CNO Financial Group, Inc.
Form DEF 14A
March 27, 2014
TABLE OF CONTENTS
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
Filed by the Registrant Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

CNO FINANCIAL GROUP, INC.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)
Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

- Title of each class of securities to which the transaction applies:

(2)

- Aggregate number of securities to which the transaction applies:

(3)

- Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

- Proposed maximum aggregate value of the transaction:

(5)

- Total fee paid:

- Fee paid previously with preliminary materials.

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

- Amount Previously Paid:

(2)

- Form, Schedule or Registration Statement No.:

(3)

- Filing Party:

(4)

- Date Filed:

TABLE OF CONTENTS

CNO Financial Group, Inc.
11825 North Pennsylvania Street
Carmel, Indiana 46032

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 7, 2014

Notice Is Hereby Given That the Annual Meeting of Shareholders of CNO Financial Group, Inc. (the "Company"), will be held at the CNO Conference Center, 11825 North Pennsylvania Street, Carmel, Indiana, at 8:00 a.m., Eastern Daylight Time, on May 7, 2014, for the following purposes:

1.

- To elect nine directors, each for a one-year term ending in 2015;

2.

- To reapprove the material terms of the performance goals under the Company's Amended and Restated Long-Term Incentive Plan;

3.

- To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2014;

4.

- To cast a non-binding advisory vote to approve executive compensation; and

5.

- To consider such other matters, if any, as may properly come before the meeting.

Holders of record of outstanding shares of the common stock of the Company as of the close of business on March 14, 2014, are entitled to notice of and to vote at the meeting. Holders of common stock have one vote for each share held of record.

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), on or about March 27, 2014, we either mailed you a Notice of Internet Availability of Proxy Materials ("Notice") notifying you how to vote online and how to electronically access a copy of this Proxy Statement and the Company's Annual Report to Shareholders (together referred to as the "Proxy Materials") or mailed you a complete set of the Proxy Materials. If you have not received but would like to receive printed copies of these documents, including a proxy card in paper format, you should follow the instructions for requesting such materials contained in the Notice.

Management and the Board of Directors respectfully request that (if you received a paper copy of the Proxy Materials) you date, sign and return the enclosed proxy card in the postage-paid envelope so that we receive the proxy card prior to the Annual Meeting, or, if you prefer, follow the instructions on your proxy card or Notice for submitting a proxy electronically or by telephone. If your shares are held in the name of a bank, broker or other holder of record, please follow the procedures as described in the voting form they send to you. If you attend the meeting in person you may withdraw your proxy and vote personally at the meeting.

By Order of the Board of Directors

Karl W. Kindig, Senior Vice President and Secretary
March 27, 2014
Carmel, Indiana

TABLE OF CONTENTS
TABLE OF CONTENTS

Page

TABLE OF CONTENTS

CNO Financial Group, Inc.
11825 North Pennsylvania Street
Carmel, Indiana 46032

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of CNO Financial Group, Inc. ("CNO" or the "Company") for the Annual Meeting of Shareholders (the "Annual Meeting") to be held at the CNO Conference Center, 11825 North Pennsylvania Street, Carmel, Indiana on May 7, 2014, at 8:00 a.m., Eastern Daylight Time. We are sending the Notice or the Proxy Materials and proxy to shareholders on or about March 27, 2014.

Solicitation of Proxies

The proxies are solicited by the Board of Directors. Proxies may be solicited by mail, telephone, internet or in person. Proxies may by solicited by the CNO directors and officers. All expenses relating to the preparation and distribution to shareholders of the Notice, the Proxy Materials and the form of proxy are to be paid by CNO.

If the form of proxy is properly executed and delivered in time for the Annual Meeting, the named proxy holders will vote the shares represented by the proxy in accordance with the instructions marked on the proxy. Each shareholder may appoint a person (who need not be a shareholder), other than the persons named in the proxy, to represent him or her at the Annual Meeting by properly completing a proxy. In either case, such completed proxy should be returned in the envelope provided to you for that purpose (if you have requested or received a paper copy of the Proxy Materials) for delivery no later than May 6, 2014. Proxies received that are unmarked will be voted for each of the Board's nominees for director (Proposal 1), for the reapproval of the material terms of the performance goals under the Company's Amended and Restated Long-Term Incentive Plan (the "LTIP Performance Goals") (Proposal 2), for ratification of the appointment of the Company's independent registered public accounting firm (Proposal 3), and for approval of the compensation paid to our Named Executive Officers (Proposal 4). A shareholder may revoke a proxy at any time before it is exercised by mailing or delivering to CNO a written notice of revocation or a later-dated proxy, or by attending the Annual Meeting and voting in person.

Record Date and Voting

Only holders of record of shares of CNO's common stock as of the close of business on March 14, 2014, will be entitled to vote at the Annual Meeting. On such record date, CNO had 221,076,237 shares of common stock outstanding and entitled to vote at the Annual Meeting. Each share of common stock will be entitled to one vote with respect to each matter submitted to a vote at the Annual Meeting. The presence in person or by proxy of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting is necessary to constitute a quorum.

On or about March 27, 2014, we either mailed you a Notice notifying you how to vote online and how to electronically access a copy of the Proxy Materials or mailed you a complete set of the Proxy Materials. If you have not received but would like to receive printed copies of these documents, including a proxy card in paper format, you should follow the instructions for requesting such materials contained in the Notice.

TABLE OF CONTENTS

The following sets forth how a shareholder can vote over the Internet, by telephone or by mail:

Voting By Internet

If you hold your shares in street name (that is, if you hold your shares through a broker, bank or other holder of record), you can vote at www.proxyvote.com, 24 hours a day, seven days a week. You will need the 12-digit Control Number included on your Notice or your paper voting instruction form (if you received a paper copy of the Proxy Materials).

Voting By Telephone

If you hold your shares in street name, you can vote using a touch-tone telephone by calling the toll-free number included on your paper voting instruction form (if you received a paper copy of the Proxy Materials), 24 hours a day, seven days a week. You will need the 12-digit Control Number included on your paper voting instruction form.

If you hold your shares in street name, you may also submit voting instructions to your bank, broker or other holder of record. In most instances, you will be able to do this over the Internet, by telephone, or by mail. Please refer to the information from your bank, broker or other holder of record on how to submit voting instructions.

The Internet and telephone voting procedures, which comply with Delaware law and the SEC rules, are designed to authenticate shareholders' identities, to allow shareholders to vote their shares and to confirm that their instructions have been properly recorded.

Voting By Mail

If you have received a paper copy of the Proxy Materials by mail, you may complete, sign, date and return by mail the paper proxy card or voting instruction form sent to you in the envelope provided to you with your Proxy Materials or voting instruction form.

Deadline for Submitting Votes by Internet, Telephone or Mail

If you hold your shares through a bank or brokerage account, proxies submitted over the Internet or by telephone as described above must be received by 11:59 p.m., Eastern Daylight Time, on May 6, 2014.

Proxies submitted by mail should be returned in the envelope provided to you with your paper proxy card or voting instruction form, and must be received no later than May 6, 2014.

If you want to vote in person at the Annual Meeting and you hold your shares in street name, you must obtain a legal proxy from your bank, broker or other holder of record authorizing you to vote. You must then bring the legal proxy to the Annual Meeting.

Please note that you may receive multiple copies of the Notice or Proxy Materials (electronically and/or by mail). These materials may not be duplicates as you may receive separate copies of the Notice or Proxy Materials for each type of account in which you hold shares. Please be sure to vote all of your shares in each of your accounts in accordance with the directions on the proxy card(s) and/or voting instruction form(s) that you receive. In the case of duplicate votes for shares in a particular account, your last vote is the one that counts.

Votes Required

The election of each director (Proposal 1) will be determined by the vote of the majority of the votes cast (where the number of votes cast "for" a director exceeds the number of votes cast "against" that director) by the holders of shares represented (in person or by proxy) and entitled to vote on the subject matter provided a quorum is present. The vote required to reapprove the LTIP Performance Goals (Proposal 2), to approve the ratification of the appointment of the Company's independent registered public accounting firm (Proposal 3) and for the advisory vote to approve executive compensation (Proposal 4), and any other proposal properly brought before the Annual Meeting, is the affirmative vote of a

TABLE OF CONTENTS
majority of the shares represented (in person or by proxy) and entitled to vote on the applicable subject matter. Abstentions from voting will have no impact on the election of directors (Proposal 1) and will have the same legal effect as voting against each other proposal.

Abstentions and shares represented by "broker non-votes", as described below, are counted as present and entitled to vote for the purpose of determining a quorum. A broker non-vote occurs if you hold your shares in street name and do not provide voting instructions to your broker on a proposal and your broker does not have discretionary authority to vote on such proposal. Under current New York Stock Exchange rules, your broker will not have discretionary authority to vote your shares at the Annual Meeting with respect to Proposal 1 (election of nine directors as listed in this Proxy Statement), Proposal 2 (reapproval of the LTIP Performance Goals) and Proposal 4 (advisory vote to approve executive compensation). "Broker non-votes" will have no effect on the outcome of Proposals 1, 2, 3 and 4. Your broker will have discretion to vote your uninstructed shares on Proposal 3 (ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2014).

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 7, 2014

This Proxy Statement (including all attachments), the Company's Annual Report to Shareholders (which includes the Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission ("SEC") on February 24, 2014) (which is not deemed to be part of the official proxy soliciting materials), and any amendments to the foregoing materials that are required to be provided to shareholders are available at www.proxyvote.com. Shareholders may obtain copies of the Proxy Statement, Annual Report to Shareholders (including financial statements and schedules thereto) and form of proxy relating to this or future meetings of the Company's shareholders, free of charge on our Internet website at www.CNOinc.com in the "Investors — SEC Filings" section, by calling 317-817-2893 or by sending the Company an email at ir@CNOinc.com. For directions to the Company's 2014 Annual Meeting, please call us at 317-817-2893.

TABLE OF CONTENTS

SECURITIES OWNERSHIP

The following table sets forth certain information concerning the beneficial ownership of our common stock as of March 14, 2014 (except as otherwise noted) by each person known to us to beneficially own more than 5% of the outstanding shares of our common stock, each of our directors and nominees, each of our current executive officers that are named in the Summary Compensation Table on page 32 and all of our current directors, nominees and executive officers as a group. Shares of our common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of March 14, 2014 are deemed to be outstanding and to be beneficially owned by the person holding the options or warrants for the purpose of computing the percentage ownership of that person or group of persons but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

		Shares Beneficially Owned	
Title of Class	**Name of Beneficial Owner**	**Number**	**Percentage**
Common stock	Dimensional Fund Advisors LP(1)	19,090,649	8.6 %
Common stock	Paulson & Co. Inc.(2)	17,459,577	7.7
Common stock	Huber Capital Management LLC(3)	13,884,620	6.3
Common stock	BlackRock, Inc.(4)	13,810,044	6.2
Common stock	The Vanguard Group(5)	12,696,514	5.7
Common stock	Columbia Wanger Asset Management, LLC(6)	12,013,000	5.4
Common stock	Capital World Investors(7)	11,900,000	5.4
Common stock	Edward J. Bonach(8)	626,312	*
Common stock	Ellyn L. Brown	20,989	*
Common stock	Robert C. Greving	30,641	*
Common stock	Mary R. (Nina) Henderson	17,199	*
Common stock	R. Keith Long(9)	1,029,065	*
Common stock	Neal C. Schneider(10)	121,349	*
Common stock	Frederick J. Sievert	82,391	*
Common stock	Michael T. Tokarz(10)	110,361	*
Common stock	John G. Turner(10)	106,361	*
Common stock	Frederick C. Crawford	108,853	*
Common stock	Eric R. Johnson(11)	580,847	*
Common stock	Christopher J. Nickele(12)	366,182	*
Common stock	Scott R. Perry(13)	598,458	*
Common stock	All directors and executive officers as a group (17 persons)(14)	4,481,232	2.0

*

- Less than 1%.

(1)

- Based solely on Amendment No. 2 to Schedule 13G filed with the SEC on February 10, 2014 by Dimensional Fund Advisors LP. The Amendment No. 2 to Schedule 13G reports sole power to vote or direct the vote of 18,794,916 shares and sole power to dispose or direct the disposition of 19,090,649 shares. The business address for Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746.

(2)

- Based solely on Amendment No. 6 to Schedule 13D filed with the SEC on February 19, 2014 by Paulson & Co. Inc. The Amendment No.6 to Schedule 13D reports sole power to vote or direct the vote of 17,459,577 shares and sole power to dispose or direct the disposition of 17,459,577 shares and includes as beneficially owned the shares that may be acquired upon exercise of a warrant to purchase common stock, which warrant was issued in November 2009 and became exercisable on June 30, 2013. The business address for Paulson & Co. Inc. is 1251 Avenue of the Americas, New York, NY 10020.

(3)

- Based solely on Amendment No. 1 to Schedule 13G filed with the SEC on February 10, 2014 by Huber Capital Management LLC. The Amendment No. 1 to Schedule 13G reports sole power to vote or direct the vote of 6,751,571 shares, shared power to vote or direct the vote of 1,013,157 shares, and sole power to dispose or direct the disposition of 13,884,620 shares. The business address for Huber Capital Management LLC is 2321 Rosecrans Ave., Suite 3245, El Segundo, CA 90245.

TABLE OF CONTENTS

(4)

- Based solely on Schedule 13G filed with the SEC on January 28, 2014 by BlackRock, Inc. The Schedule 13G reports sole power to vote or direct the vote of 12,952,026 shares and sole power to dispose or direct the disposition of 13,810,044 shares. The business address for BlackRock, Inc. is 40 East 52 nd Street, New York, NY 10022.

(5)

- Based solely on Amendment No. 1 to Schedule 13G filed with the SEC on February 12, 2014 by The Vanguard Group. The Amendment No. 1 to Schedule 13G reports sole power to vote or direct the vote of 332,937 shares, sole power to dispose or direct the disposition of 12,376,977 shares, and shared power to dispose or direct the disposition of 319,537 shares. The business address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(6)

- Based solely on Amendment No. 9 to Schedule 13G filed with the SEC on February 6, 2014 by Columbia Wanger Asset Management, LLC. The Amendment No. 9 to Schedule 13G reports sole power to vote or direct the vote of 11,708,000 shares and sole power to dispose or direct the disposition of 12,013,000 shares. The business address for Columbia Wanger Asset Management, LLC is 227 West Monroe Street, Suite 3000, Chicago, IL 60606.

(7)

- Based solely on Amendment No. 1 to Schedule 13G filed with the SEC on February 13, 2014 by Capital World Investors. The Amendment No. 1 to Schedule 13G reports sole power to vote or direct the vote of 11,900,000 shares and sole power to dispose or direct the disposition of 11,900,000 shares. The business address for Capital World Investors is 333 South Hope Street, Los Angeles, CA 90071.

(8)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase 199,450 shares of common stock.

(9)

- Includes 88,465 shares held directly by Mr. Long, 454,200 shares of common stock owned by Otter Creek Partners I, LP and 486,400 shares of common stock owned by Otter Creek International Ltd. Mr. Long is the majority stockholder of Otter Creek Management, Inc., the general partner of Otter Creek Partners I, LP, and by virtue of such ownership Mr. Long has the power to vote and dispose of the shares held by Otter Creek Partners I, LP and therefore may be deemed to be the beneficial owner of those shares. Otter Creek Management, Inc., as an investment advisor of Otter Creek International Ltd., may be deemed to be the beneficial owner of shares held by Otter Creek International Ltd. Mr. Long expressly disclaims beneficial ownership of the shares held by Otter Creek International Ltd.

(10)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase 15,400 shares of common stock.

(11)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase 337,750 shares of common stock.

(12)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase 158,750 shares of common stock.

(13)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase 322,200 shares of common stock.

(14)

- Includes options, exercisable currently or within 60 days of March 14, 2014, to purchase an aggregate of 1,477,050 shares of common stock held by directors and executive officers.

TABLE OF CONTENTS

PROPOSAL 1

ELECTION OF DIRECTORS

Nine individuals will be elected to the Board at the Annual Meeting each for a one-year term expiring at the 2015 annual meeting of shareholders. Each nominee listed below is currently a member of the Board. All directors will serve until their successors are duly elected and qualified.

Director Qualifications and Experience

In considering candidates for the Board, the Governance and Nominating Committee reviews the experience, skills, attributes and qualifications of the current Board members and other potential candidates to ensure that the Board has the skills and experience to properly oversee the interests of the Company. In doing so, the Governance and Nominating Committee considers the experience, skills, attributes and qualifications of candidates in these areas:

- Insurance and financial services industry;
- Accounting or other financial management;
- Investments;
- Legal and regulatory;
- Actuarial;
- Management including service as a chief executive officer or manager of business units or functions;
- Marketing;
- Talent management; and
- Experience as a director of other companies.

The key experiences, skills, qualifications and skills of each of the nominees are included in their individual biographies below.

Consideration is also given to each nominee’s independence, financial literacy, personal and professional accomplishments and experience in light of the needs of the Company. For incumbent directors, past performance on the Board and contributions to their respective committees are also considered. The Governance and Nominating Committee and the Board seek directors with qualities that will contribute to the goal of having a well-rounded, diverse Board that functions well as a unit and is able to satisfy its oversight responsibilities effectively. The Governance and Nominating Committee expects each of the directors to have proven leadership, sound judgment, high ethical standards and a commitment to the success of the Company.

The Governance and Nominating Committee does not have a specific diversity policy with respect to Board candidates, but it strongly believes that the Board should have a variety of differences in viewpoints, professional experiences, educational background, skills, race, gender and age, and considers issues of diversity and background in its process of selecting candidates for the Board.

Board Nominees

Should any of the nominees become unable to accept election, the persons named in the proxy will have the right to exercise their voting power in favor of such person or persons as the Board may recommend. All of the nominees have consented to being named in this Proxy Statement and to serve if elected. The Board knows of no reason why any of its nominees would be unable to accept election.

The Governance and Nominating Committee will consider candidates for director nominees put forward by shareholders. See “Shareholder Proposals for 2015 Annual Meeting” for a description of the advance notice procedures for shareholder nominations for directors.

TABLE OF CONTENTS

Set forth below is information regarding each person nominated by the Board for election as a director.

Nominees for Election as Directors:

Edward J. Bonach, 60, has been chief executive officer and a director since October 1, 2011 and served as chief financial officer of the Company from May 2007 until January 2012. Mr. Bonach joined CNO from National Life Group, where he served as executive vice president and chief financial officer. Before joining National Life in 2002, he was with Allianz Life for 23 years, where his positions included President — Reinsurance Division and chief financial officer. He is a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries, and a Chartered Enterprise Risk Analyst. With respect to Mr. Bonach's nomination for re-election, the Board and the Governance and Nominating Committee considered his experience as chief executive officer and chief financial officer of the Company and his extensive insurance, actuarial and executive management experience.

Ellyn L. Brown, 64, joined our Board in May 2012. Until her retirement from full-time law practice, Ms. Brown practiced corporate and securities law, most recently as principal of Brown & Associates, a boutique law and consulting firm that provided operations, regulatory and governance services to financial services industry clients and other clients that operated in heavily regulated, high-scrutiny environments. Ms. Brown chairs the board of NYSE Regulation, the entity that oversees market regulation at the NYSE and its affiliated exchanges, and was a member of the board of directors of NYSE Euronext (and predecessor entities) (NYX) from 2005 until the acquisition of NYX by the Intercontinental Exchange in late 2013. She is also a member of the board of directors of Walter Investment Management Corp. Ms. Brown served as a governor of the Financial Industry Regulatory Authority from 2007-2012 and served from 2007-2011 as a trustee of the Financial Accounting Foundation, the parent entity of the Financial Accounting Standards Board and the Governmental Accounting Standards Board. With respect to Ms. Brown's nomination for re-election, the Board and the Governance and Nominating Committee considered her extensive financial industry, legal and regulatory experience.

Robert C. Greving, 62, joined our Board in May 2011. Mr. Greving is the retired executive vice president, chief financial officer and chief actuary for Unum Group, having held those positions from 2005 to 2009. Mr. Greving also served as president of Unum International Ltd., Bermuda. Before becoming executive vice president and chief financial officer of Unum Group in 2003, he held senior vice president, finance, and chief actuary positions with Unum Group and with The Provident Companies, Inc., which merged with Unum Group. His duties prior to retirement included directing all aspects of the finance and actuarial responsibilities for the corporate and nine insurance subsidiary insurance companies of Unum Group. He previously held senior positions with PennCorp Dallas Operations, Southwestern Life Insurance Company, American Founders Insurance Company, Aegon USA and Horace Mann Life Insurance Company during his 35 years in the insurance industry. He is a Fellow of the Society of Actuaries. With respect to Mr. Greving's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive experience with the management of companies in the life, health, disability and annuity lines of business and in particular with the actuarial, financial and investment disciplines.

TABLE OF CONTENTS

Mary R. (Nina) Henderson, 63, joined our Board in August 2012. Ms. Henderson is the managing partner of Henderson Advisory, a consulting practice providing marketing perspective and business evaluation to investment management firms in the consumer products and food industries. Previously she was a corporate vice president of Bestfoods and president of Bestfoods Grocery. During her 30-year career with Bestfoods, and its predecessor company CPC International, Ms. Henderson held a wide variety of international and North American general management and executive marketing positions. Ms. Henderson has been a director of Walter Energy, Inc. since February 2013. She previously served as a director of Del Monte Foods Company (2002–2011), The Equitable Companies (1996–2000), AXA Financial (2001–2011), Pactiv Corporation (2000–2010), Royal Dutch Shell plc and its predecessor company The Shell Transport and Trading Company (2001–2009) and the Hunt Corporation (1991–2002). With respect to Ms. Henderson's nomination for re-election, the Board and the Governance and Nominating Committee considered her management leadership experience, consumer marketing background, and her experience as a director of companies in a variety of industries, including insurance.

R. Keith Long, 65, joined our Board in May 2009. Mr. Long founded Otter Creek Management, Inc. in 1991 and since that date has served as its president and chief executive officer. Otter Creek Management, Inc. is the investment advisor for two hedge funds, Otter Creek Partners I, LP and Otter Creek International Ltd. Mr. Long has 35 years of experience in investment analysis in both fixed income and equities. His experience prior to founding Otter Creek Management, Inc. includes 10 years as a fixed income analyst, trader and arbitrageur, and eight years as an equity portfolio manager. His previous employers include Morgan Stanley, Kidder Peabody, Tradelink, Mesirow Financial and Lionel Edie & Co. He is the former chairman of the board of Financial Industries, Inc., a life insurance company, and the former chairman of Financial Institutions, Inc., a property and casualty insurance company. With respect to Mr. Long's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive investment experience and prior experience in the insurance industry.

Neal C. Schneider, 69, joined our Board in September 2003. Mr. Schneider served from 2003 until 2010 as the non-executive chairman of the board of PMA Capital Corporation, whose subsidiaries provide insurance products, including workers' compensation and other commercial property and casualty lines of insurance, as well as fee-based services. He also served on the executive, audit and governance committees for PMA Capital. Until his retirement in 2000, Mr. Schneider spent 34 years with Arthur Andersen & Co., including service as partner in charge of the Worldwide Insurance Industry Practice and the North American Financial Service Practice. Between 2000 and 2002, he was an independent consultant and between 2002 and 2003, Mr. Schneider was a partner of Smart and Associates, LLP, a business advisory and accounting firm. With respect to Mr. Schneider's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive knowledge and experience in accounting and financial matters, particularly with respect to insurance companies, and in corporate governance.

TABLE OF CONTENTS

Frederick J. Sievert, 66, joined our Board in May 2011. Mr. Sievert is the retired President of New York Life Insurance Company, having served in that position from 2002 through 2007. Mr. Sievert shared responsibility for overall company management in the Office of the Chairman, from 2004 until his retirement in 2007. Mr. Sievert joined New York Life in 1992 as senior vice president and chief financial officer. In 1995 he was promoted to executive vice president and was elected to the New York Life board of directors in 1996. Prior to joining New York Life, Mr. Sievert was a senior vice president for Royal Maccabees Life Insurance Company, a subsidiary of the Royal Insurance Group of London, England. Mr. Sievert is a Fellow of the Society of Actuaries. He has been a director of Reinsurance Group of America, Incorporated since 2010. With respect to Mr. Sievert's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive insurance, actuarial and executive management experience.

Michael T. Tokarz, 64, joined our Board in September 2003. Mr. Tokarz is the chairman of MVC Capital, Inc. (a registered investment company). In addition, he has been a managing member of the Tokarz Group, LLC (venture capital investments) since 2002. He was a general partner with Kohlberg Kravis Roberts & Co. from 1985 until he retired in 2002. He is a senior investment professional with over 30 years of lending and investment experience including diverse leveraged buyouts, financings, restructurings and dispositions. Mr. Tokarz has served on the boards of publicly traded companies for over 20 years and during the last five years has served as a director of Dakota Growers Pasta Companies, Inc. (2004–2010), MVC Capital, Inc. (2004–present), Mueller Water Products, Inc. (2006–present), Idex Corporation (1987–present) Walter Energy, Inc. (1987–present) and Walter Investment Management Corp. (2009–present). Mr. Tokarz is a certified public accountant. With respect to Mr. Tokarz's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive knowledge and executive management experience in banking and finance, investments and corporate governance.

John G. Turner, 74, joined our Board in September 2003. He launched Hillcrest Capital Partners, a private equity investment firm, in 2002 and has been its chairman since that date. During his 50-year career in the insurance industry, Mr. Turner served as chairman and chief executive officer of Reliastar Financial Corp. from 1991 until it was acquired by ING in 2000. After the acquisition, he became vice chairman and a member of the executive committee of ING Americas until his retirement in 2002. Mr. Turner served as a director of Hormel Foods Corporation from 2000 to 2011, a director of Shopko Stores, Inc. from 1999 to 2005 and a director of ING funds from 2000 to 2007. Mr. Turner is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. With respect to Mr. Turner's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive insurance industry, executive management, investment management, actuarial and regulatory experience.

Voting for Directors; Required Vote

The election of each director will be determined by the vote of the majority of the votes cast (where the number of votes cast "for" a director exceeds the number of votes cast "against" that director) by the holders of shares of common stock present in person, or represented by proxy, and entitled to vote on the proposal at the Annual Meeting.

TABLE OF CONTENTS
In an uncontested election of directors at which a quorum is present, any incumbent director who fails to receive a majority of the votes cast (where the number of votes cast “for” a director exceeds the number of votes cast “against” that director) shall offer to tender his or her resignation to the Board. In such event, the Governance and Nominating Committee will consider the offer and make a recommendation to the Board whether to accept or reject the resignation or whether other action should be taken. The Board will publicly disclose its decision and rationale within 90 days from the certification of the election results.

Recommendation of our Board of Directors

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE ELECTION TO THE BOARD OF EACH OF THE COMPANY’S DIRECTOR NOMINEES LISTED ABOVE.

Board Committees

Audit and Enterprise Risk Committee. The Audit and Enterprise Risk Committee’s functions, among others, are to recommend the appointment of independent accountants; review the arrangements for and scope of the audit by the independent accountants; review the independence of the independent accountants; consider the adequacy of the system of internal accounting controls and review any proposed corrective actions; review and monitor the Company’s compliance with legal and regulatory requirements; discuss with management and the independent accountants our draft annual and quarterly financial statements and key accounting and/or reporting matters; and oversight of management’s processes for managing enterprise risk. The Audit and Enterprise Risk Committee currently consists of Mr. Greving, Ms. Henderson, Mr. Long and Mr. Schneider, with Mr. Greving serving as chairman of the committee. Based on his experience, Mr. Greving qualifies as an “audit committee financial expert,” as defined under SEC rules promulgated under the Sarbanes-Oxley Act. All current members of the Audit and Enterprise Risk Committee are “independent” within the meaning of the regulations adopted by the SEC including Section 10A(m)(3) of the Securities Exchange Act of 1934 and the listing requirements adopted by the New York Stock Exchange regarding audit committee membership. The current members also satisfy the financial literacy qualifications of the New York Stock Exchange listing standards. The committee met on 10 occasions in 2013. A copy of the Audit and Enterprise Risk Committee’s charter is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Governance and Nominating Committee. The Governance and Nominating Committee is responsible for, among other things, establishing criteria for Board membership; considering, recommending and recruiting candidates to fill new positions on the Board; reviewing candidates recommended by shareholders; and considering questions of possible conflicts of interest involving Board members, executive officers and key employees. It is also responsible for developing principles of corporate governance and recommending them to the Board for its approval and adoption, and reviewing periodically these principles of corporate governance to insure that they remain relevant and are being complied with. The Governance and Nominating Committee currently consists of Mr. Tokarz, Ms. Brown, Mr. Schneider and Mr. Sievert, with Mr. Tokarz serving as chairman of the committee. All current members of the Governance and Nominating Committee are “independent” within the meaning of the listing requirements adopted by the New York Stock Exchange regarding nominating committee membership. The committee held three meetings during 2013. A copy of the Governance and Nominating Committee’s charter is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Human Resources and Compensation Committee. The Human Resources and Compensation Committee is responsible for, among other things, approving overall compensation philosophy and strategy; evaluating the performance of the chief executive officer and recommending to the Board the compensation of the chief executive officer; reviewing and approving on an annual basis the evaluation process and compensation structure for the Company’s other executive officers as recommended by the chief executive officer; ensuring that appropriate programs and procedures are established to provide for the development, selection, retention and succession of officers and key personnel; and reviewing and administering our incentive compensation and equity award plans. The report of the Human Resources and Compensation Committee appears on page 31 of this Proxy Statement. The Human Resources and Compensation Committee currently consists of Mr. Sievert, Ms. Brown, Mr. Tokarz and Mr. Turner, with Mr. Sievert

TABLE OF CONTENTS
serving as committee chair. All current members of the Human Resources and Compensation Committee are "independent" within the meaning of the listing requirements adopted by the New York Stock Exchange regarding compensation committee membership and qualify as "non-employee" directors for purposes of Rule 16b-3 of the Securities Exchange Act of 1934 and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code. The committee met on seven occasions in 2013. A copy of the Human Resources and Compensation Committee's charter is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Investment Committee. The Investment Committee is responsible for, among other things, reviewing investment policies, strategies and programs; reviewing the procedures which the Company utilizes in determining that funds are invested in accordance with policies and limits approved by it; and reviewing the quality and performance of our investment portfolios and the alignment of asset duration to liabilities. The Investment Committee currently consists of Mr. Long, Mr. Bonach, Ms. Henderson and Mr. Turner, with Mr. Long serving as chairman of the committee. The committee met on four occasions in 2013. A copy of the Investment Committee's charter is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Executive Committee. Subject to the requirements of applicable law, including our certificate of incorporation and bylaws, the Executive Committee is responsible for exercising, as necessary, the authority of the Board in the management of our business affairs during intervals between Board meetings. The Executive Committee currently consists of Mr. Schneider, Mr. Bonach and Mr. Greving, with Mr. Schneider serving as chairman of the committee. A copy of the Executive Committee's charter is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Director Compensation

Our non-employee directors currently receive an annual cash retainer of $80,000. Our non-executive chairman receives a fee equal to 200% of the base cash fees and equity awards paid to the other non-employee directors. The chairs of the Audit and Enterprise Risk Committee and the Human Resources and Compensation Committee each currently receive an additional annual cash fee of $30,000, and directors who chair one of our other Board committees (other than the Executive Committee) receive an additional annual cash fee of $20,000. Each member of the Audit and Enterprise Risk Committee (including the chairman) receives an additional annual cash retainer of $15,000. Cash fees are paid quarterly in advance. In addition to the cash payments, our non-employee directors currently receive an annual equity award of $120,000, which vests immediately upon grant. Mr. Long declined the stock award portion of the annual director fees in 2013. The Board's policy is to review and set the compensation of the non-employee directors each year at the Board meeting that follows the Annual Meeting and to make equity awards to those directors at that time. Directors are reimbursed for out-of-pocket expenses, including first-class airfare, incurred in connection with the performance of their responsibilities as directors. The compensation paid in 2013 to our non-employee directors is summarized in the table below:

DIRECTOR COMPENSATION IN 2013

Name	**Fees Earned or Paid in Cash(1)**	**Stock Awards(2)**	**Total**
Ellyn L. Brown	$ 80,032	$ 119,999	$ 200,031
Robert C. Greving	124,492	119,999	244,491
Mary R. (Nina) Henderson	94,492	119,999	214,491
R. Keith Long	114,492	0	114,492
Neal C. Schneider	169,296	239,999	409,295
Frederick J. Sievert	109,492	119,999	229,491
Michael T. Tokarz	99,492	119,999	219,491
John G. Turner	79,492	119,999	199,491

TABLE OF CONTENTS

(1)

- This column represents the amount of cash compensation paid in 2013 for Board service, for service as non-executive chairman, for service on the Audit and Enterprise Risk Committee and for chairing a committee, as applicable.

(2)

- The amounts in this column are computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718") and represent the grant date fair values for shares of common stock awarded. On May 8, 2013, Mr. Schneider received an award of 20,050 shares of common stock and each of the other directors listed above (with the exception of Mr. Long) received an award of 10,025 shares of common stock. These awards vested immediately upon grant.

The directors had the following number of options outstanding at December 31, 2013 — Mr. Schneider (15,400), Mr. Tokarz (15,400) and Mr. Turner (15,400). The average exercise price for the options held by the directors is $20.22.

Board Leadership Structure

CNO has a non-executive, independent director, who serves as chairman of the Board. Mr. Schneider was elected Chairman in 2011 and continues to serve in that capacity. The Board believes that its leadership structure, with a non-executive chairman position separate from the chief executive officer, provides appropriate, independent oversight of management and the Company. The non-executive chairman of the Board (1) presides at all meetings of the Board and shareholders; (2) presides during regularly held sessions with only the independent directors; (3) encourages and facilitates active participation of all directors; (4) develops the calendar of and agendas for Board meetings in consultation with the chief executive officer and other members of the Board; (5) determines, in consultation with the chief executive officer, the information that should be provided to the Board in advance of the meeting; and (6) performs any other duties requested by the other members of the Board.

As discussed below, all members of our Board are independent other than Mr. Bonach, our chief executive officer. As CEO, Mr. Bonach, subject to the direction of the Board, is in charge of the business and affairs of CNO and is our chief policy making officer. Our Board and its committees play an active role in overseeing the Company's business. The directors bring a broad range of leadership, business and professional experience to the Board and actively participate in Board discussions. The Board believes that having a non-executive chairman and a Board comprised almost entirely of independent, non-employee directors best serves the interests of our shareholders and the Company.

Board Meetings and Attendance

During 2013, the Board met on 12 occasions. Each director attended at least 75% of the aggregate of the meetings of the Board and Board committees on which he or she served. The independent directors regularly meet in executive session without the chief executive officer or any other member of management. The non-executive chairman presides at such executive sessions.

In addition, CNO has a policy that all directors attend the annual meeting of shareholders. All of our directors attended the annual meeting of shareholders held in 2013.

Director Independence

The Board annually determines the independence of directors based on a review by the directors. Although the Board has not adopted categorical standards of materiality for independence purposes, no director is considered independent unless the Board has determined that he or she has no material relationship with CNO, either directly or as an officer, shareholder or partner of an organization that has a material relationship with CNO. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Board considers the Company's Corporate Governance Guidelines, the applicable rules and regulations of the Securities and Exchange Commission and the listing standards of the New York Stock Exchange in making its determination regarding independence and the materiality of any relationships with CNO. The Board has determined that all current directors other than Mr. Bonach are independent.

TABLE OF CONTENTS

Board's Role in Risk Oversight

Enterprise risk management is integral to our business. The Board is responsible for overseeing the Company's risk profile and management's processes for managing risk. The oversight of certain risks, including those relating to the Company's capital structure and capital management is done by the full Board. The Board has delegated primary responsibility for many aspects of the Board's risk oversight to the Audit and Enterprise Risk Committee. The Audit and Enterprise Risk Committee receives reports at its meetings and oversees management's processes for managing enterprise risk, including the risk management process associated with financial controls, insurance reserves, legal, regulatory and compliance risks, and the overall risk management structure, process and function. Other Board committees oversee risk management related to specific functions. The Investment Committee oversees investment and asset-liability management risk. The Human Resources and Compensation Committee oversees risks associated with our compensation programs so that incentives are not provided for inappropriate risk taking, as further discussed below.

Our leadership strongly supports an active and engaged risk management process. CNO has established an enterprise risk management committee comprised of senior management from business units and functions throughout the Company. This enterprise risk management committee meets at least once each quarter and is co-chaired by the chief executive officer and the chief financial officer. CNO also has an investment and asset-liability management committee comprised of senior management from various functions and the presidents of each business segment. This committee meets at least once each quarter and is chaired by the chief investment officer. The Company has a senior vice president who is responsible for the coordination of enterprise risk management activities. Reports on different aspects of the Company's enterprise risk management are provided to the Board, to the Audit and Enterprise Risk Committee, to the Investment Committee and to other Board committees, as appropriate, on a regular basis.

As part of its risk oversight responsibilities, the Board and its committees review policies and processes that senior management uses to manage the Company's risk exposure. In doing so, the Board and its committees review the Company's overall risk function and senior management's establishment of appropriate systems and processes for managing insurance risk, interest rate and asset-liability management risk, credit and counterparty risk, liquidity risk, operational risk and reputational risk.

Relationship of Compensation Policies and Practices to Risk Management

The Human Resources and Compensation Committee has reviewed our compensation programs and believes that they carefully balance risks and rewards and do not incentivize inappropriate risk taking. Our incentive plans include multiple performance measures, most of which are financial in nature, and are designed to hold employees accountable for sustained improvement in the core operating performance of the Company. We structure our pay to include both fixed and variable compensation and our variable compensation is capped at no more than two times the target opportunities. In addition, our officers' compensation aligns them with shareholder interests through equity-based awards with multiple year vesting.

Approval of Related Party Transactions

Under the Company's written policy, transactions and agreements with related persons (directors, director nominees and executive officers or members of their immediate families, or shareholders owning five percent or more of the Company's outstanding stock) that meet the minimum threshold for disclosure in the proxy statement under applicable SEC rules (generally transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest) must be approved by the Board or a committee comprised solely of independent directors. In considering the transaction or agreement, the Board or committee will consider all relevant factors including the business reason for the transaction, available alternatives on comparable terms, actual or apparent conflicts of interest and the overall fairness of the transaction to the Company. Any proposed transactions that might be considered a related person transaction are to be raised with the chairman of the Board or the chairman of the Governance and Nominating Committee. They will jointly determine whether the proposed transaction should be considered by the full Board (recusing any directors with conflicts) or by a Board committee of independent directors. Related person transactions are to be approved in advance whenever practicable, but if not approved in advance are to be ratified (if the Board or committee considers it appropriate to do so) as soon as practicable after the transaction.

TABLE OF CONTENTS
Various Company policies and procedures, including the Code of Business Conduct and Ethics and annual questionnaires completed by all company directors, officers and employees, require disclosure of transactions or relationships that may constitute conflicts of interest or otherwise require disclosure under applicable SEC rules. Any related person transactions that are identified under these additional policies and procedures are to be considered under the process described above.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all officers, directors and employees regarding their obligations in the conduct of the Company's affairs. A copy of the Code of Business Conduct and Ethics is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com. Within the time period specified, and to the extent required, by the SEC and the New York Stock Exchange, we will post on our website any amendment to our Code of Business Conduct and Ethics and any waiver applicable to our principal executive officer, principal financial officer or principal accounting officer (there have been no such waivers).

Corporate Governance Guidelines

CNO is committed to best practices in corporate governance. Upon the recommendation of the Governance and Nominating Committee, the Company adopted a set of Board Governance Operating Guidelines. A copy of the CNO Board Governance Operating Guidelines is available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com.

Director Stock Ownership Guidelines

The Board has adopted guidelines regarding ownership of CNO common stock by the directors. The amounts set forth in these guidelines were increased in 2013 and the guidelines now provide for each director to own shares of common stock with a value of at least five times his or her annual base cash compensation. Directors are given five years from the date of their initial election to reach that level of ownership. Based on the current base cash compensation for directors of $80,000 per year, the ownership guidelines call for each director to own shares with a value of at least $400,000. As of March 14, 2014, all directors who have served on the Board for at least five years met these stock ownership guidelines, and each of the other directors met, or was on track to meet, these increased guidelines.

Succession Planning

The Board is actively involved with the Company's talent management process. Annually, the Board reviews the Company's leadership team, which includes a detailed discussion of succession plans for the chief executive officer and other members of executive and senior management. In addition, the Board regularly discusses the Company's plans for talent development, with a focus on high potential individuals who are in the position to make the most significant contributions to the Company and to serve as its future leaders.

Communications with Directors

Shareholders and other interested parties wishing to communicate directly with the Board or any one or more individual members (including the chairman of the Board or the non-management directors as a group) are welcome to do so by writing to the CNO Corporate Secretary, 11825 North Pennsylvania Street, Carmel, Indiana, 46032. The Corporate Secretary will forward any communications to the director or directors specified by the shareholder or other interested party.

Compensation Committee Interlocks and Insider Participation

During 2013, directors who served on the Human Resources and Compensation Committee included the current members (Ms. Brown and Messrs. Sievert, Tokarz and Turner). None of the members of the Human Resources and Compensation Committee during 2013 is or has been one of our officers or

TABLE OF CONTENTS
employees. None of our executive officers serves, or served during 2013, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board or Human Resources and Compensation Committee.

Copies of Corporate Documents

In addition to being available under Corporate Governance in the Investor Relations section of our website at www.CNOinc.com, we will provide to any person, without charge, a printed copy of our committee charters, Code of Business Conduct and Ethics and Board Governance Operating Guidelines upon request being made to CNO Investor Relations, 11825 N. Pennsylvania Street, Carmel, Indiana 46032; or by telephone: (317) 817-2893 or email: ir@CNOinc.com.

TABLE OF CONTENTS

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Business Overview

CNO Financial Group, Inc. is a Fortune 1000 insurance holding company, with more than $4 billion in annual revenues. CNO's insurance companies are leading providers of supplemental health insurance, life insurance and annuities to middle-income pre-retiree and retired Americans to help them protect against financial adversity and provide for a more secure retirement.

CNO delivered very strong financial and operational results in 2013. Net operating income* per share increased to $1.17 in 2013, a 70% increase over the prior year. Consolidated sales grew 6% over 2012, contributing to growth in collected premium in each of our three active operating segments. The Combined Value of New Business, a measure of the present value of expected profits from sales, was up 4% over 2012. GAAP Investment Income grew 1.4%, from $1,370.1 million to $1,389.6 million, despite sustained low interest rates.

During 2013, we continued to return significant capital to our shareholders through securities repurchases of $253 million and common stock dividends of $24 million. In addition, we paid down $63 million in debt during 2013. Our strong performance in 2013 produced an overall total shareholder return of 91%. From the initiation of our share buyback program in 2011 through the end of 2013, we repurchased the equivalent of 90 million shares through a cumulative investment of $845 million in stock and convertible repurchases for an effective average price of $9.39 per share, which is 53% of our 2013 year-end closing price of $17.69. From the initiation of our dividend program in May 2012 through the end of 2013, we paid $38 million in common stock dividends.

Our financial condition and capital generation continued to be strong in 2013. The consolidated statutory risk-based capital ratio of our insurance subsidiaries increased 43 percentage points to 410% during 2013, and book value per diluted share, excluding accumulated other comprehensive income (loss)*, grew to $18.62 from $16.21. Our debt-to-total capital ratio, excluding accumulated other comprehensive income*, at the end of 2013 was 16.9 percent, a decrease of 380 basis points from the end of 2012. We also earned positive ratings actions in the past year by all of the major ratings agencies.

Our mission is to be the recognized leader in providing financial security for the protection and retirement needs of middle-income American working families and retirees. Our strategic plans are focused on continuing to grow and deliver long-term value for all our stakeholders. Specifically, we will focus on the following priorities:

- Build on our investment in the business;
- Continue to focus on sustainable, profitable growth;
- Accelerate operating effectiveness;
- Further enhance the Customer Experience;
- Tactically deploy excess capital; and
-

- Continue to invest in and develop our talent.

Summary of Key Compensation Actions, Decisions and Results in 2013

•

- Merit (base salary) increases for the majority of officers (vice president level and above), including the Named Executive Officers: Reflecting general market trends, the performance of the

*

- For a definition and reconciliation of this measure to the corresponding measure under generally accepted accounting principles (“GAAP”), see “Information Related to Certain Non-GAAP Financial Measures” on page 52 of this Proxy Statement.

TABLE OF CONTENTS

individuals and current base salary to the market, the Human Resources and Compensation Committee (the "Committee") approved base salary increases, ranging from 2.8% to 14.3%, to 4 of the 5 Named Executive Officers in 2013. The 14.3% increase was to the CEO reflecting his overall performance and base salary level in relation to the market.

- Revised the annual equity grant mix to include only stock options and performance shares for most officers: Beginning with the 2013 equity grant, our annual equity grant consists of stock options and performance shares (P-Shares), directly linking our annual grant to Company performance and shareholder return. Going forward, Restricted Shares will be used primarily to promote retention and recognition of high potential executives.

- 2013–2015 P-Shares added Operating ROE as a performance metric: The performance metrics for our 2013 P-Share award were split equally between three-year average Operating ROE and relative TSR for our comparator group.

- Strong 2013 P4P results: Driven by strong financial results of the Company and our operating segments, including a 70% increase in net operating income per diluted share, P4P payouts ranged from 159.4% to 187.6% of target for the Named Executive Officers.

- 2011–2013 P-Shares earned: At the end of the performance period (December 31, 2013), the performance goal for the 2011-2013 P-Share grant was achieved at maximum levels. Accordingly, 150% of the P-Shares were earned and vested from this grant.

- Continued a shareholder dividend program: In 2012 the Company initiated a common stock dividend program, recognizing the Company's financial strength, and confidence in continued growth and capital generation. In 2013 the dividend was increased by 50%.

- These key actions, decisions and results delivered the following compensation for our Named Executive Officers in 2013:

NEO Compensation Resulting from Key 2013 Actions and Decisions

Named Executive Officer	**January 1, 2013 Base Salary**	**Merit (Base Salary) Increase**	**December 31, 2013 Base Salary**	**2013 P4P Payout(1)**	**LTI Award Value(2)**
Edward Bonach, Chief Executive Officer	$ 875,000	14.3 %	$ 1,000,000	$ 2,300,263	$ 3,036,035
	$ 550,000	2.8 %	$ 566,500	$ 1,058,113	$ 1,153,560

Named Executive Officer	January 1, 2013 Base Salary	Merit (Base Salary) Increase	December 31, 2013 Base Salary	2013 P4P Payout(1)	LTI Award Value(2)
Frederick Crawford, EVP, Chief Financial Officer					
Scott Perry, Chief Business Officer	$ 551,250	3.0 %	$ 566,500	$ 1,006,087	$ 1,092,180
Eric Johnson, President – 40|86 Advisors	$ 500,000	0.0 %	$ 500,000	$ 796,785	$ 728,120
Christopher Nickele, President, Other CNO Business/EVP, Product Management	$ 375,281	4.0 %	$ 390,292	$ 680,824	$ 878,264

(1)

• P4P, or “Pay for Performance”, is our annual management cash incentive plan.

(2)

• Expressed as the grant date fair value of stock options, performance shares and restricted stock granted in February 2013.

Summary of Compensation Governance Practices

The Committee strives to maintain good governance standards in our compensation practices. They include:

•

• Stock Ownership Guidelines: In May 2011, the Committee approved stock ownership guidelines for the Chief Executive Officer and the senior executive officers who report to him.

•

• No significant perquisites offered: Our executives participate in broad-based Company-sponsored benefits programs on the same basis as other full-time associates.

TABLE OF CONTENTS

- Change in control agreements are governed by double trigger arrangements: All employment agreements and equity award agreements for Named Executive Officers and other senior executives require a termination of employment in addition to a change in control of the Company before change in control benefits are triggered.
- No Supplemental Executive Retirement Programs (SERPs) offered: We do not offer SERPs to our current executives.
- Independence of executive compensation consultant (Aon Hewitt): The Committee has engaged an independent, executive compensation advisor, taking SEC and NYSE guidelines into consideration. Aon Hewitt does not provide any compensation-related services to management and had no prior relationship with our Chief Executive Officer or other Named Executive Officers.
- Independence of Committee Members: All Committee members are independent.
- Percent of Variable and Performance-Based Pay: Variable pay comprises between 71% and 81% of Total Direct Compensation (as described below) for our Named Executive Officers, with the majority of variable pay composed of long-term incentives.
- Continued to utilize a “Governor” in the Annual Incentive Plan: In 2013, we continued a policy adopted in 2009 which limits P4P payments on non-income-related metrics when we do not achieve overall threshold in Combined In-force EBIT.
- Strong Clawback Rights: Our P4P and Long-term Incentive (LTI) plans have clawback provisions that include recapture rights of any incentive amount paid or vested in the event that the Committee determines that the achievement of performance goals was based on incorrect data, errors, omissions or fraud.
- Assessing level of risk: The Committee annually assesses the level of risk associated with our incentive plans.
- Ongoing succession planning: The Committee regularly engages throughout the year in in-depth discussions regarding succession planning and talent development of our executives.

Philosophy, Objectives and Role of Human Resources and Compensation Committee

Philosophy

The Committee, which is comprised solely of independent, non-employee Directors, has developed a philosophy and a comprehensive compensation strategy to reward overall and individual performance that drives long-term success for our shareholders.

Our compensation philosophy consists of the following guiding principles:

- Pay for Performance: Rewards will vary based on company, business segment and individual performance.
- Target Total Rewards Position: The overall rewards will be competitive by targeting compensation at approximately the median of the relevant comparator group with additional compensation for achieving superior performance.
- Relevant Comparator Group: We will utilize a relevant comparator group of companies in the insurance/financial services industry and general industry where appropriate, taking both asset size and revenue into consideration, which includes the best available data for comparison with our peers and companies with which we compete for executive talent.

TABLE OF CONTENTS

Pay for Performance Objectives

The Committee strives to provide a clear reward program that allows us to attract, incentivize and retain seasoned executive talent with the significant industry experience required to continue to improve our performance and build long-term shareholder value. To achieve this, our programs are designed to:

- Reward sustainable operational and productivity improvements. This means that (1) we set performance goals under our P4P plan at targeted performance levels for key financial metrics and (2) we set multi-year performance goals for our P-Share (performance share) awards;
- Align the interests of our executives with those of our shareholders by rewarding shareholder value creation;
- Integrate with the Company-wide annual performance management program of individual goal setting and formal evaluation;
- Provide for discretion to make adjustments and modifications based upon how well individual executives meet our performance standards for expected achievement of business results, as well as uphold our values and leadership behaviors; and
- Offer the opportunity to earn above-market compensation when overall and individual performances exceed expectations.

Target Total Rewards and Selection of the Comparator Groups

In setting target executive compensation opportunities, the Committee looks at Total Annual Cash (which is comprised of base salary and target cash incentives) and Total Direct Compensation (which is the sum of Total Annual Cash and long-term incentives). Our long-term incentives may include annual stock option awards as well as restricted shares and P-Share awards. The Committee intends to compensate our executives at approximately the 50th percentile (meaning within a range of +/- 15% of the 50th percentile dollar value) for total direct compensation, for the achievement of target performance, with additional compensation opportunities for the achievement of superior results.

The Committee assesses “competitive market” compensation annually using a number of sources. In determining the competitive compensation levels, at the recommendation of the independent compensation consultant, the Committee reviews targeted proxy data from a select group of peer companies identified below for the Named Executive Officers, and also compares our other executives to the Diversified Insurance Study published by Towers Watson. Both of these sources provide a much more focused analysis of very specific industry peers with whom the Company competes for talent. We will continue to use our peer companies for the Named Executive Officers as the relevant comparator group and all other executives will be compared to the Towers Watson Diversified Industry Study in 2013.

Peer Companies:

Aflac, Inc.	Principal Financial Group, Inc.
American Financial Group, Inc.	Protective Life Corporation
Assurant, Inc.	Reinsurance Group of America Incorporated

Cincinnati Financial Corporation	StanCorp Financial Group, Inc.
Genworth Financial, Inc.	Torchmark Corporation
Kemper Corporation	Universal American Corp.
Lincoln National Corporation	Unum Group

Although aggregate pay levels are generally consistent with our compensation philosophy, it is possible that pay levels for specific individuals may be above or below the targeted competitive benchmark levels based on a number of factors, including each individual’s role and responsibilities within our Company, the individual’s experience and expertise, the pay levels for peers within the Company, and the pay levels for similar job functions in the marketplace. The Committee is responsible for approving all compensation

TABLE OF CONTENTS

programs for our senior executive officers. In determining executive compensation, the Committee considers all forms of compensation and benefits, and uses appropriate tools — such as tally sheets and market studies — to review the value delivered to each executive through each component of compensation.

Tally sheets provide a vehicle for the Committee to examine external market practices and compare them to our internal evaluations and decisions. Our tally sheets capture and report:

- Competitive external market data on a base salary, Total Annual Cash and Total Direct Compensation basis;
- Individual Total Annual Cash compensation including annual salary, target bonus opportunity, and actual bonus paid;
- Long-term equity grants and their vesting status and value at a hypothetically established share price; and
- Employment agreement terms and conditions.

Competitive market data is used as a reference point, and we avoid automatic adjustments based on annual competitive benchmarking data, since we believe a given executive's compensation should also reflect Company-specific factors such as the relative importance of the role within the organization, the compensation for other positions at the same level, and individual factors such as experience, expertise, and individual performance.

In addition to the objective review of external factors, the Committee also considers internal equity among colleagues when determining executive compensation levels. This means that, although the Committee examines competitive pay data for specific positions, market data is not the sole factor considered in setting pay levels. The Committee also considers factors such as our organizational structure and the relative roles and responsibilities of individuals within that structure. The Committee believes that this approach fosters an environment of cooperation among executives that improves sales growth, profitability and customer satisfaction.

Realized total compensation in any year may be significantly above or below the target compensation levels depending on whether our incentive goals were attained and whether shareholder value was created. In some cases, the amount and structure of compensation results from negotiations with executives at the time they were hired, which may reflect competitive pressures to attract and hire quality executive talent in the insurance industry. To help attract and retain such talent, the Committee also seeks to provide a level of benefits in line with those of comparable publicly traded companies without matching such benefits item by item.

Role of the Human Resources and Compensation Committee

The Committee determines the components and amount of compensation for our executive officers and provides overall guidance for our employee compensation policies and programs. In addition, the Committee actively monitors our executive development and succession planning activities related to our senior executives and other members of management. Currently, there are four members of our Board of Directors who sit on the Committee, each of whom is an independent director under the New York Stock Exchange listing requirements, the exchange upon which our stock trades. From time to time, other Board members may also participate in the Committee's meetings, though these ad hoc participants do not participate in making pay decisions. The full Board of Directors receives regular reports of Committee deliberations and decisions and, at least once annually, the full Board reviews the Committee's written evaluation of the Chief Executive Officer's performance and compensation. The Committee's functions are more fully described in its charter, which can be found on our website at www.CNOinc.com.

In making executive compensation decisions, the Committee receives advice from its independent compensation consultant, Aon Hewitt. The Committee evaluates Aon Hewitt's independence annually, and pursuant to the SEC's rules and the NYSE's rules, concluded that no conflict of interest existed in connection with the services Aon Hewitt performed for the Compensation Committee in 2013. As an independent consultant, any services performed by Aon Hewitt for our Company are at the Committee's direction. Aon Hewitt did not have a prior relationship with the Chief Executive Officer or any of our

TABLE OF CONTENTS

executive officers at the time the Committee initially engaged Aon Hewitt in October 2008. No member of the Aon Hewitt team that works with the Committee has a business or personal relationship with either any member of executive management or member of the Committee. Other than its services to the Committee, Aon Hewitt does not provide any other compensation-related services to our management.

Although Aon Hewitt is retained directly by the Committee, Aon Hewitt personnel interact with our executive officers as needed, specifically the Chief Executive Officer, Executive Vice President of Human Resources, General Counsel, and Chief Financial Officer, and their staffs to provide the Committee with relevant compensation and performance data for our executives and the Company. In addition, Aon Hewitt personnel may interact with management to confirm information, identify data questions, and/or exchange ideas.

As requested by the Committee, Aon Hewitt's services to the Committee in 2013 included:

- Providing competitive analysis of total compensation components for our senior executive officers, including our Named Executive Officers;
- Researching and presenting competitive and emerging compensation practices and regulatory issues;
- Attending Committee meetings, in person and telephonically;
- Reviewing and evaluating changes to the executive compensation philosophy and proposed plan changes; and
- Assisting with the assessment of the risk analysis of our compensation plans.

The Committee has the authority under its charter to retain outside consultants or other advisors. In making its decisions, the Committee collects and considers input from multiple sources. The Committee may ask senior executive officers to attend Committee meetings where executive compensation, overall and individual performance are discussed and evaluated. During these meetings, executives provide insight, suggestions or recommendations regarding executive compensation. Deliberations generally occur with input from Aon Hewitt, members of management and other Board members. However, only the members of the Committee make decisions regarding executive compensation. In the case of the Chief Executive Officer's compensation, these decisions are submitted to the full Board for its review and approval.

The Committee reviewed the results of the shareholder vote on the Say on Pay proposal from the 2013 Annual Meeting, at which approximately 99.3% of the votes cast were for approval of the Company's 2012 executive compensation as described in last year's proxy statement. After consideration of the positive voting results and its discussion with Aon Hewitt, the Committee determined that its approach to compensation is balanced and effective and made no fundamental changes to the program for fiscal year 2013.

Compensation Components

Our compensation program is composed of the following components:

- Base Salary

- • Annual cash incentives (P4P)
- • Long-term equity incentives (stock options and P-Shares)
- • Benefits

Table 1 summarizes information about the target level of 2013 Total Annual Cash (TAC) and Total Direct Compensation (TDC) for our Named Executive Officers. This table differs from the Summary Compensation Table on page 32 in that values generally represent target amounts and equity grants which are part of our normal long-term incentive program for 2013 only. Further discussion about these compensation components can be found later in this section. Each component is discussed with a brief description of the strategy, plan design and plan performance.

TABLE OF CONTENTS

Table 1 — Summary of Components of TDC in 2013 at Target(1)

Named Executive Officer	Base Salary	Target Incentive (% of Salary)	Target Total Annual Cash	Stock Option Value(2)	P-Share Value(2)	Restricted Stock Value(2)	Total LTI Value(2)	Target TDC(3)
ward nach, Chief ecutive ficer	$1,000,000	125%	$2,250,000	$2,161,197	$874,838	$—	$3,036,035	$5,286,035
Change vs. 12	14 %		14 %				39 %	27
of TDC	19 %		43 %				57 %	
ederick awford, P, Chief ancial ficer	$566,500	100%	$1,133,000	$821,080	$332,480	$—	$1,153,560	$2,286,560
Change vs. 12	3 %		3 %				9 %	6
of TDC	25 %		50 %				50 %	
ott Perry, ief Business ficer	$566,500	100%	$1,133,000	$777,363	$314,817	$—	$1,092,180	$2,225,180
Change vs. 12	3 %		3 %				12 %	7
of TDC	25 %		51 %				49 %	
c Johnson, esident – 40|86 visors	$500,000	100%	$1,000,000	$518,242	$209,878	$—	$728,120	$1,728,120
Change vs. 12	0 %		0 %				0 %	0
of TDC	29 %		58 %				42 %	
ristopher ckele, esident – Other IO siness/EVP, oduct anagement	$390,292	100%	$780,584	$518,242	$209,878	$150,144	$878,264	$1,658,848
Change vs. 12(4)	4 %		4 %				11 %	8
of TDC	24 %		47 %				53 %	

(1)

- Annual Incentive expressed as Target levels, value of equity expressed as grant date fair value.

(2)

- Represents stock option, performance share and restricted stock grant date fair values granted in 2013; actual value realized will depend on stock price appreciation and achievement of performance metrics at time of vesting. Valuation methodology is discussed later in this document.

(3)

- Target TDC includes Target TAC and the Total LTI Value provided at the time of the annual grant.

(4)

- Mr. Nickele was granted restricted stock in consideration of his compensation relative to market and for retention purposes.

Compensation Mix

In delivering compensation to our Named Executive Officers, the mix of pay is heavily weighted to variable, performance-based pay (currently between 71% and 81% of Target TDC, with the majority of variable pay composed of long-term incentives) with base salary comprising a relatively small portion of Target TDC (between 19% and 29%) for all the Named Executive Officers. The focus of the pay mix on variable pay elements continues to support our objectives of pay for performance and shareholder value creation.

TABLE OF CONTENTS

The pie charts below summarize the 2013 annual compensation pay mix at target for our Chief Executive Officer and other Named Executive Officers:

Base Salaries

Strategy

In establishing base salaries, the Committee begins by targeting the 50th percentile of the competitive market and adjusts upwards or downwards as appropriate to reflect each position's responsibilities and each individual's experience level, unique skills or competencies. Base salaries generally range from the 25th percentile (for recently promoted employees or those who otherwise have less experience in the current position) to the 75th percentile (for high performers with significant industry experience) of the competitive market data. Annual reviews of executives' base salaries consider numerous factors, including:

- Job responsibilities;
- Impact on the development and achievement of our strategic initiatives;
- Competitive labor market pressures;
- Company performance for the prior 12 months;
- Individual performance for the prior 12 months, as expressed in the executive's performance review; and
- Salaries paid for comparable positions within our relevant comparator group.

No specific weighting of these factors is used. However, given our desire for a performance-based culture, the Committee's use of discretion generally results in increases for our top performers and little or no increases in base

salary for average or lower performing employees.
2013 Merit Increases
Based on Company performance, a review of general trends, and an analysis of positioning relative to the comparator market data, the Committee awarded base salary increases to four of the Named Executive Officers in addition to most of the other executives in February 2013.

- Mr. Bonach's base salary increase of 14.3% not only recognized his individual performance in 2012 as CEO, but adjusted for below market comparability for CEO base salary market pay levels.

- Base salary increases for Messrs. Crawford, Perry and Nickele of 3.0%, 2.8% and 4.0%, respectively, reflected their overall performance and base salaries in relation to the market pay levels for their respective positions.

TABLE OF CONTENTS

Annual Cash Incentives

Strategy

Our annual incentive plan, the "Pay for Performance" Plan (P4P), is designed to focus on and reward achievement of annual performance goals. It is the broadest of our management incentive programs, covering our Named Executive Officers and other key employees. All participants in the P4P plan, including our Named Executive Officers, are assigned target incentive opportunities expressed as a percentage of base salary.

2013 Pay for Performance (P4P) Plan Design

During February and March 2013, the Committee reviewed the P4P plan design for 2013 in order to ensure alignment between shareholder and participant interests, to keep senior executives focused on the financial performance of the enterprise, to improve alignment with financial metrics that participants influence and to select operational/business metrics that drive financial success. This review was accomplished by focusing on the selection of appropriate performance metrics and the determination of performance levels which would contribute to financial success. As a result of this review, most performance metrics and weightings remained the same. Metrics which continued to be part of 2013 incentive plans applicable to Named Executive Officers include:

- Operating Earnings Per Share (EPS), defined as net after tax operating income divided by the average number of diluted shares outstanding. Operating earnings exclude the impact of realized gains (losses), loss on extinguishment of debt, fair value changes due to fluctuations in the interest rates used to discount embedded derivatives related to our fixed index annuities and changes to our valuation allowance for deferred taxes. The Committee believes Operating EPS is a key measure of our operating performance, is less impacted by events that are unrelated to the underlying fundamentals of the business and is directly impacted by management during the calendar year.

- Combined and Business Segment In-force Earnings Before Interest and Taxes (EBIT), where Combined In-force EBIT is a corporate roll-up of individual business segment In-force EBIT. In-force EBIT includes pre-tax revenues and expenses associated with the sales of insurance products that were completed more than one year before the end of the reporting period, but excludes the impact of realized gains (losses), loss on extinguishment of debt, and fair value changes due to fluctuations in the interest rates used to discount embedded derivatives related to our fixed index annuities. In the Committee's view, this metric enhances line of sight for our operating management and increases their focus on improving the longer-term core profitability of our operations. In-force EBIT excludes the impacts of activities related to the generation of New Business.

- Combined and Business Segment Value of New Business (VNB), which calculates the present value of expected profits from product sales. The selection of VNB is based on the Committee's desire to have a focus on growing through sales of profitable products as opposed to rewarding only top-line sales growth.

- Operating ROE, which is net operating income divided by average GAAP Equity, excluding accumulated other comprehensive income and the GAAP value of net operating loss carryforwards. This metric represents the Committee's desire to encourage efficient use of capital.

- GAAP Yield, which is period investment income (net of investment expenses), divided by average invested assets for the same period.

- GAAP Investment Income, which is the income earned on general account invested assets, net of investment expenses.

Limiting the number of metrics to no more than five for any individual participant enhances the simplicity and effectiveness of the P4P plan. The program is designed to pay additional compensation when the Company achieves superior performance.

TABLE OF CONTENTS

Our plan design rewards a threshold level of financial performance which corresponds to 25% of target payout; target level of performance which provides 100% of target payout; and a maximum level of performance which provides a payout of 200% of target. Any payout between these financial performance goals is determined through straight line interpolation between the appropriate levels of performance. Consistent with our compensation philosophy, target annual incentive levels are established to generate Total Annual Cash compensation at competitive market median levels. Further, in 2013 we continued a policy that 50% of the approved threshold performance level for Combined In-force EBIT must be achieved before there can be any above-target payouts with respect to other financial and operational metrics. This policy limits incentive payments on non-income-related metrics when threshold operating earnings are not achieved by the enterprise.

Although we have a large net operating loss carry-forward, the Committee continues to administer the P4P and long-term incentive plans so that payments qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code. However, the Committee does reserve the right to make awards that do not qualify as "performance-based compensation" under Section 162(m) to the extent it deems it advisable to do so.

Table 2 summarizes the 2013 financial metrics and weightings for our Named Executive Officers under the P4P plan.

Table 2 — Summary of 2013 P4P Metrics and Weightings for Named Executive Officers

Named Executive Officer	**Metric – Weighting**	**Metric – Weighting**	**Metric – Weighting**	**Metric – Weighting**	**Metric – Weighting**
Edward Bonach	Operating EPS – 50%	Combined In-force EBIT – 10%	Operating ROE – 20%	Combined Value of New Business – 20%	
Frederick Crawford	Operating EPS – 50%	Combined In-force EBIT – 10%	Operating ROE – 20%	Combined Value of New Business – 20%	
Scott Perry	Operating EPS – 35%	Combined In-force EBIT – 15%	Operating ROE – 15%	Combined Value of New Business – 35%	
Eric Johnson	Operating EPS – 50%	GAAP Yield – 25%	GAAP Investment Income – 25%		
Christopher Nickele	Operating EPS – 25%	Combined In-force EBIT – 10%	Operating ROE – 20%	Combined Value of New Business – 25%	OCB Operating EBIT – 20%

Table 3 provides a summary of 2013 performance targets and actual results for our Named Executive Officers under the P4P plan.

Table 3 — Summary of 2013 P4P Performance Targets and Actual Results for Named Executive Officers

Performance Targets

Metric	**Threshold**	**Target**	**Maximum**	**2013 Actual Results**
Corporate				
Operating EPS	$0.85	$0.92	$1.03	$1.17
Combined In-force EBIT	$560.0 MM	$600.0 MM	$640.0 MM	$653.3 MM
Operating ROE	6.80%	7.10%	7.50%	8.73%
Combined Value of New Business	$70.0 MM	$75.0 MM	$82.5 MM	$77.9 MM
OCB				

Metric	Threshold	Target	Maximum	2013 Actual Results
Operating EBIT	$10.0 MM	$20.0 MM	$30.0 MM	$25.5 MM
40l86 Advisors				
GAAP Yield	5.86%	5.95%	6.18%	6.00%
GAAP Investment Income	$1,326.0 MM	$1,368.0 MM	$1,504.8 MM	$1,389.6 MM

25

TABLE OF CONTENTS

Table 4 provides the threshold, target and maximum payouts for each of our Named Executive Officers under the P4P plan.

Table 4 — Summary of 2013 P4P Opportunities for Named Executive Officers

Named Executive Officer	Threshold Payout (as % of Salary)	Target Payout (as % of Salary)	Maximum Payout (as % of Salary)
Edward Bonach(1)	31.25%	125%	250%
Frederick Crawford	25 %	100%	200%
Scott Perry	25 %	100%	200%
Eric Johnson	25 %	100%	200%
Christopher Nickele	25 %	100%	200%

(1)

- Mr. Bonach's P4P opportunity is higher to reflect competitive norms for the Chief Executive Officer position.

Table 5 sets forth the actual bonuses paid out for 2013 to the Named Executive Officers pursuant to our P4P plan.

Table 5 — 2013 P4P Target and Actual Bonuses

Named Executive Officer	Target Amount	Actual Amount
Edward Bonach	$ 1,223,959	$ 2,300,263
Frederick Crawford	563,750	1,058,113
Scott Perry	563,958	1,006,087
Eric Johnson	500,000	796,785
Christopher Nickele	387,790	680,824

Long-term Equity Incentives

Design and Strategy

The Committee uses long-term equity incentives to balance the short-term focus of the P4P program by tying rewards to performance achieved over multi-year periods. Under the Amended and Restated Long-Term Incentive Plan, the Committee may grant a variety of long-term incentive awards, including stock options, stock appreciation rights, restricted stock or restricted stock units, and performance shares or units, settled in cash or stock. We currently use stock options, performance shares, and a limited amount of restricted stock as our long-term compensation vehicles.

To focus executives' efforts on longer-term results, we have historically granted awards of stock options that generally vest over three years, performance shares that vest at the end of a three-year period, and restricted stock that vest after no less than two years. Recent stock option grants vest in equal installments in the second and third years from the anniversary date of grant, and performance shares are measured over a three-year performance period at which time they will vest only if the financial goals have been achieved. Unless otherwise noted, grants to our Named Executive Officers have vesting schedules identical to those for other executives. To be eligible to vest in long-term equity incentive awards, employees must continue to work for us through the vesting dates or satisfy the definition of Retirement adopted in 2011.

Our current granting process involves developing long-term incentive grant values (by position level) for groups of executives, including our Named Executive Officers. Within these general grant guidelines, individual awards may be adjusted up or down to reflect the performance of the executive and his or her potential to contribute to the success of our initiatives to create shareholder value, as well as other individual considerations. The Committee also assesses aggregate share usage and dilution levels in comparison to general industry norms. Through this method, the Committee believes it is mindful of total cost, grants awards that are competitive within the market, promotes internal equity and reinforces our philosophy of pay for performance.

TABLE OF CONTENTS

The Committee reviews and approves individual grants for the Named Executive Officers as well as all stock options and performance share (P-Share) grants made to other executives under the purview of the Committee. Annual grants for all officers are reviewed and approved at the Committee's scheduled meeting at approximately the same time each year. Stock options may be granted only with an exercise price at or above the closing market price of our common stock on the date of grant (Fair Market Value). Interim or off-cycle grants are reviewed and approved by the Committee as circumstances warrant. The Chief Executive Officer has been authorized by the Committee to utilize a designated number of shares each year to grant equity awards to non-Section 16 executives to attract, reward, motivate and/or retain such employees, as deemed appropriate by the CEO. Such awards are periodically reviewed by the Committee.

Equity Grants in 2013

The Committee established the annual target for all long-term equity incentive grants based on competitive market data. The approach was intended to deliver median Total Direct Compensation using a combination of stock options and P-Shares. In 2013, the Committee continued its practice of using a 15-day average of our stock price to calculate the number of shares granted to each executive and continued to use a Black-Scholes valuation model.

In 2013, the Committee granted a mix of stock options (67%) and P-Shares (33%). This mix of long-term equity incentives focuses solely on performance elements. The P-Shares awarded in 2013 are bifurcated and subject to meeting goals based on average Operating ROE (as defined below) and relative TSR for our comparator group over the course of the three-year performance period ending December 31, 2015 and have up-side opportunity of 150% of the target award. Dividends are paid on previously granted shares of restricted stock prior to vesting, and dividend equivalents are paid on P-Shares upon vesting.

Table 6 shows the annual equity awards granted to our Named Executive Officers in 2013.

Table 6 — 2013 Annual Equity Grants

Named Executive Officer	**Stock Options**	**2013 Grant Performance Shares**	**Restricted Stock**
Edward Bonach	271,900	84,200	—
Grant Date Fair Value:	$ 2,161,197	$ 874,838	$ —
Frederick Crawford	103,300	32,000	—
Grant Date Fair Value:	$ 821,080	$ 332,480	$ —
Scott Perry	97,800	30,300	—
Grant Date Fair Value:	$ 777,363	$ 314,817	$ —
Eric Johnson	65,200	20,200	—
Grant Date Fair Value:	$ 518,242	$ 209,878	$ —
Christopher Nickele(1)	65,200	20,200	13,800
Grant Date Fair Value:	$ 518,242	$ 209,878	$ 150,144

(1)

- Mr. Nickele was granted restricted stock in consideration of his compensation relative to market and for retention purposes.

Long-Term Incentive Program Performance for Awards Granted in 2011, 2012 and 2013

2011–2013 P-Share Performance

P-Share vesting for the 2011–2013 grant was based on the achievement of three-year average Pre-Tax Operating Income over the performance period. We believed that increased Pre-Tax Operating Income was a good measure of fundamental operating improvement in our Company that would drive shareholder value. For the 2011–2013 grant, we intended to deliver compensation at the 50th percentile of the relevant

TABLE OF CONTENTS

comparator group at target performance. At the end of the performance period (December 31, 2013), the Company achieved a three-year average Pre-Tax Operating Income of $390.8 million, above the maximum performance target. Accordingly, 150% of P-Shares vested from this grant.

Table 7 shows actual P-Share vestings for Named Executive Officers related to the 2011-2013 award.

Table 7 — 2011–2013 P-Share Award Vesting for Named Executive Officers in 2013

Named Executive Officer	P-Shares Granted for 2011–2013 Grant	P-Share Opportunity Earned	P-Shares Vested for 2011–2013 Grant
Edward Bonach	31,600	150 %	47,400
Frederick Crawford(1)	—	—	—
Scott Perry	27,600	150 %	41,400
Eric Johnson	27,600	150 %	41,400
Christopher Nickele	23,600	150 %	35,400

(1)

- 2011–2013 P-Share awards were granted prior to Mr. Crawford joining CNO.

2012–2014 and 2013–2015 P-Share Performance Metrics and Targets

The 2012–2014 grant was bifurcated between three year average Pre-Tax Operating Income, with a $400.0 million target, and relative TSR for our comparator group, targeting the 50 th percentile for target performance.

The 2013–2015 grant was bifurcated between three year average Operating ROE, with an 8.25% target, and relative TSR for our comparator group, targeting the 50 th percentile for target performance.

Adding relative Total Shareholder Return to the 2012–2014 and 2013–2015 grants provides an incentive to CNO executives to deliver shareholder value by outperforming our peers. The Company's relative TSR will be ranked for the 2012–2014 performance period against the following TSR performance peers, derived from common industry companies and those companies with competing products:

TSR Performance Peers

Aflac, Inc.	Principal Financial Group, Inc.
American Financial Group, Inc.	Protective Life Corporation
Assurant, Inc.	Prudential Financial, Inc.
Cincinnati Financial Corporation	Reinsurance Group of America Incorporated
Genworth Financial, Inc.	StanCorp Financial Group, Inc.
Kemper Corporation	Torchmark Corporation
Metlife, Inc.	Universal American Corp.
Phoenix Companies, Inc.	Unum Group

The Company's relative TSR will be ranked for the 2013–2015 performance period against the same TSR performance peers as above, with the addition of Lincoln National Corporation.

TABLE OF CONTENTS

Table 8 shows the opportunities for Named Executive Officers related to P-Share vesting, depending on the level of performance achieved in relation to the associated grant metrics.

Table 8 — P-Share Opportunities for Named Executive Officers

Named Executive Officer	Threshold (as % of Granted P-Shares)	Target (as % of Granted P-Shares)	Maximum (as % of Granted P-Shares)
Edward Bonach	25%	100%	150%
Frederick Crawford	25%	100%	150%
Scott Perry	25%	100%	150%
Eric Johnson	25%	100%	150%
Christopher Nickele	25%	100%	150%

Benefits

Our Named Executive Officers are eligible to participate in all of the broad-based Company-sponsored benefits programs on the same basis as other full-time employees. These include our health and welfare benefits, such as our medical/dental plans, disability plans and life insurance. We do not offer any supplemental executive health and welfare programs. Executives may also participate in our 401(k) Plan. The Company also has a non-qualified deferred compensation plan. This plan is primarily intended as a "restoration" plan, giving participants the ability to defer their own compensation above the Internal Revenue Service limits imposed on the 401(k) Plan. At present, we do not make annual contributions to the non-qualified deferred compensation plan in addition to the amounts contributed by our executives.

Compensation of Chief Executive Officer

Mr. Bonach's base salary, target incentive, and equity compensation awards for fiscal 2013 were determined in accordance with the compensation philosophy described above, including the policy of targeting our compensation within our "competitive market" as described above. In setting his salary, target incentive and equity compensation, the Committee relied on market competitive pay data and the strong belief in the necessity of appropriately incentivizing the Chief Executive Officer who significantly and directly influences our overall performance.

Based on the less than competitive placement of his base salary relative to his peers in the market, Mr. Bonach received a base salary increase from $875,000 to $1,000,000 in 2013. No change to his target annual incentive percentage occurred in 2013. Through the delivery of equity, the Committee strengthened the alignment of Mr. Bonach's compensation with the interests of our shareholders.

Based on the achievement of Operating EPS at $1.17 per share, Combined EBIT of $653.3 million, Operating ROE of 8.7% and Combined VNB of $77.9 million, Mr. Bonach's incentive payment for 2013 was $2,300,263. In addition, the Board awarded Mr. Bonach an annual equity grant in recognition for his performance and leadership in delivering on our business objectives and strengthening our capital position.

Additional Information

Stock Ownership Guidelines

In May 2011 the Committee adopted Stock Ownership Guidelines for our Chief Executive Officer and the executives who report to him. The Guidelines further align management's interests with those of our shareholders and provides a continuing incentive for management to focus on long-term growth. The individuals covered by the guidelines have until the fifth anniversary of their adoption (or the fifth anniversary of the date of the executive's appointment to the covered position, whichever is later) to meet those guidelines. Until such time as the individual meets the guidelines, he or she shall retain ownership of not less than one-half of the net shares of common stock received, after payment of applicable taxes, upon the vesting or exercise, as applicable, of any equity award under the company's Long-Term Incentive Plan or any other similar plan adopted by the Company.

TABLE OF CONTENTS

Table 9 shows that our Named Executive Officers are in compliance with these guidelines.

Table 9 — Stock Ownership Guidelines and Compliance

Named Executive Officer	**Stock Ownership Guideline as a Multiple of Base Salary**	**2013 Compliance with Stock Ownership Guidelines?**
Edward Bonach	5x	Yes
Frederick Crawford	2x	Yes
Scott Perry	2x	Yes
Eric Johnson	2x	Yes
Christopher Nickele	2x	Yes

Stock ownership for the purpose of these guidelines includes direct ownership, indirect beneficial ownership (such as shares owned by immediate family or trusts), pre-tax unvested restricted stock and vested but unexercised "in-the-money" stock options. The Committee reviews adherence to these guidelines each year.

Prohibition against Trading in Derivatives

It violates our policy for any senior personnel to purchase, sell or engage in any other transaction involving any derivative securities or hedging related to any of our equity securities. This prohibition does not, however, apply to any exercise of our stock options pursuant to our Amended and Restated Long-Term Incentive Plan or any other benefit plans that we may adopt from time to time, any sale of our stock in connection with any cashless exercise (if otherwise permitted), or payment of withholding tax upon the exercise, of any such stock option.

Clawback Rights

Our Amended and Restated Long-Term Incentive Plan contains a clawback provision relating to our long-term equity awards: stock options, P-Shares and restricted stock. Under this clawback provision, if our financial statements are required to be restated as a result of errors, omissions, or fraud, the Committee may, at its discretion, based on the facts and circumstances surrounding the restatement, direct the recovery of all or a portion of an equity award from one or more executives with respect to any fiscal year in which our financial results are negatively affected by such restatement. To do this, we may pursue various ways to recover awards from one or more executives: (1) seek repayment from the executive; (2) reduce the amount that would otherwise be payable to the executive under another benefit plan; (3) withhold future equity grants, bonus awards, or salary increases; or (4) take any combination of these actions.

Our Pay for Performance (P4P) Plan contains recapture rights of any incentive amount paid or vested in the event that the Committee determines that the achievement of performance goals was based on incorrect data.

Impact of Tax and Accounting on Compensation Decisions

As a general matter, the Committee considers the various tax and accounting implications of our compensation vehicles.

When determining amounts of long-term equity incentive grants to executives and employees, the Committee considers the accounting cost associated with the grants. Under FASB ASC Topic 718, grants of stock options, restricted stock, restricted stock units and other share-based payments result in an accounting charge that is reflected in our financial statements.

Section 162(m) of the Internal Revenue Code generally prohibits any publicly held corporation from taking a federal income tax deduction for compensation paid in excess of $1 million in any taxable year to the chief executive officer and the next three highest compensated officers excluding the Chief Financial Officer. Exceptions are made for qualified performance-based compensation, among other things. It is the Committee's policy to maximize the effectiveness of our executive compensation plans in this regard.

TABLE OF CONTENTS

However, the Committee believes that compensation and benefits decisions should be primarily driven by the needs of the business, rather than by tax policy. Therefore, the Committee may make pay decisions (such as the determination of the Chief Executive Officer's base salary) that result in compensation expense that is not fully deductible under Section 162(m). Despite our large net operating loss carry-forward, the Committee continues to administer our incentive plans so that payments qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code.

Termination and Change in Control Arrangements

Under the terms of award agreements under our equity-based compensation plans and under our employment agreements, the Named Executive Officers are entitled to payments and benefits upon the occurrence of specified events including termination of employment for various reasons. The specific terms of these arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal year-end, are described in the section entitled "Potential Payments upon Termination or Change in Control" on page 39. The terms of these arrangements were set through the course of employment agreement negotiations with each of the Named Executive Officers, with an emphasis on internal consistency. In addition, as part of these negotiations, the Committee also analyzed the terms of the same or similar arrangements for comparable executives employed by companies similar to our own.

The termination of employment provisions of the employment agreements were entered into in order to address competitive concerns when the Named Executive Officers were recruited. Providing those individuals with a fixed amount of compensation offset the potential risk of leaving their prior employer or foregoing other opportunities in order to work for us. At the time of entering into these arrangements, the Committee considered our aggregate potential obligations in the context of the desirability of hiring the individual and the expected compensation upon joining us.

Compensation Committee Report

The Human Resources and Compensation Committee has reviewed the Compensation Discussion and Analysis and has discussed it with management. Based on the Committee's review and discussions with management, the Committee recommended to our Board that the Compensation Discussion and Analysis be included in this proxy statement. This report is provided by the following independent directors, who comprise the Committee:

Frederick J. Sievert, Chair
Ellyn L. Brown
Michael T. Tokarz
John G. Turner

TABLE OF CONTENTS

Summary Compensation Table for 2013

The following Summary Compensation Table sets forth compensation paid to (i) our chief executive officer, (ii) our chief financial officer and (iii) the other three most highly compensated individuals who served as executive officers of CNO as of December 31, 2013 (collectively, the "Named Executive Officers") for services rendered during 2013, 2012 and 2011.

SUMMARY COMPENSATION TABLE FOR 2013

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	All Other Compensation(5)	Total
Edward Bonach (6) Chief Executive Officer	2013	$979,167	$—	$874,838	$2,161,197	$2,300,263	$26,788	$6,342,253
	2012	862,500	—	992,454	1,195,446	1,825,000	35,011	4,910,411
	2011	601,099	—	1,365,276	541,943	1,043,276	9,375	3,560,969
Frederick Crawford (7) Chief Executive Officer	2013	563,750	—	332,480	821,080	1,058,113	51,547	2,826,970
	2012	510,513	450,000	1,590,720	788,005	902,525	181,892	4,423,655
Scott Perry (8) Chief Business Officer	2013	563,958	—	314,817	777,363	1,006,087	35,604	2,697,829
	2012	546,875	—	441,258	531,309	883,509	33,935	2,436,886
	2011	492,929	—	1,008,726	471,576	798,160	21,208	2,792,599
Eric Johnson President, 40|86 Advisors Inc.	2013	500,000	—	209,878	518,242	796,785	5,736	2,030,641
	2012	500,000	—	331,320	398,482	771,800	10,634	2,012,236
	2011	500,000	—	407,376	471,576	857,562	966	2,237,480
Christopher J. Nickele President, Other CNO Business EVP, Product Management	2013	387,790	—	360,022	518,242	680,824	16,420	1,963,298
	2012	372,817	—	358,428	431,833	489,849	18,027	1,670,954
	2011	358,750	—	348,336	404,046	569,645	8,396	1,689,173

(1)

- The amount shown in this column is a bonus payment specified by the terms of the individual's employment agreement. Amounts paid under the Company's Pay for Performance Incentive Plan are included in the column "Non-Equity Incentive Plan Compensation."

(2)

- This column represents the aggregate grant date fair value of restricted stock and performance share awards, in accordance with ASC 718, excluding the impact of estimated forfeitures related to service-based vesting conditions. Fair value is calculated using the closing price of CNO common stock on the date of grant. For additional information, see Note 9 to the CNO financial statements in the Form 10-K for the year ended

December 31, 2013, as filed with the SEC. See the Grants of Plan-Based Awards table for information on awards made in 2013. The amounts in this column do not necessarily correspond to the actual value that will be recognized by the Named Executive Officers. The amounts in this column for 2013 include the grant date value of performance share awards based on the targeted amounts for each of the Named Executive Officers. Under the terms of those performance share awards, the officers are entitled to receive 150% of the targeted number of shares if the Company equals or exceeds the maximum levels set forth in those awards. If the maximum levels are achieved for the performance share awards made in 2013, the aggregate grant date value of the awards shown in this column would be as follows: Mr. Bonach, $1,312,257; Mr. Crawford, $498,720; Mr. Perry, $472,226; Mr. Johnson, $314,817; and Mr. Nickele, $464,961.

(3)

- This column represents the aggregate grant date fair value of stock options granted to each of the Named Executive Officers, in accordance with ASC 718, excluding the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the 2013 grants, refer to Note 9 of the CNO financial statements in the Form 10-K for the year ended December 31, 2013, as filed with the SEC. For information on the valuation assumptions with respect to grants made prior to 2013, refer to the note on stockholders' equity and stock-related information to the CNO financial statements in the Form 10-K for the respective year-end. See the Grants of Plan-Based Awards table for information on options granted in 2013. The amounts in this column do not necessarily correspond to the actual value that will be recognized by the Named Executive Officers.

TABLE OF CONTENTS

(4)

- This column represents the dollar amount of payments made after year end to the Named Executive Officers based on performance for the specified year with respect to the targets established under the Company's Pay for Performance (P4P) Incentive Plan.

(5)

- For 2013, the amounts reported in this column represent the amounts paid for: (i) group life insurance premiums, (ii) Company contributions to the 401(k) Plan, (iii) dividends paid on unvested shares of restricted common stock and dividend equivalents accrued on unvested performance share awards, (iv) relocation, (v) spousal travel, and (vi) amounts paid as reimbursement for taxes paid on amounts related to (iv) and (v).

The table below shows such amounts for 2013 for each named executive officer:

Name	Group Life Insurance Premiums	401(k) Plan Contributions	Dividends	Relocation	Spousal Travel	Tax Reimbursement
Edward Bonach	$ 1,806	$ 7,650	$ 17,332	$ —	$ —	$ —
Frederick Crawford	966	7,650	20,160	12,449	—	10,322
Scott Perry	966	7,650	11,459	—	8,345	7,184
Eric Johnson	966	—	4,770	—	—	—
Christopher Nickele	1,744	7,650	7,026	—	—	—

(6)

- Mr. Bonach became Chief Executive Officer on October 1, 2011. He previously served as Chief Financial Officer.

(7)

- Mr. Crawford became Chief Financial Officer on January 23, 2012. The amounts shown for Mr. Crawford in 2012 include the following amounts paid pursuant to the terms of his employment agreement: (i) a signing bonus of $450,000, which was subject to forfeiture if Mr. Crawford terminated his employment in the first year; (ii) an award of 160,000 shares of restricted stock, two-thirds of which vested on December 30, 2013 and one-third of which shall vest on December 30, 2014 (which had a grant date fair value of $1,108,800); (iii) a grant of options to purchase 36,000 shares of common stock, one-half of which vested on December 30, 2013 and one-half of which vests on December 30, 2014, with an expiration date of December 30, 2018 (which had a grant date fair value of $207,245); and (iv) a contribution by the Company to Mr. Crawford's account under the Company's deferred compensation plan of $150,000, such contribution to vest on the third anniversary of his employment with the Company.

(8)

- Mr. Perry was promoted to his current position on July 6, 2011 and also served as President of Bankers Life and Casualty Company until September 2013.

Grants of Plan-Based Awards in 2013

The following table shows certain information concerning grants of plan-based awards in 2013 to the Named Executive Officers.

GRANTS OF PLAN-BASED AWARDS IN 2013

me	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold	Target	Maximum	Estimated Future Payouts (in Shares of Common Stock) Under Equity Incentive Plan Awards(2) Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units(3)	All Other Option Awards: Number of Securities Underlying Options(4)	Exercise or Base Price of Option Awards(5)	Grant Fair V of St and O Awar
rd ch		$305,990	$1,223,959	$2,447,918							
	2-27-13								271,900	$10.88	$2,16
	2-27-13				21,050	84,200	126,300				874,
rick ford		140,938	563,750	1,127,500							
	2-27-13								103,300	10.88	821,
	2-27-13				8,000	32,000	48,000				332,
		140,900	563,598	1,127,196							
	2-27-13								97,800	10.88	777,
	2-27-13				7,575	30,300	45,450				314,
	33										

TABLE OF CONTENTS

me	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts (in Shares of Common Stock) Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units(3)	All Other Option Awards: Number of Securities Underlying Options(4)	Exercise or Base Price of Option Awards(5)	Gr D F Va of S a Op Awa
		Threshold	Target	Maximum	Threshold	Target	Maximum				
on		$125,000	$500,000	$1,000,000							
	2-27-13								65,200	$10.88	$51
	2-27-13				5,050	20,200	30,300				20
topher le		96,948	387,790	775,580							
	2-27-13							13,800			15
	2-27-13								65,200	10.88	51
	2-27-13				5,050	20,200	30,300				20

(1)

- These amounts represent the threshold, target and maximum amounts that would have been payable for 2013 if the corresponding performance-based metrics under the CNO Pay for Performance Incentive Plan had been achieved. The amounts paid for 2013 performance under the Pay for Performance Incentive Plan are listed in the Summary Compensation Table on page 32 of this proxy statement under the column heading “Non-Equity Incentive Plan Compensation.”

(2)

- These amounts represent the threshold, target and maximum number of shares that the Named Executive Officers can receive under the terms of the performance share awards made in 2013. See footnote (3) to the “Outstanding Equity Awards at 2013 Fiscal Year-End” table below for additional information regarding the 2013 performance share awards.

(3)

- The amount in this column represent the number of shares of restricted stock that were awarded to the Named Executive Officer during 2013 under the Amended and Restated Long-Term Incentive Plan.

(4)

- The amounts in this column represent the number of stock options granted to the Named Executive Officers during 2013 under the Amended and Restated Long-Term Incentive Plan.

(5)

- The exercise price equals the closing sales price of CNO common stock on the New York Stock Exchange on the date of grant.

(6)

- The values included in this column represent the grant date fair value of restricted stock, performance share and option awards computed in accordance with ASC 718. The value is calculated using the closing sales price on the New York Stock Exchange on the date of grant. A description of the assumptions used in calculating these values may be found in Note 9 to the CNO financial statements in the Form 10-K for the year ended December 31, 2013, as filed with the SEC.

Narrative Supplement to the Summary Compensation Table and the Grants of Plan-Based Awards in 2013 Table

Employment Agreements

Chief Executive Officer. We entered into an amended and restated employment agreement with Mr. Bonach, effective October 1, 2011, pursuant to which he serves as our Chief Executive Officer, for a term ending on October 1, 2014. The amended agreement provides for an annual base salary (currently $1,000,000), with increases from time to time based on his performance, and provides for an annual performance-based target bonus of 125% of base salary, with a maximum of 200% of his target bonus. As described more fully in “Potential Payments upon Termination or Change in Control,” if Mr. Bonach’s employment is terminated by us without “Cause” or if he resigns “With Reason” (as defined in his employment agreement), or his employment is terminated by reason of his death or “Disability” (as defined in his employment agreement), Mr. Bonach would be entitled to receive specified additional benefits. Mr. Bonach is subject to a non-solicitation and non-competition clause throughout the term of his agreement and for one year thereafter.

Chief Financial Officer. In connection with his hiring, we entered into an employment agreement with Mr. Crawford, effective January 23, 2012, pursuant to which he serves as Executive Vice President and Chief Financial Officer, for a term ending on January 23, 2015. His employment agreement provides for an annual base salary (currently $579,500), with increases from time to time based on his performance, and an

TABLE OF CONTENTS
annual performance-based bonus with a target of 100% of base salary and a maximum of 200% of base salary. As described more fully in “Potential Payments upon Termination or Change in Control,” if Mr. Crawford’s employment is terminated by us without “Cause” or if he resigns “With Reason” (as defined in his employment agreement), or his employment is terminated by reason of his death or “Disability” (as defined in his employment agreement), Mr. Crawford would be entitled to receive specified additional benefits. Mr. Crawford is subject to a non-solicitation clause throughout the term of his agreement and for one year thereafter.

Chief Business Officer. We entered into an employment agreement with Mr. Perry, effective July 6, 2011, pursuant to which he serves as Chief Business Officer, for a term ending on July 6, 2014. His employment agreement provides for an annual base salary (currently $575,000), with increases from time to time based on his performance, and an annual performance-based bonus with a target of 100% of base salary and a maximum of 200% of base salary. As described more fully in “Potential Payments upon Termination or Change in Control,” if Mr. Perry’s employment is terminated by us without “Cause” or if he resigns “With Reason” (as defined in his employment agreement), or his employment is terminated by reason of his death or “Disability” (as defined in his employment agreement), Mr. Perry would be entitled to receive specified additional benefits. Mr. Perry is subject to a non-solicitation and non-competition clause throughout the term of his agreement and for one year thereafter.

President, 40|86 Advisors, Inc. 40|86 Advisors, Inc., our wholly-owned investment management subsidiary that manages the investment portfolios of our insurance subsidiaries, entered into an employment agreement with Mr. Johnson, effective September 24, 2013, pursuant to which he serves as president of 40|86 Advisors, for a term ending on September 30, 2016. His employment agreement provides for an annual base salary (currently $500,000), with increases from time to time based on his performance, and an annual performance-based bonus with a target of 100% of base salary and a maximum of 200% of base salary. As described more fully in “Potential Payments upon Termination or Change in Control,” if Mr. Johnson’s employment is terminated by us without “Cause” or if he resigns “With Reason” (as defined in his employment agreement), or his employment is terminated by reason of his death or “Disability” (as defined in his employment agreement), Mr. Johnson would be entitled to receive specified additional benefits. Mr. Johnson is subject to a non-solicitation clause throughout the term of his agreement and for one year thereafter.

President, Other CNO Business. Effective November 1, 2011, Mr. Nickele entered into an amended employment agreement pursuant to which he serves as President, Other CNO Business and as Executive Vice President, Product Management, for a term that expires on October 31, 2014. The amended employment agreement provided for an annual salary (currently $400,000), with increases from time to time based on his performance) and an annual performance-based bonus with a target of 100% of base salary and a maximum of 200% of base salary. As described more fully in “Potential Payments upon Termination or Change in Control,” if Mr. Nickele’s employment is terminated by us without “Cause” or if he resigns “With Reason” (as defined in his employment agreement), or his employment is terminated by reason of his death or “Disability” (as defined in his employment agreement), Mr. Nickele would be entitled to receive specified additional benefits. Mr. Nickele is subject to a non-solicitation clause throughout the term of the agreement and for one year thereafter.

Terms of Equity-Based Awards

Vesting Schedule

Unless otherwise provided in the footnote disclosure to the table of Outstanding Equity Awards at 2013 Fiscal Year-End on pages 36–38 of this Proxy Statement, one-half of each option award vests on the 38 of this Proxy Statement, one-half of each option award vests on the second anniversary of the date of grant and the other one-half vests on the third anniversary of the date of grant. Options granted in 2006 and prior years expire ten years from the date of grant; options granted in 2007-2009 expire five years from the date of grant; and options granted in 2010 and subsequent years expire seven years from the date of grant.

Annual awards of restricted stock vest in three equal annual installments beginning one year after the grant, subject to continued service through the vesting dates. The vesting schedule for special awards of restricted stock is generally over a period of two or three years. For the special retention awards of

TABLE OF CONTENTS

restricted stock made to Mr. Bonach and Mr. Perry in January 2011, one-half of the award vested in December 2012 and the other one-half vested in December 2013. Performance share awards are measured over a three-year performance period at which time they will vest only if the financial goals have been achieved, subject to continued service through the vesting dates. Unless otherwise noted, grants to the Named Executive Officers have vesting schedules identical to other officers.

Forfeiture and Post-Employment Treatment

Holders of stock options generally have 90 days after termination of employment to exercise options to the extent they were vested on the date of termination. Unvested restricted stock and performance shares are generally forfeited upon termination of employment except upon retirement. Awards outstanding under the Company's Amended and Restated Long-Term Incentive Plan will be treated as follows upon an individual's retirement: (i) outstanding stock options will continue to vest on the original vesting schedule and the retiree may exercise the options until the earlier of the expiration date for such options or five years after the date of retirement; (ii) any unvested restricted stock will continue to vest after retirement on the same vesting schedule as if the individual had remained employed by CNO; and (iii) a pro rata portion of any performance shares will vest and will be payable to the extent the performance criteria are met at the same time as others receive payments under such performance share award. For the purpose of the Amended and Restated Long-Term Incentive Plan, "retirement" means voluntary termination of employment after achieving either 62 years of age, or 60 years of age with at least 10 years of employment with the Company.

Option Exercise Price

Options granted under the Company's Amended and Restated Long-Term Incentive Plan have an exercise price equal to the closing price on the date of grant.

Dividends

Holders of unvested restricted stock are entitled to receive any cash dividends at the same times and in the same amounts per share as holders of the Company's common stock. Such payments are taxed as compensation income to the holders of restricted stock. Holders of performance share awards are entitled to dividend equivalents on any performance shares that vest. Such dividend equivalents are payable in cash at the time of vesting of the performance shares to the extent that cash dividends are paid on the common stock underlying the performance shares after the award date and prior to the issuance of shares upon vesting. The Company began paying dividends on its common stock in the second quarter of 2012.

Outstanding Equity Awards at 2013 Fiscal Year-End

The following table sets forth certain information concerning outstanding equity awards held by the Named Executive Officers as of December 31, 2013.

OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END

		OPTION AWARDS				**STOCK AWARDS**			
Name	**Award Date**	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date (1)**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested (2)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (3)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (4)**

									STOCK AWARDS	
	3-18-10		109,500	—	$6.45	3-18-17	—	$—	—	$—
Edward	3-8-11	(5)	47,750	47,750	7.38	3-8-18	10,532	186,311	—	—
Bonach	2-28-12	(6)	—	207,900	7.51	2-28-19	43,933	777,175	98,850	1,748,657
	2-27-13	(7)	—	271,900	10.88	2-27-20	—	—	126,300	2,234,247
	1-23-12	(8)	—	—	—	—	53,333	943,461	—	—
Fred	2-28-12	(6)	—	101,000	7.51	2-28-19	21,333	377,381	48,000	849,120
Crawford	2-28-12	(9)	18,000	18,000	7.51	12-30-18	—	—	—	—
	2-27-13	(7)	—	103,300	10.88	2-27-20	—	—	48,000	849,120

TABLE OF CONTENTS

		OPTION AWARDS				STOCK AWARDS			
Name	**Award Date**	**Number of Securities Underlying Unexercised Options Exercisable**	**Number of Securities Underlying Unexercised Options Unexercisable**	**Option Exercise Price**	**Option Expiration Date (1)**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested (2)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (3)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (4)**
Scott Perry	6-1-04	18,000	—	$21.00	6-1-14	—	$—	—	$—
	6-27-05	25,000	—	21.67	6-27-15	—	—	—	—
	6-30-06	45,000	—	23.10	6-30-16	—	—	—	—
	3-18-10	104,900	—	6.45	3-18-17	—	—	—	—
	3-8-11 (5)	41,550	41,550	7.38	3-8-18	9,200	162,748	—	—
	2-28-12 (6)	—	92,400	7.51	2-28-19	19,533	345,539	43,950	777,476
	2-27-13 (7)	—	97,800	10.88	2-27-20	—	—	45,450	804,011
Eric Johnson	6-1-04	150,000	—	21.00	6-1-14	—	—	—	—
	4-2-09	43,500	—	1.13	4-2-14	—	—	—	—
	5-12-09	125,000	—	3.05	5-12-14	—	—	—	—
	3-18-10	70,000	—	6.45	3-18-17	—	—	—	—
	3-8-11 (5)								