06</b>	<b>\$ 0.09</b>
Net realized investment (gains) losses from sales and impairments (net of taxes)	0.14	(0.01)	0.03	0.15	0.08
Net change in market value of investments recognized in earnings (net of taxes)	0.06	(0.06)	(0.08)	(0.03)	(0.09)
Changes in fair value of embedded derivative liabilities and market risk benefits (net of taxes)	(0.74)	0.85	(0.44)	(0.12)	0.91
Fair value changes related to the agent deferred compensation plan (net of taxes)	(0.05)	0.07	-	(0.02)	0.03
Other	0.01	0.01	-	0.01	0.09
<b>Net operating income (a non-GAAP financial measure)</b>	<b><u>\$ 0.88</u></b>	<b><u>\$ 1.18</u></b>	<b><u>\$ 0.52</u></b>	<b><u>\$ 1.05</u></b>	<b><u>\$ 1.11</u></b>

(dollars in millions, except per-share amounts)

## 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:***

	<u>3Q23</u>	<u>4Q23</u>	<u>1Q24</u>	<u>2Q24</u>	<u>3Q24</u>
Operating income	<u>\$ 101.3</u>	<u>\$ 133.9</u>	<u>\$ 57.5</u>	<u>\$ 114.6</u>	<u>\$ 119.2</u>
Weighted average shares outstanding for basic earnings per share	112,689	111,590	108,964	107,731	105,102
Effect of dilutive securities on weighted average shares:					
Employee benefit plans	1,773	2,067	1,881	1,527	2,029
Weighted average shares outstanding for diluted earnings per share	<u>114,462</u>	<u>113,657</u>	<u>110,845</u>	<u>109,258</u>	<u>107,131</u>
Net operating income per diluted share	<u>\$ 0.88</u>	<u>\$ 1.18</u>	<u>\$ 0.52</u>	<u>\$ 1.05</u>	<u>\$ 1.11</u>

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

# 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:

	<u>3Q23</u>	<u>4Q23</u>	<u>1Q24</u>	<u>2Q24</u>	<u>3Q24</u>
Total shareholders' equity	\$ 1,890.1	\$ 2,215.6	\$ 2,367.7	\$ 2,428.9	\$ 2,687.8
Shares outstanding for the period	112,163,169	109,357,540	108,568,594	106,513,566	103,922,954
Book value per share	\$ 16.85	\$ 20.26	\$ 21.81	\$ 22.80	\$ 25.86
Total shareholders' equity	\$ 1,890.1	\$ 2,215.6	\$ 2,367.7	\$ 2,428.9	\$ 2,687.8
Accumulated other comprehensive loss	(1,956.7)	(1,576.8)	(1,480.3)	(1,464.3)	(1,116.0)
Adjusted shareholders' equity excluding AOCI	\$ 3,846.8	\$ 3,792.4	\$ 3,848.0	\$ 3,893.2	\$ 3,803.8
Shares outstanding for the period	112,163,169	109,357,540	108,568,594	106,513,566	103,922,954
Dilutive common stock equivalents related to:					
Stock options, restricted stock and performance units	1,811,501	2,392,716	1,467,901	1,626,443	2,218,846
Diluted shares outstanding	113,974,670	111,750,256	110,036,495	108,140,009	106,141,800
Book value per diluted share (a non-GAAP measure)	\$ 33.75	\$ 33.94	\$ 34.97	\$ 36.00	\$ 35.84

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

# INFORMATION RELATED TO CERTAIN NON-GAAP FINANCIAL MEASURES

## Operating return measures

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

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 as adjusted to exclude accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); (ii) Operating return, excluding significant items, on equity as adjusted to exclude accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure); and (iii) return on equity are as follows:**

	Twelve Months Ended				
	3Q23	4Q23	1Q24	2Q24	3Q24
Operating income	\$ 305.1	\$ 356.1	\$ 355.0	\$ 407.3	\$ 425.2
Operating income, excluding significant items	\$ 287.7	\$ 312.8	\$ 311.7	\$ 364.0	\$ 380.0
Net income	\$ 278.2	\$ 276.5	\$ 389.6	\$ 432.2	\$ 274.2
Average common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,582.8	\$ 3,631.5	\$3,650.0	\$3,648.4	\$3,620.8
Average common shareholders' equity	\$ 1,918.3	\$ 1,977.5	\$2,075.3	\$2,171.4	\$2,325.3
Operating return on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.5%	9.8%	9.7%	11.2%	11.7%
Operating return, excluding significant items, on equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	8.0%	8.6%	8.5%	10.0%	10.5%
Return on equity	14.5%	14.0%	18.8%	19.9%	11.8%

(dollars in millions)

(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 (loss):*

	Net operating income	Significant items (a)	Net operating income, excluding significant items	Net operating income, excluding significant items - trailing four quarters	Net income (loss)	Net income - trailing four quarters
4Q22	\$ 82.9	\$ (0.5)	\$ 82.4	\$ 342.5	\$ 38.0	\$ 630.6
1Q23	58.6	-	58.6	336.6	(0.8)	446.4
2Q23	62.3	-	62.3	281.2	73.7	286.8
3Q23	101.3	(16.9)	84.4	287.7	167.3	278.2
4Q23	133.9	(26.4)	107.5	312.8	36.3	276.5
1Q24	57.5	-	57.5	311.7	112.3	389.6
2Q24	114.6	-	114.6	364.0	116.3	432.2
3Q24	119.2	(18.8)	100.4	380.0	9.3	274.2

(dollars in millions)

(a) The significant items have been discussed in either the current or prior press releases.

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# 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:*

	Twelve Months Ended				
	3Q23	4Q23	1Q24	2Q24	3Q24
Pre-tax operating earnings (a non-GAAP financial measure)	\$ 394.4	\$ 459.5	\$ 457.9	\$ 525.3	\$ 549.0
Income tax expense	(89.3)	(103.4)	(102.9)	(118.0)	(123.8)
Operating return	305.1	356.1	355.0	407.3	425.2
Non-operating items:					
Net realized investment losses from sales and impairments	(91.3)	(62.7)	(54.6)	(45.2)	(36.2)
Net change in market value of investments recognized in earnings	(24.1)	(6.3)	8.0	16.7	38.2
Changes in fair value of embedded derivative liabilities and market risk benefits	78.3	(29.9)	99.2	65.6	(170.9)
Fair value changes and amendment related to the agent deferred compensation plan	7.0	(3.5)	(3.5)	-	(10.3)
Other	(5.1)	(0.3)	(3.0)	(3.9)	(15.9)
Non-operating income (loss) before taxes	(35.2)	(102.7)	46.1	33.2	(195.1)
Income tax (expense) benefit on non-operating income (loss)	8.3	23.1	(11.5)	(8.3)	44.1
Net non-operating income (loss)	(26.9)	(79.6)	34.6	24.9	(151.0)
Net income	\$ 278.2	\$ 276.5	\$ 389.6	\$ 432.2	\$ 274.2

(dollars in millions)

(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:*

	<u>1Q22</u>	<u>2Q22</u>	<u>3Q22</u>	<u>4Q22</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,141.7	\$ 3,329.0	\$ 3,510.3	\$ 3,557.1
Net operating loss carryforwards	238.2	214.7	190.9	169.0
Accumulated other comprehensive loss	(561.5)	(1,415.8)	(1,837.8)	(1,957.3)
Common shareholders' equity	<u>\$ 2,818.4</u>	<u>\$ 2,127.9</u>	<u>\$ 1,863.4</u>	<u>\$ 1,768.8</u>
	<u>1Q23</u>	<u>2Q23</u>	<u>3Q23</u>	<u>4Q23</u>
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,543.8	\$ 3,603.0	\$ 3,744.2	\$ 3,712.8
Net operating loss carryforwards	152.4	126.3	102.6	79.6
Accumulated other comprehensive loss	(1,664.4)	(1,733.5)	(1,956.7)	(1,576.8)
Common shareholders' equity	<u>\$ 2,031.8</u>	<u>\$ 1,995.8</u>	<u>\$ 1,890.1</u>	<u>\$ 2,215.6</u>
	<u>1Q24</u>	<u>2Q24</u>	<u>3Q24</u>	
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,536.8	\$ 3,596.7	\$ 3,529.9	
Net operating loss carryforwards	311.2	296.5	273.9	
Accumulated other comprehensive loss	(1,480.3)	(1,464.3)	(1,116.0)	
Common shareholders' equity	<u>\$ 2,367.7</u>	<u>\$ 2,428.9</u>	<u>\$ 2,687.8</u>	

(dollars in millions)



## 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:*

	Trailing Four Quarter Average				
	3Q23	4Q23	1Q24	2Q24	3Q24
Consolidated capital, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	\$ 3,582.8	\$ 3,631.5	\$ 3,650.0	\$ 3,648.4	\$ 3,620.8
Net operating loss carryforwards	148.6	126.4	135.1	176.2	218.9
Accumulated other comprehensive loss	(1,813.1)	(1,780.4)	(1,709.8)	(1,653.2)	(1,514.4)
Common shareholders' equity	<u>\$ 1,918.3</u>	<u>\$ 1,977.5</u>	<u>\$ 2,075.3</u>	<u>\$ 2,171.4</u>	<u>\$ 2,325.3</u>

(dollars in millions)

# 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:*

	2022	2023	1Q24	2Q24	3Q24
Corporate notes payable	\$ 1,138.8	\$ 1,140.5	\$ 1,141.0	\$ 1,832.3	\$ 1,832.9
Total shareholders' equity	1,768.8	2,215.6	2,367.7	2,428.9	2,687.8
Total capital	<u>\$ 2,907.6</u>	<u>\$ 3,356.1</u>	<u>\$ 3,508.7</u>	<u>\$ 4,261.2</u>	<u>\$ 4,520.7</u>
Corporate debt to capital	<u>39.2%</u>	<u>34.0%</u>	<u>32.5%</u>	<u>43.0%</u>	<u>40.5%</u>
Corporate notes payable	\$ 1,138.8	\$ 1,140.5	\$ 1,141.0	\$ 1,832.3	\$ 1,832.9
Total shareholders' equity	1,768.8	2,215.6	2,367.7	2,428.9	2,687.8
Less accumulated other comprehensive (income) loss	1,957.3	1,576.8	1,480.3	1,464.3	1,116.0
Total capital	<u>\$ 4,864.9</u>	<u>\$ 4,932.9</u>	<u>\$ 4,989.0</u>	<u>\$ 5,725.5</u>	<u>\$ 5,636.7</u>
Debt to total capital ratio, excluding AOCI (a non-GAAP financial measure)	<u>23.4%</u>	<u>23.1%</u>	<u>22.9%</u>	<u>32.0%</u>	<u>32.5%</u>
Corporate notes payable				\$ 1,832.3	\$ 1,832.9
Assumed repayment of 2025 notes, net of unamortized debt issuance costs				(499.0)	(499.2)
Adjusted corporate notes payable				<u>\$ 1,333.3</u>	<u>\$ 1,333.7</u>
Total shareholders' equity				\$ 2,428.9	\$ 2,687.8
Less accumulated other comprehensive loss				1,464.3	1,116.0
Loss on assumed extinguishment of debt				(0.8)	(0.6)
Adjusted shareholders' equity				<u>\$ 3,892.4</u>	<u>\$ 3,803.2</u>
Adjusted total capital				<u>\$ 5,225.7</u>	<u>\$ 5,136.9</u>
Debt to total capital ratio, excluding AOCI, as adjusted for the assumed repayment of the 2025 Notes (a non-GAAP financial measure)				<u>25.5%</u>	<u>26.0%</u>

(dollars in millions)