

CNO Financial Group, Inc.
Form DEF 14A
March 27, 2014

TABLE OF CONTENTS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

- Preliminary Proxy Statement

- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

- Definitive Proxy Statement

- Definitive Additional Materials

- Soliciting Material under §240.14a-12

CNO FINANCIAL GROUP, INC.

(Name of registrant as specified in its charter)

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

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

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

(2)

- Aggregate number of securities to which the transaction applies:

(3)

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

(4)

- Proposed maximum aggregate value of the transaction:

(5)

- Total fee paid:

- Fee paid previously with preliminary materials.

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

(1)

- Amount Previously Paid:

(2)

- Form, Schedule or Registration Statement No.:

(3)

- Filing Party:

(4)

- Date Filed:
-

TABLE OF CONTENTS

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 7, 2014

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

1.
 - To elect nine directors, each for a one-year term ending in 2015;
2.
 - To reapprove the material terms of the performance goals under the Company’s Amended and Restated Long-Term Incentive Plan;
3.
 - To ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for 2014;
4.
 - To cast a non-binding advisory vote to approve executive compensation; and
5.
 - To consider such other matters, if any, as may properly come before the meeting.

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

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

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

By Order of the Board of Directors

Karl W. Kindig, Senior Vice President and Secretary

March 27, 2014

Carmel, Indiana

TABLE OF CONTENTS

TABLE OF CONTENTS

	Page
<u>Solicitation of Proxies</u>	1
<u>Record Date and Voting</u>	1
<u>Votes Required</u>	2
<u>Securities Ownership</u>	4
<u>Proposal 1 — Election of Directors</u>	6
<u>Director Qualifications and Experience</u>	6
<u>Board Nominees</u>	6
<u>Board Committees</u>	10
<u>Director Compensation</u>	11
<u>Board Leadership Structure</u>	12
<u>Board Meetings and Attendance</u>	12
<u>Director Independence</u>	12
<u>Board’s Role in Risk Oversight</u>	13
<u>Relationship of Compensation Policies and Practices to Risk Management</u>	13
<u>Approval of Related Party Transactions</u>	13
<u>Code of Ethics</u>	14
<u>Corporate Governance Guidelines</u>	14
<u>Director Stock Ownership Guidelines</u>	14
<u>Succession Planning</u>	14
<u>Communications with Directors</u>	14
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Copies of Corporate Documents</u>	15
<u>Executive Compensation</u>	16
<u>Compensation Discussion and Analysis</u>	16
<u>Compensation Committee Report</u>	31
<u>Summary Compensation Table for 2013</u>	32
<u>Grants of Plan-Based Awards in 2013</u>	33
<u>Narrative Supplement to the Summary Compensation Table and the Grants of Plan-Based Awards in 2013 Table</u>	34
<u>Outstanding Equity Awards at 2013 Fiscal Year-End</u>	36
<u>Option Exercises and Stock Vested in 2013</u>	38
<u>Nonqualified Deferred Compensation in 2013</u>	38
<u>Potential Payments Upon Termination or Change in Control</u>	39
<u>Proposal 2 — Reapproval of the Material Terms of the Performance Goals under the Company’s Amended and Restated Long-Term Incentive Plan</u>	41
<u>Proposal 3 — Ratification of the Appointment of Our Independent Registered Public Accounting Firm</u>	48
<u>Evaluation of the Independent Registered Public Accounting Firm</u>	48
<u>Fees Paid to PricewaterhouseCoopers LLP</u>	49
<u>Pre-Approval Policy</u>	49
<u>Report of the Audit and Enterprise Risk Committee</u>	49
<u>Proposal 4 — Non-Binding Vote on Executive Compensation</u>	51
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	51
<u>Shareholder Proposals for 2015 Annual Meeting</u>	52
<u>Annual Report</u>	52
<u>Householding of Proxy Materials</u>	52
<u>Information Related to Certain Non-GAAP Financial Measures</u>	52
<u>Other Matters</u>	54

TABLE OF CONTENTS

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

PROXY STATEMENT

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

Solicitation of Proxies

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

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

Record Date and Voting

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

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

TABLE OF CONTENTS

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

Voting By Internet

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

Voting By Telephone

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

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

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

Voting By Mail

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

Deadline for Submitting Votes by Internet, Telephone or Mail

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

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

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

Please note that you may receive multiple copies of the Notice or Proxy Materials (electronically and/or by mail).

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

Votes Required

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

TABLE OF CONTENTS

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

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

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

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

TABLE OF CONTENTS**SECURITIES OWNERSHIP**

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

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

*

- Less than 1%.

(1)

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

(2)

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

(3)

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

4

TABLE OF CONTENTS

(4)

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

(5)

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

(6)

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

(7)

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

(8)

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

(9)

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

(10)

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

(11)

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

(12)

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

(13)

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

(14)

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

5

TABLE OF CONTENTS

PROPOSAL 1

ELECTION OF DIRECTORS

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

Director Qualifications and Experience

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

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

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

Consideration is also given to each nominee's independence, financial literacy, personal and professional accomplishments and experience in light of the needs of the Company. For incumbent directors, past performance on

the Board and contributions to their respective committees are also considered. The Governance and Nominating Committee and the Board seek directors with qualities that will contribute to the goal of having a well-rounded, diverse Board that functions well as a unit and is able to satisfy its oversight responsibilities effectively. The Governance and Nominating Committee expects each of the directors to have proven leadership, sound judgment, high ethical standards and a commitment to the success of the Company.

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

Board Nominees

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

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

TABLE OF CONTENTS

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

Nominees for Election as Directors:

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

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

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

TABLE OF CONTENTS

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

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

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

TABLE OF CONTENTS

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

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

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

Voting for Directors; Required Vote

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

TABLE OF CONTENTS

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

Recommendation of our Board of Directors

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

Board Committees

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

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

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

TABLE OF CONTENTS

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

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

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

Director Compensation

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

DIRECTOR COMPENSATION IN 2013

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)	Total
Ellyn L. Brown	\$80,032	\$ 119,999	\$ 200,031
Robert C. Greving	124,492	119,999	244,491
Mary R. (Nina) Henderson	94,492	119,999	214,491
R. Keith Long	114,492	0	114,492
Neal C. Schneider	169,296	239,999	409,295
Frederick J. Sievert			