CNO Financial Group, Inc.
Form DEF 14A
March 24, 2016
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:

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Aggregate number of securities to which the transaction applies:

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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):

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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:

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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 4, 2016

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 4, 2016, for the following purposes:

1. To elect nine directors, each for a one-year term ending in 2017;

2. To approve the Replacement NOL Protective Amendment to the Amended and Restated Certificate of Incorporation to preserve the value of tax net operating losses and certain other tax losses;

3. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016;

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 7, 2016, 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 24, 2016, 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 24, 2016
Carmel, Indiana

TABLE OF CONTENTS
TABLE OF CONTENTS

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 4, 2016, 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 24, 2016.

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 3, 2016. Proxies received that are unmarked will be voted for each of the Board's nominees for director (Proposal 1), for the approval of the amendment to the Company's Amended and Restated Certificate of Incorporation to preserve the value of tax net operating losses and certain other tax losses (the "Replacement NOL Protective Amendment") (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 7, 2016, will be entitled to vote at the Annual Meeting. On such record date, CNO had 179,212,770 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 24, 2016, 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 3, 2016.

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 3, 2016.

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 approve the Replacement NOL Protective Amendment (Proposal 2) is a majority of the outstanding shares. The vote required 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

TABLE OF CONTENTS

properly brought before the Annual Meeting, is the affirmative vote of a 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 (approval of the Replacement NOL Protective Amendment) and Proposal 4 (advisory vote to approve executive compensation). "Broker non-votes" will have no effect on the outcome of Proposals 1, 3 and 4, but will have the effect of voting against Proposal 2. 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 2016).

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 4, 2016

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, 2015, filed with the Securities and Exchange Commission ("SEC") on February 19, 2016) (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 2016 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 7, 2016 (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 33 and all of our current directors, nominees and executive officers as a group. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of March 7, 2016 are deemed to be outstanding and to be beneficially owned by the person holding the options 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	Capital World Investors(1)	16,804,120	9.0%
Common stock	BlackRock, Inc.(2)	16,139,517	8.7
Common stock	Dimensional Fund Advisors LP(3)	14,851,559	8.0
Common stock	The Vanguard Group(4)	12,592,223	6.8
Common stock	Edward J. Bonach(5)	1,118,876	*
Common stock	Ellyn L. Brown	35,680	*
Common stock	Robert C. Greving	45,332	*
Common stock	Mary R. (Nina) Henderson	31,890	*
Common stock	Charles J. Jacklin	7,462	*
Common stock	Daniel R. Maurer	7,462	*
Common stock	Neal C. Schneider	105,331	*
Common stock	Frederick J. Sievert	57,462	*
Common stock	Michael T. Tokarz	109,652	*
Common stock	Bruce Baude(6)	201,143	*
Common stock	Eric R. Johnson(7)	587,358	*
Common stock	Scott R. Perry(8)	768,027	*
Common stock	All directors and executive officers as a group (16 persons)(9)	3,960,568	2.2

*
Less than 1%.

(1)
Based solely on Amendment No. 3 to Schedule 13G filed with the SEC on February 12, 2016 by Capital World Investors. The Amendment No. 3 to Schedule 13G reports sole power to vote or direct the vote of 16,804,120 shares and sole power to dispose or direct the disposition of 16,804,120 shares. The business address for Capital World Investors is 333 South Hope Street, Los Angeles, CA 90071.

(2)
Based solely on Amendment No. 2 to Schedule 13G filed with the SEC on January 26, 2016 by BlackRock, Inc. The Amendment No. 2 to Schedule 13G reports sole power to vote or direct the vote of 15,675,305 shares and sole power to dispose or direct the disposition of 16,139,517 shares. The business address for BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(3)
Based solely on Amendment No. 4 to Schedule 13G filed with the SEC on February 9, 2016 by Dimensional Fund Advisors LP. The Amendment No. 4 to Schedule 13G reports sole power to vote or direct the vote of 14,745,108 shares and sole power to dispose or direct the disposition of 14,851,559 shares. The business address for Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, TX 78746.

(4)
Based solely on Amendment No. 3 to Schedule 13G filed with the SEC on February 11, 2016 by The Vanguard Group. The Amendment No. 3 to Schedule 13G reports sole power to vote or direct the vote

TABLE OF CONTENTS

of 235,851 shares, shared power to vote or direct the vote of 10,700 shares, sole power to dispose or direct the disposition of 12,357,272 shares, and shared power to dispose or direct the disposition of 234,951 shares. The business address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(5)
Includes options, exercisable currently or within 60 days of March 7, 2016, to purchase 583,445 shares of common stock.

(6)
Includes options, exercisable currently or within 60 days of March 7, 2016, to purchase 148,155 shares of common stock.

(7)
Includes options, exercisable currently or within 60 days of March 7, 2016, to purchase 309,335 shares of common stock.

(8)
Includes options, exercisable currently or within 60 days of March 7, 2016, to purchase 456,635 shares of common stock.

(9)
Includes options, exercisable currently or within 60 days of March 7, 2016, to purchase an aggregate of 1,981,740 shares of common stock held by executive officers.

TABLE OF CONTENTS

PROPOSAL 1

ELECTION OF DIRECTORS

Nine individuals will be elected to the Board at the Annual Meeting for one-year terms expiring at the 2017 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 and investment management;
- Legal and regulatory;
- Actuarial;
- Management including service as a chief executive officer or manager of business units or functions;
- Marketing;
- Technology;
- Talent management; and
- Experience as a director of other companies.

The key experiences, qualifications, attributes 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 2017 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, 62, 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, 66, 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 served as a member of the board of directors of NYSE Euronext (and predecessor entities) (NYSE:NYX) from 2005 until the acquisition of NYX by the Intercontinental Exchange in 2013, and also chaired the board of NYSE Regulation, Inc., the entity that oversaw market regulation at the NYSE and its affiliated exchanges. She is also a member of the board of directors of Walter Investment Management Corp. (NYSE:WAC). Ms. Brown served as a governor of the Financial Industry Regulatory Authority from 2007 – 2012 and, from 2007 – 2011, was 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, 64, 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, 65, 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 and a director of Regus plc since May 2014. 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.

Charles J. Jacklin, 61, joined our Board in May 2015. Mr. Jacklin has more than 30 years of finance and investment experience. He served as Chief Executive Officer and President of Mellon Capital Management Corporation from 2006 until March 2011 and then served as Chairman until his retirement at the end of 2012. Mr. Jacklin also held several other executive management positions in his 18 years with Mellon Capital Management including chief investment strategist, where he was responsible for investment strategies and research, and director of asset allocation strategies, where he was responsible for portfolio management in domestic, international and global asset allocation strategies. He has also taught finance and investment strategy for 10 years at the University of Chicago and Stanford University Schools of Business. With respect to Mr. Jacklin's nomination for re-election, the Board and the Governance and Nominating Committee considered his extensive investment, investment risk management and finance experience.

Daniel R. Maurer, 59, joined our Board in May 2015. Mr. Maurer was a member of the senior management team at Intuit Inc. from 2006 until his retirement in 2014. In his most recent role at Intuit, he oversaw the Small Business Solutions Group (including QuickBooks payroll, DemandForce, and QuickBase), and previously led the TurboTax®, Mint, and Quicken brands. Mr. Maurer has extensive global consumer retail sales and marketing experience with over 20 years in executive management at Procter & Gamble ("P&G"), including 15 years internationally. As General Manager of Global Customer Development at P&G's headquarters, he was tasked with building an effective marketing strategy to achieve a competitive advantage with P&G's largest global customers including Wal-Mart, Costco, Ahold, Tessco, and Carrefour. Subsequent to his tenure at P&G, Mr. Maurer was Vice President of Strategy for Global Sales and US Business at Campbell's Soup. He has served since 2012 on the board of directors of Zagg Inc, which designs, produces and distributes mobile accessory solutions, and since January 2016 has served as a director of Checkpoint Systems, Inc., which provides merchandise availability solutions for the retail industry, encompassing loss prevention and merchandise visibility. Previously, Mr. Maurer served as a director of Iomega Corporation, a consumer technology company, from 2006 until its acquisition by EMC Corporation in 2008. With respect to Mr. Maurer's nomination for

TABLE OF CONTENTS

re-election, the Board and the Governance and Nominating Committee considered his extensive experience in marketing and marketing strategy, including the use of digital marketing strategies to reach the middle market.

Neal C. Schneider, 71, 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.

Frederick J. Sievert, 68, 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 of the individual insurance businesses. 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, 66, 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 35 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 25 years and during the last five years has served as a director of MVC Capital, Inc. (2004 – present), Mueller Water Products, Inc. (2006 – present), Idex Corporation (1987 – 2015), Walter Energy, Inc. (1987 – present) and Walter Investment Management Corp. (2009 – present). 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.

TABLE OF CONTENTS

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.

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; provide oversight of the Company’s internal audit department; 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 itself does not prepare financial statements or perform audits and its members are not auditors or certifiers of the Company’s financial statements. The Audit and Enterprise Risk Committee currently consists of Mr. Greving, Ms. Henderson, Mr. Jacklin and Mr. Schneider, with Mr. Greving serving as chairman of the committee. Based on their experience, Mr. Greving and Mr. Schneider each qualify 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 nine occasions in 2015. The duties and responsibilities of the Audit and Enterprise Risk Committee are set forth in its charter, which is available 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 four meetings during 2015. The duties and responsibilities of the Governance and Nominating Committee are set forth in its charter, which is available 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;

TABLE OF CONTENTS

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 33 of this Proxy Statement. The Human Resources and Compensation Committee currently consists of Mr. Sievert, Ms. Brown, Mr. Maurer and Mr. Tokarz, with Mr. Sievert 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 2015. The duties and responsibilities of the Human Resources and Compensation Committee are set forth in its charter, which is available 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. Jacklin, Mr. Bonach, Mr. Greving and Ms. Henderson, with Mr. Jacklin serving as chairman of the committee. The committee met on four occasions in 2015. The duties and responsibilities of the Investment Committee are set forth in its charter, which is available 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. The duties and responsibilities of the Executive Committee are set forth in its charter, which is available in the Investor Relations section of our website at www.CNOinc.com.

TABLE OF CONTENTS

Director Compensation

Our non-employee directors currently receive an annual cash retainer of $88,000. 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 chair) receives an additional annual cash retainer of $15,000 and each member of the Human Resources and Compensation Committee (including the chair) receives an additional annual cash retainer of $10,000. Cash fees are paid quarterly in advance. In addition to the cash payments, our non-employee directors currently receive an annual equity award of $132,000, which vests immediately upon grant. 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 2015 to our non-employee directors is summarized in the table below:

DIRECTOR COMPENSATION IN 2015

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)	Total
Ellyn L. Brown	$ 96,269	$ 132,003	$ 228,272
Robert C. Greving	132,231	132,003	264,234
Mary R. (Nina) Henderson	102,231	132,003	234,234
Charles J. Jacklin	111,173	132,003	243,176
Daniel R. Maurer	88,576	132,003	220,579
R. Keith Long(3)	4,134	—	4,134
Neal C. Schneider	189,462	264,006	453,468
Frederick J. Sievert	126,269	132,003	258,272
Michael T. Tokarz	116,269	132,003	248,272
John G. Turner(3)	12,692	—	12,692

(1)
This column represents the amount of cash compensation paid in 2015 for Board service, for service as non-executive chairman, for service on the Audit and Enterprise Risk Committee or the Human Resources and Compensation 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 6, 2015, Mr. Schneider received an award of 14,924 shares of common stock and each of the other directors listed (other than the directors who retired from the Board) received an award of 7,462 shares of common stock. These awards vested immediately upon grant.

(3)
Retired from the Board in 2015.

Board Leadership Structure

CNO has a non-executive, independent director, who serves as chairman of the Board. Mr. Schneider has served in that capacity since 2011. 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

TABLE OF CONTENTS
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, each member of our Board is 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 2015, the Board met on 11 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 2015.

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.

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

TABLE OF CONTENTS

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 risk appetite statement, 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 and appropriately 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. There were no related party transactions or agreements involving the Company in 2015 or to date in 2016.

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. The Board, upon the recommendation of the Governance and Nominating Committee, has adopted a set of Board Governance Operating

TABLE OF CONTENTS
Guidelines. These are reviewed by the Governance and Nominating Committee and the Board and updated periodically to reflect the Board's view of current best practices. 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 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 $88,000 per year, the ownership guidelines call for each director to own shares with a value of at least $440,000. As of March 7, 2016, 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 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 2015, the directors who served on the Human Resources and Compensation Committee were the current members (Ms. Brown, Mr. Sievert, Mr. Maurer (who was elected to the Board in May 2015) and Mr. Tokarz) and Mr. Turner (who served until his retirement in May 2015). None of the members of the Human Resources and Compensation Committee during 2015 is or has been one of our officers or employees. None of our executive officers serves, or served during 2015, 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 $3.8 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 solid financial and operational results in 2015. Net operating income per diluted share* was up 11% over 2014 to $1.41. We issued 3% more new policies in 2015 than in 2014, resulting in approximately 3.5 million policies in-force (including third party policies sold by Bankers Life agents). Consolidated sales, as defined by total new annualized premium ("NAP"), grew slightly over 2014, contributing to growth in collected premium in each of our three active operating segments (Bankers Life, Washington National and Colonial Penn). Collected premiums in CNO's continuing operating segments were up 1% from 2014, benefiting from increased productivity, geographic expansion and the launching of new products.

During 2015, we continued to return significant capital to our shareholders through common stock repurchases of $365.2 million and common stock dividends of $52 million. From the initiation of our share buyback program in 2011, we have returned over $1.7 billion via securities repurchases and common stock dividends. We increased our common stock dividend by 17% in 2015 and maintained a competitive 20% payout ratio.

Our financial condition and capital generation continued to be strong in 2015. The consolidated statutory risk-based capital ratio of our insurance subsidiaries increased almost 20 percentage points to 449% during 2015, and book value per diluted share, excluding accumulated other comprehensive income (loss)*, grew to $20.05 from $18.75. Our debt-to-total capital ratio, excluding accumulated other comprehensive income*, at the end of 2015 was 19.6 percent, an increase of 280 basis points over 2014. A successful debt recapitalization in May resulted in an investment grade-like structure, and also extended our debt maturities and eliminated annual amortization payments, adding to our financial flexibility. We received an additional three upgrades from rating agencies during the year, including achievement of the A- or 'Excellent' Financial Strength Rating from the A.M. Best Company, bringing the total number of upgrades over the past three years to thirteen.

Our mission is to enrich lives by providing insurance solutions that help protect the health and retirement needs of middle-income Americans, while building enduring value for all our stakeholders. Our strategic plans are focused on growing our businesses and delivering long-term value to our stakeholders. Specifically, we will focus on the following priorities:

- Fuel growth through focused initiatives that drive sales;
- Maximize opportunities to develop industry-leading capabilities with data-driven insights;
- Reduce long-term care exposure to increase financial flexibility, return on equity, and the value of our stock; and
- Invest in the development and growth of our talent.

Summary of Key Compensation Actions, Decisions and Results in 2015

- 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 53 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 0.0% to 3.1%, for our Named Executive Officers in 2015.

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The annual equity grant mix continues to include only stock options and performance shares for most officers: Our annual equity grant consists of stock options and performance shares (P-Shares), directly linking our annual grant to Company performance and shareholder return. The mix of award grants was changed from the previous 67% stock options and 33% P-Shares to 50% stock options and 50% P-Shares. Restricted Shares are used selectively to promote retention and recognition of high potential executives.

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2015 – 2017 P-Shares: The performance metrics for our 2015 P-Share award included both three-year average Operating ROE and relative TSR for our performance comparator group. To better align with our industry and general market peer practices and trends, the payout for threshold-level performance was increased from 25% of the target award to 50%, and the opportunity for maximum performance was increased from 150% of the target award to 200%.

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2015 P4P results: For 2015, consistent with competitive practice, the payout for threshold-level performance was increased from 25% of the target award to 50%, and GAAP Revenue replaced Operating ROE as a plan metric. Driven by strong financial results of the Company and our operating segments, including an 11% increase in net operating income per diluted share, P4P payouts ranged from 79.3% to 102.8% of target for the Named Executive Officers.

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2013-2015 P-Shares earned: At the end of the performance period (December 31, 2015), the performance goal for the TSR P-Share grant was achieved at maximum level and the performance goal for the three-year average Operating ROE P-Share grant was achieved above target. Accordingly, 150% of the TSR P-Shares and 137% of the Operating ROE P-Shares were earned and vested from this grant.

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These key actions, decisions and results delivered the following compensation for our Named Executive Officers in 2015:

NEO Compensation Resulting from Key 2015 Actions and Decisions

Named Executive Officer(3)	January 1, 2015 Base Salary	Merit (Base Salary) Increase	December 31, 2015 Base Salary	2015 P4P Payout(1)	LTI Award Value(2)
Edward Bonach, Chief Executive Officer	$ 1,000,000	0.0%	$ 1,000,000	$ 1,070,279	$ 5,118,606
Scott Perry, Chief Business Officer	$ 575,000	0.0%	$ 575,000	$ 482,948	$ 1,374,212
Eric Johnson, President – 40|86 Advisors, Chief Investment Officer	$ 500,000	0.0%	$ 500,000	$ 514,056	$ 916,117
Bruce Baude, EVP Chief Operations & Technology Officer	$ 485,000	3.1%	$ 500,000	$ 428,874	$ 1,016,279

(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 shares granted in 2015.

(3)
The 2015 compensation for Frederick Crawford, our former Chief Financial Officer, is addressed in a separate section.

TABLE OF CONTENTS

Summary of Compensation Governance Practices

The Human Resources and Compensation Committee (the “Committee”) strives to maintain good governance standards in our compensation practices. They include:

- Stock Ownership Guidelines: In 2011, the Committee approved stock ownership guidelines for the Chief Executive Officer and the senior executive officers who report to him. All Named Executive Officers met their ownership guidelines as of December 31, 2015.

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

- 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 has no business or personal relationships with our Chief Executive Officer, other Named Executive Officers or Board Members.

- Independence of Committee Members: All Committee members are independent.

- Percent of Variable and Performance-Based Pay: Variable pay comprises between 75% and 87% of Total Direct Compensation (as described below) for our Named Executive Officers, with the majority of variable pay composed of long-term incentives.

- 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, motivate 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 Willis 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 have been compared to the Willis Towers Watson Diversified Industry Study in 2015.

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 enhances 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, four members of our Board of Directors 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 in the Investor Relations section of 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 2015. In making its determination, the Committee took into account that no member of the Aon Hewitt team that works for the Committee has a business or personal relationship with either any member of executive management or

TABLE OF CONTENTS

member of the Committee as defined by the NYSE’s rules. The Committee also took into consideration that for 2015, management determined to engage Aon Risk Services to assist in the placement of an Agents Errors and Omissions policy. Aon Risk Services received a commission of $225,000 from the carrier of the insurance policy. Aon Risk Services and Aon Hewitt are subsidiaries of Aon plc operating under separate management structures. The Committee considered that the brokerage services provided by a related Aon plc entity noting that the commission of $225,000 was less than .01% of Aon plc’s revenues and that Aon Hewitt and Aon Risk Services are separately managed subsidiaries of Aon plc. Fees paid to Aon Hewitt for executive compensation advisory services were $224,855 in 2015.

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 and General Counsel 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 2015 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 2015 Annual Meeting, at which approximately 99% of the votes cast were for approval of the Company’s 2014 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 2015.

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 2015 Total Annual Cash (TAC) and Total Direct Compensation (TDC) for our Named Executive Officers. This table differs from the Summary Compensation Table on page 33 in that values generally represent target amounts and equity grants which

TABLE OF CONTENTS

are part of our normal long-term incentive program for 2015 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 1 — Summary of Components of TDC in 2015 at Target(1)

Named Executive Officer	Base Salary	Target Incentive (% of Salary)	Target Total Annual Cash	Stock Option Value(2)(3)	P-Share Value(2)	Restricted Share Value(2)	Total LTI Value(2)	T T
Edward Bonach, Chief Executive Officer	$ 1,000,000	135%	$ 2,350,000	$ 3,065,884	$ 2,052,722	$ —	$ 5,118,606	
% Change vs. 2014	0%		0%				82%	
% of TDC	13%		31%				69%	
Scott Perry, Chief Business Officer	$ 575,000	100%	$ 1,150,000	$ 836,229	$ 537,983	$ —	$ 1,374,212	
% Change vs. 2014	0%		0%				52%	
% of TDC	23%		46%				54%	
Eric Johnson, President – 40|86 Advisors, Chief Investment Officer	$ 500,000	100%	$ 1,000,000	$ 557,522	$ 358,595	$ —	$ 916,117	
% Change vs. 2014	0%		0%				55%	
% of TDC	26%		52%				48%	
Bruce Baude, EVP, Chief Operations and Technology Officer	$ 500,000	100%	$ 1,000,000	$ 557,522	$ 358,595	$ 100,162	$ 1,016,279	
% Change vs. 2014	3.1%		3.1%				87%	
% of TDC	25%		50%				50%	

(1)
Annual Incentive expressed as Target levels, value of equity expressed as grant date fair value.

(2)
Represents stock option, performance share and restricted share grant date fair values granted in 2015; 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 proxy statement.

(3)
The amounts shown for the 2015 stock option grants reflect the grant date fair value in accordance with ASC 718. See Impact of Tax and Accounting on Compensation section below for additional discussion.

(4)
Target TDC includes Target TAC and the Total LTI Value provided at the time of the annual grant.

Compensation Mix

In delivering compensation to our Named Executive Officers, the mix of pay is heavily weighted to variable, performance-based pay (currently between 75% and 87% 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 13% and 26%) 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 2015 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:

- Current base salary;
- 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.

2015 Merit Increases

There is no expectation on the part of the Committee for senior executives to receive base salary increases annually. Factors taken into consideration include company performance, a review of general trends, and an analysis of positioning relative to the comparator market data, the Committee awarded a base salary increase to only one of the Named Executive Officers in addition to most of the other executives in February 2015.

- The base salary increase for Mr. Baude of 3.1% reflected his overall performance and base salary in relation to the market pay level for his position.

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.

2015 Pay for Performance (P4P) Plan Design

During February and March 2015, the Committee reviewed the P4P plan design for 2015 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 2015 incentive plans applicable to Named Executive Officers include:

- Operating Earnings Per Share (EPS), defined as operating income (net of tax) divided by the weighted average number of diluted shares outstanding. Operating earnings exclude the impact of realized gains (losses), loss on extinguishment or modification of debt, fair value changes due to fluctuations in the interest rates used to discount embedded derivatives related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, changes to our valuation allowance for deferred taxes and other non-operating items consisting primarily of earnings attributable to variable interest entities. 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/or Business Segment In-force Earnings Before Interest and Taxes (EBIT), where Combined In-force EBIT is the sum 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), 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/or 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.

- 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.

TABLE OF CONTENTS

To provide a better balance with our other metrics and improve alignment with our growth and customer experience plans, Operating ROE was replaced with the following metric for 2015:

- GAAP Revenue, which is defined as reported revenue in CNO's 10-K, after elimination of items that are considered to be non-operating in nature (such as realized gains (losses)) and revenues that are offset by corresponding expenses (such as revenues related to call options associated with our fixed indexed annuities, the rabbi trust related to a deferred compensation plan and the transitional services agreement relating to the sale of our former Conseco Life Insurance Company subsidiary).

Our P4P plan design rewards a threshold level of financial performance which corresponds to 50% of target payout (increased from the 2014 level of 25% to better align with market competitive practices and trends); 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 2015 we continued a policy that 50% of the approved target performance level for Combined In-force EBIT must be achieved in order for the maximum potential P4P awards to be funded for the executive officers, with the Committee retaining the right to reduce the P4P payments to such officers based on its judgment of other factors.

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 2015 financial metrics and weightings for our Named Executive Officers under the P4P plan.

Table 2 — Summary of 2015 P4P Metrics and Weightings for Named Executive Officers

Named Executive Officer	Metric – Weighting	Metric – Weighting	Metric – Weighting	Metric – Weighting
Edward Bonach	Operating EPS – 40%	Combined In-force EBIT – 20%	GAAP Revenue – 20%	Combined Value of New Business – 20%
Scott Perry	Operating EPS – 30%	Combined In-force EBIT – 20%	GAAP Revenue – 20%	Combined Value of New Business – 30%
Eric Johnson	Operating EPS – 40%	GAAP Yield – 25%	GAAP Revenue – 15%	GAAP Investment Income – 20%
Bruce Baude	Operating EPS – 30%	Combined In-force EBIT – 30%	GAAP Revenue – 20%	Combined Value of New Business – 20%

2015 P4P Plan Performance

The primary purpose of P4P is to reward for core annual operating performance. Under the terms of that 2015 Pay For Performance Plan (P4P Plan) as approved by shareholders, the Committee has the authority to adjust performance goals or results for various items as the Committee determines to be required to properly reflect the year's operating results.

The Committee takes into account a number of factors in setting incentive performance targets as well as the threshold and maximum levels. These factors include company business plans and current forecasts, historical performance, incentive practices used by peer companies and analyst expectations. The Committee believes that the range of performance goals for the P4P metrics provide appropriate stretch. After reviewing all of these factors the Committee determined that all of the participants with corporate measures would have the same threshold and maximum performance levels, however the target levels for the CEO were set at a higher level on Operating EPS, Combined In-force EBIT and Value of New Business. The purpose of this action was to provide additional motivation for the CEO to find ways to accelerate the Company's improvement on these measures.

TABLE OF CONTENTS

Table 3 provides a summary of 2015 performance targets and actual results for our Named Executive Officers under the P4P plan.

Table 3 — Summary of 2015 P4P Performance Targets and Actual Results for Named Executive Officers

Performance Targets

Metric	Threshold	Target	Maximum	2015 Results
Corporate				
Operating EPS	$1.30	$1.40(1)	$1.50	$1.41
Combined In-force EBIT	$650.0 MM	$680.0 MM(1)	$710.0 MM	$669.1 MM
GAAP Revenue	$3,650.0 MM	$3,883.7 MM	$4,075 MM	$3,823.5 MM
Combined Value of New Business	$70.0 MM	$78.9 MM(1)	$88.0 MM	$71.8 MM
40|86 Advisors				
GAAP Yield	5.65%	5.86%	6.15%	5.92%
GAAP Investment Income	$1,180.00 MM	$1,229.40 MM	$1,340.00 MM	$1,213.45 MM

(1)
The targets for Mr. Bonach were set at $1.44 for Operating EPS, $686.7 MM for Combined In-force EBIT and $83.5 MM for Combined Value of New Business.

Table 4 provides the threshold, target and maximum payouts for 2015 for each of our Named Executive Officers under the P4P plan.

Table 4 — Summary of 2015 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	67.5%	135%	270%
Scott Perry	50%	100%	200%
Eric Johnson	50%	100%	200%
Bruce Baude	50%	100%	200%

Table 5 sets forth the actual bonuses paid out for 2015 to the Named Executive Officers pursuant to our P4P plan.

Table 5 — 2015 P4P Target and Actual Bonuses

Named Executive Officer	Target Amount	Actual Amount
Edward Bonach	$ 1,350,000	$ 1,070,279
Scott Perry	575,000	482,948
Eric Johnson	500,000	514,056
Bruce Baude	497,699	428,874

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.

TABLE OF CONTENTS
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 generally vests over three 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.

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.

The Committee reviews and approves individual grants for the Named Executive Officers as well as all stock options, performance share (P-Share) grants and any restricted share awards 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 regularly reviewed by the Committee.

Equity Grants in 2015

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 2015, the Committee used 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 2015, the Committee changed the mix of award grants from 67% stock options and 33% P-Shares to 50% stock options and 50% P-Shares. This mix of long-term equity incentives focuses solely on performance elements and better aligns our long-term compensation with generating shareholder value. The P-Shares awarded in 2015 are bifurcated and subject to meeting goals based on average Operating ROE (as defined below) and relative Total Shareholder Return ("TSR") for our comparator group over the course of the three-year performance period ending December 31, 2017. To better align with our industry and general market peer practices and trends, the payout for threshold-level performance was increased from 25% to 50% of the target award, and the up side opportunity for maximum performance was increased from 150% to 200% 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 OF CONTENTS

Table 6 shows the annual equity awards granted to our Named Executive Officers in 2015.

Table 6 — 2015 Annual Equity Grants

	2015 Grant		
Named Executive Officer	Stock Options(1)	Performance Shares	Restricted Shares
Edward Bonach	282,050	108,840	—
Grant Date Fair Value:	$ 3,065,884	$ 2,052,722	
Scott Perry	76,930	29,690	—
Grant Date Fair Value:	$ 836,229	$ 537,983	
Eric Johnson	51,290	19,790	—
Grant Date Fair Value:	$ 557,522	$ 358,595	
Bruce Baude	51,290	19,790	6,100
Grant Date Fair Value:	$ 557,522	$ 358,595	$ 100,162

(1)
The amounts shown for the 2015 stock option grants reflect the grant date fair value in accordance with ASC 718. See Impact of Tax and Accounting on Compensation section below for additional discussion.

Long-Term Incentive Program Performance for Awards Granted in 2013, 2014 and 2015

2013 – 2015 P-Share Performance

P-Share vestings for the 2013–2015 grant were bifurcated between three-year average Operating ROE and relative TSR over the performance period. The Committee believed that the combination of the two metrics would focus the management team on improving long-term earnings growth and creating value for shareholders. For the 2013 – 2015 grant, we intended to deliver compensation at the 50th percentile of the relevant comparator group at target performance. At the end of the performance period (December 31, 2015), the Company achieved a three-year average Operating ROE of 8.8% (the target was 8.25%), and a three-year average TSR performance result of 28.8%, which places CNO above the 75th percentile (88th percentile) performance of our peer companies. The TSR P-Share results were above the maximum performance target and the Operating ROE P-Share grant was achieved above target. Accordingly, 150% of the TSR P-Shares and 137% of the three-year average Operating ROE P-Shares vested from this grant.

Table 7 shows actual Operating ROE P-Share vesting for Named Executive Officers related to the 2013–2015 award.

Table 7 — 2013 – 2015 Operating ROE P-Share Award Vesting for Named Executive Officers in 2015

Named Executive Officer	Operating ROE P-Shares Granted for 2013 – 2015 Grant	P-Share Opportunity Earned	P-Shares Vested for 2013 – 2015 Grant
Edward Bonach	42,100	137%	57,833
Scott Perry	15,150	137%	20,812
Eric Johnson	10,100	137%	13,874
Bruce Baude	10,100	137%	13,874

TABLE OF CONTENTS

Table 8 shows actual TSR P-Share vesting for Named Executive Officers related to the 2013-2015 award.

Table 8 — 2013 – 2015 TSR P-Share Award Vesting for Named Executive Officers in 2015

Named Executive Officer	TSR P-Shares Granted for 2013–2015 Grant	P-Share Opportunity Earned	P-Shares Vested for 2013–2015 Grant
Edward Bonach	42,100	150%	63,150
Scott Perry	15,150	150%	22,725
Eric Johnson	10,100	150%	15,150
Bruce Baude	10,100	150%	15,150

2014 – 2016 and 2015 – 2017 P-Share Performance Metrics and Targets

The 2014 – 2016 grant was bifurcated between three year average Operating ROE, with a 9.25% target, and relative TSR for our comparator group, targeting the 50th percentile for target performance.

The 2015 – 2017 grant was bifurcated between three year average Operating ROE, with a 9.43% target for the CEO and a 9.25% target for all other NEOs, and relative TSR for our comparator group, targeting the 50th percentile for target performance.

Continuing the use of relative Total Shareholder Return in the 2014 – 2016 and 2015 – 2017 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 2014 – 2016 and 2015 – 2017 performance period against the following TSR performance peers, derived from common industry companies and those companies with competing products:

TSR Performance Peers(1)

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

(1)
Any company in the peer group that is acquired during the performance period will be deleted from the peer group.

Tables 9 and 10 show 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 9 — 2014 – 2016 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%
Scott Perry	25%	100%	150%
Eric Johnson	25%	100%	150%
Bruce Baude	25%	100%	150%

TABLE OF CONTENTS

Table 10 — 2015-2017 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	50%	100%	200%
Scott Perry	50%	100%	200%
Eric Johnson	50%	100%	200%
Bruce Baude	50%	100%	200%

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 2015 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. Mr. Bonach took over the Principal Financial Officer role (PFO) once Mr. Crawford terminated. He received no extra compensation for this.

Based upon CNO's approach towards total compensation, Mr. Bonach's base salary remained at $1,000,000 in 2015, and his target incentive rate remained at 135%. This pay mix continues CNO's focus on pay for performance and focus on total compensation levels by placing an emphasis on his variable compensation component. Through the additional delivery of equity in both stock options and performance shares, the Committee strengthened the alignment of Mr. Bonach's total compensation level with the interests of our shareholders.

Based on the achievement of Operating EPS at $1.41 per share, Combined EBIT of $669.1 million, GAAP Revenue of $3,823.5 million and Combined VNB of $71.8 million, Mr. Bonach's incentive payment for 2015 was $1,070,279. 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.

Compensation of Former Chief Financial Officer

Mr. Crawford's base salary, target incentive, and equity compensation awards for fiscal 2015 were determined in accordance with the compensation philosophy described above, including the policy of targeting our compensation within our "competitive market" as described above.

Based upon the competitive placement of his compensation relative to his peers in the market, Mr. Crawford did not receive a base salary increase or change to his target annual incentive opportunity in 2015. Through the additional delivery of equity in both stock options and performance shares, the Committee sought to strengthen the alignment of Mr. Crawford's total compensation level with the interests of our shareholders.

Mr. Crawford's employment with the Company ended on June 24, 2015.

TABLE OF CONTENTS

Named Executive Officer	Base Salary	Target Incentive (% of Salary) (1)	Target Total Annual Cash	Stock Option Value(2)	P-Share Value(2)	Restricted Share Value(2)	Total LTI Value(2)	Target TDC(3)
Frederick Crawford, former EVP, Chief Financial Officer	$ 579,500	100%	$ 1,159,000	$ 929,168	$ 597,779	$ —	$ 1,526,946	$ 2,685,946
% Change vs. 2014	0%		0%				77%	33%
% of TDC	22%		43%					