Mutual of Omaha Insurance Company and Subsidiaries
Executive Summary and Analysis of Financial Condition as of September 30, 2016 and December 31, 2015 and Results of Operations for the Nine Months Ended September 30, 2016 and 2015

TABLE OF CONTENTS

	Forward Looking Statements	**2**
PART 1.	**Condensed Consolidated Financial Statements**	
	Consolidated Balance Sheets	**3**
	Consolidated Statements of Operations	**4**
	Consolidated Statements of Changes in Equity	**5**
PART 2.	**Executive Summary and Analysis**	**6-10**

Forward Looking Statements

This document contains certain forward-looking statements about Mutual of Omaha Insurance Company and certain of its subsidiaries (collectively, the "Company"). Forward-looking statements include, but are not limited to, statements that represent the Company's beliefs concerning future operations, strategies, sales efforts, financial results or other developments with respect to the Company, and contain words and phrases such as "may," "anticipates," "intend," "expects," "should" or similar expressions in this document.

Forward-looking statements are not guarantees of future performance, involve risks and uncertainties, and actual results may differ materially from those in any forward-looking statement as a result of various factors. These statements are based on current expectations and the current economic environment. The following uncertainties, among others, may have such an effect: continued difficult conditions in the global capital markets and the economy; sustained periods of low interest rates or a sudden spike in interest rates; declining or volatile residential mortgage-backed securities values due to prepayment risks; adverse regulatory developments, including those resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act, limitations on premium levels, mandated benefits, increases in minimum capital and reserves, and other financial viability requirements; adverse credit market conditions; significant market valuation fluctuations of certain of the Company's investments that are relatively illiquid; difficulties or assumption changes as to valuation of securities in the Company's investment portfolio; exposure to below investment grade bonds; defaults on mortgage loans held by the Company; increased expenses related to pension and postretirement benefit plans, as well as health care and other employee benefits; exposure to certain specific asset classes, including commercial and residential mortgage-backed securities, real estate and alternative investments; declines in the performance or valuation of real estate properties owned by the Company; heightened competition in the insurance or banking business, including, specifically, the intensification of price competition, the entry of new competitors and the development of new products by new and existing competitors; fluctuations in health care utilization trends impacting the Company's policies; downgrades or potential downgrades in the Company's ratings; the sensitivity of the amount of statutory capital the Company must hold to factors outside the Company's control; subjectivity in determining the amount of allowances and impairments taken on certain of the Company's investments; changes in the federal Medicare program and other regulatory developments that could adversely affect the demand for the Company's Medicare supplement insurance policies or the Company's competitive position in the Medicare supplement marketplace; impact on the Company's reported statutory surplus or net income that could result from the adoption of certain accounting standards issued by the National Association of Insurance Commissioners or pursuant to applicable laws and regulations; impact on the Company's reported GAAP equity or net income that could result from the adoption of the requirements of certain accounting pronouncements issued by authoritative bodies; tax law changes impacting the tax treatment of insurance and investment products; repeal of the federal estate tax; uncertainty as to the price and availability of reinsurance on business the Company currently writes or intends to write in the future; ineffectiveness of risk management policies and procedures; adequacy and recoverability of reinsurance that the Company has purchased; the failure of the Company's distribution channels to obtain new customers or retain existing customers; deviations from assumptions regarding persistency, mortality, or morbidity; losses due to the financial impairment of, or defaults by, others, including bank borrowers, issuers of investment securities or reinsurance and derivative instrument counterparties; deviations from assumptions regarding future mortality, morbidity and interest rates used in calculating reserve amounts and pricing our products; requirements to post collateral or make payments related to declines in market value of specified assets, and possible declines in the value of securities available for posting as collateral; unanticipated losses resulting from the Company's stable value wrap program; accelerated amortization of deferred acquisition costs; adverse results relating to the mixed-use real estate development adjacent to the Company's home office property; regulatory restrictions, financial viability and other risks in connection with the Company's ownership of Mutual of Omaha Bank; unanticipated changes in industry trends; liquidity and other risks in connection with the Company's securities lending program; impact of international tension between the United States and other nations, terrorist attacks, catastrophe losses, and ongoing military and other actions, or a large scale pandemic; changes in tax laws and the interpretation thereof; litigation and regulatory investigations; and a computer system failure or security breach.

Consequently, such forward-looking statements should be regarded solely as the Company's current plans, estimates and beliefs. The Company does not intend to undertake, and does not undertake, any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

All subsequent written and oral forward-looking information attributable to the Company or any person acting on its behalf is expressly qualified in its entirety by the cautionary statements contained or referred to in this section. The information contained in this document is accurate only as of the date of this document regardless of the time of delivery.

Part 1 – Condensed Consolidated Financial Statements

Mutual of Omaha Insurance Company and Subsidiaries
Consolidated Balance Sheets--Unaudited
(In Thousands)

	September 30, 2016	December 31, 2015
ASSETS		
Investments		
Fixed maturities, available-for-sale, at fair value	$ 20,680,189	$ 18,710,578
Fixed maturities, trading, at fair value	158,018	148,916
Equity securities, available-for-sale, at fair value	13,523	13,352
Equity securities, trading, at fair value	42,257	40,074
Equity securities, at cost	63,284	38,782
Loans, net	8,028,127	7,458,198
Real estate	159,256	174,027
Limited partnerships	386,807	396,812
Other invested assets	50,978	35,768
Policy loans	214,340	213,694
Short-term investments	351,881	225,036
Total investments	30,148,660	27,455,237
Cash and cash equivalents	341,175	272,967
Accrued investment income	198,734	180,878
Premiums and other receivables	128,451	125,281
Deferred policy acquisition costs	3,130,212	2,970,460
Reinsurance recoverable	516,180	476,709
Current income taxes receivable	1,697	-
Goodwill and intangible assets	184,322	183,138
Company-owned life insurance	440,532	373,469
Other assets	365,124	340,391
Separate account assets	3,401,892	3,250,868
Total assets	$ 38,856,979	$ 35,629,398
LIABILITIES AND EQUITY		
LIABILITIES		
Future policy benefits	$ 9,929,669	$ 9,011,161
Policyholder account balances	7,363,919	7,214,083
Unpaid claims	1,870,287	1,773,969
Unearned revenues	412,194	429,015
Bank deposits	5,869,791	5,585,752
Current income taxes payable	-	3,420
Deferred income taxes payable	1,033,114	744,821
Borrowings	2,096,102	1,381,871
Other liabilities	1,136,474	1,107,137
Separate account liabilities	3,401,892	3,250,868
Total liabilities	33,113,442	30,502,097
EQUITY		
Retained earnings	5,448,943	5,197,116
Accumulated other comprehensive income (loss)	294,594	(69,815)
Total equity	5,743,537	5,127,301
Total liabilities and equity	$ 38,856,979	$ 35,629,398

See notes to consolidated financial statements.

Mutual of Omaha Insurance Company and Subsidiaries
Consolidated Statements of Operations--Unaudited
For the Nine Months Ended September 30, 2016 and 2015
(In Thousands)

	2016	2015
Revenues		
Health and accident	$ 3,054,393	$ 2,840,435
Life and annuity	1,737,316	1,531,828
Net investment income	891,633	884,228
Other	79,508	46,175
Net realized investment gains (losses):		
Other-than-temporary impairments on fixed maturities	(12,392)	(21,588)
Other-than-temporary impairments on fixed maturities transferred to other comprehensive income	1,692	2,884
Other net realized investment gains	21,723	32,603
Total net realized investment gains	11,023	13,899
Total revenues	5,773,873	5,316,565
Benefits and expenses		
Health and accident benefits	2,298,176	2,146,918
Life and annuity benefits	1,568,502	1,369,789
Interest credited	158,245	157,450
Policy acquisition costs	606,591	588,876
General insurance expenses	596,097	555,989
Non operating loss on extinguishment of debt	-	3,019
General bank expenses	144,884	128,153
Other	22,848	23,299
Total benefits and expenses	5,395,343	4,973,493
Income before income taxes	378,530	343,072
Income taxes	126,703	123,030
Net income	$ 251,827	$ 220,042
Other comprehensive income, net of tax		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the year net of related policyholder amounts (net of taxes of $195,932 and ($90,647), respectively)	363,873	(168,345)
Reclassification adjustments for realized holding gains (losses) (net of taxes of $599 and ($123), respectively)	1,113	(229)
Change in net unrealized gains	364,986	(168,574)
Unrealized holding gains (losses) arising during the year on other than temporarily impaired securities (net of taxes of ($311) and $1,216, respectively)	(577)	2,259
Other comprehensive income (loss)	364,409	(166,315)
Comprehensive income	$ 616,236	$ 53,727

See notes to consolidated financial statements.

Mutual of Omaha Insurance Company and Subsidiaries

Consolidated Statements of Changes in Equity--Unaudited

For the Year Ended December 31, 2015 and the Nine Months Ended September 30, 2016

(In Thousands)

		Accumulated Other Comprehensive Income (Loss)			
	Retained Earnings	Net Unrealized Investment Gains (Losses)	Unrealized Gains (Losses) on Other-Than-Temporarily Impaired Securities	Benefit Plan Adjustments	Total
BALANCE — January 1, 2015	$ 4,864,110	$ 538,585	$ 4,067	$ (266,902)	$ 5,139,860
Net income	333,006	-	-	-	333,006
Other comprehensive income (loss)	-	(383,189)	3,382	34,242	(345,565)
BALANCE — December 31, 2015	5,197,116	155,396	7,449	(232,660)	5,127,301
Net income	251,827	-	-	-	251,827
Other comprehensive income (loss)	-	364,986	(577)	-	364,409
BALANCE — September 30, 2016	$ 5,448,943	$ 520,382	$ 6,872	$ (232,660)	$ 5,743,537

See notes to consolidated financial statements.

Part 2 –Executive Summary and Analysis--Unaudited

1. Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Mutual of Omaha Insurance Company, a mutual insurance company domiciled in the State of Nebraska, and its subsidiaries (the "Company"). The primary subsidiary companies are United of Omaha Life Insurance Company; Companion Life Insurance Company; and Omaha Financial Holdings, Inc. (the "Bank"), a savings and loan holding company. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Intercompany transactions and balances have been eliminated in consolidation.

In the opinion of the Company's management, the accompanying consolidated financial statements reflect all adjustments necessary for a fair presentation of the financial position and results of operations. These financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2015 and 2014 and independent auditors' report.

2. Strategic Business Unit and Product Group Structure

The Company offers financial products and services principally through three strategic business units ("SBUs"): Individual Financial Services ("IFS"), Group Benefit Services ("GBS") and the Bank. In addition, the Company reports certain results in Corporate and Other. A summary of the Company's reportable SBUs is as follows:

IFS includes individual health, life and annuity insurance products and utilizes three distribution channels: a career agency force, direct to consumer, and an independent distribution network ("Brokerage"). The IFS Health product group offers medical products such as Medicare supplement, accidental death and dismemberment ("AD&D") and accident only; and non-medical products such as disability income, long-term care ("LTC") and critical illness. The IFS Life product group offers term life, traditional life ("whole life") and interest-sensitive life ("universal life"). The IFS Annuity product group offers single premium deferred annuities, single premium immediate annuities and flexible premium deferred annuities.

GBS includes group health, life and annuity insurance products distributed through brokers and employee benefit consultants. The GBS Benefit Solutions product group offers employer products including long and short-term disability coverage, term life, AD&D, and dental products, and participant accident coverage ("special risk") primarily for students and sponsoring organizations. The GBS Retirement Plans product group includes guaranteed investment contracts, group annuities including income annuities which provide income streams at retirement, funding agreements, 401(k) products and a stable value wrap product.

Through the Bank, which includes Mutual of Omaha Bank, the Company provides banking products and services to consumer and commercial customers throughout the United States. Principal products and services provided include checking and savings accounts, certificates of deposit, mortgage loans, commercial loans, real estate loans and homeowner association banking.

The Corporate and Other product group consists primarily of certain affiliate results, corporate investment income and corporate expenses not allocated to IFS, GBS or the Bank.

Operating income is the measure the Company uses to evaluate SBU performance. Income before income taxes reconciles to operating income for the nine months ended September 30, 2016 and 2015, as follows (in thousands):

	2016	2015
Income before income taxes	$ 378,530	$ 343,072
Less: Total net realized investment gains, excluding Bank Other Real Estate Owned ("OREO")	10,158	12,036
Add: Non operating loss on extinguishment of debt	-	3,019
Operating income	$ 368,372	$ 334,055

Management believes that the presentation of "Operating Income", as defined above, enhances the understanding of the Company's results of operations by highlighting operating income attributable to the normal, recurring operations of the business. Net realized investment gains and losses related to Bank OREO are included in operating income as they are considered part of normal banking operations.

The non operating loss on extinguishment of debt in 2015 relates to the Company's non-recurring repurchase of certain surplus notes. The Company excludes this loss from the calculation of operating income as it is not attributable to ongoing operations.

Operating income should not be construed as a substitute for net income determined in accordance with GAAP.

3. SBU Information

Operating income by SBU for the nine months ended September 30, 2016 and 2015, was as follows (in thousands):

	2016	2015
IFS	$ 272,292	$ 266,879
GBS	78,892	52,584
Bank	44,170	50,463
Corporate and Other	(26,982)	(35,871)
Operating Income	$ 368,372	$ 334,055

The Company's total operating income increased $34,317,000 for the nine months ended September 30, 2016 compared to 2015. The following provides an explanation of the changes by SBU.

IFS

IFS operating income increased $5,413,000 for the nine months ended September 30, 2016 compared to the same period in 2015 due to higher Medicare supplement operating income partially offset by lower annuity operating income. Medicare supplement operating income was $10,893,000 higher than the prior year primarily due to improved persistency and new sales, partially offset by higher benefit ratios. Annuity results were $11,137,000 lower than prior year primarily driven by higher expenses in the deffered fixed annuity line of business and unfavorable mortality in the payout annuity line of business.

GBS

GBS operating income increased $26,308,000 for the nine months ended September 30, 2016 compared to 2015 primarily due to an improvement in special risk and disability loss ratios and an increase in interest margins on income annuity business. Special risk results increased $9,336,000 over prior year due to a 38% improvement in the catastrophic accident medical loss ratio. Disability results increased $7,337,000 over prior year due to a 4% improvement in loss ratio. Interest margins on income annuity business increased $6,778,000 over 2015 as a result of higher asset balances.

Bank

Bank operating income decreased $6,293,000 for the nine months ended September 30, 2016 compared to 2015. Interest income from loan growth was offset by increased strategic spending on technology infrastructure, higher personnel expenses related in part to production and loan loss provision related to energy loans.

Corporate and Other

Corporate and Other losses for the nine months ended September 30, 2016 were $8,889,000 better than the same period in 2015 primarily due to higher gains on the cash surrender value of corporate owned life insurance, partially offset by lower returns on private equity investments.

4. Balance Sheet

Total assets increased $3,227,581,000 for the nine months ended September 30, 2016, primarily due to increases in available-for-sale fixed maturity investments and loans as a result of business growth. Total liabilities increased $2,611,345,000 for the nine months ended September 30, 2016, primarily due to increases in future policy benefits, borrowings and bank deposits. Future policy benefits increased $918,508,000 due to business growth. Borrowings increased $714,231,000 as a result of an increase in short term advances used for funding loan growth at the Bank. Deferred income taxes payable increased $288,293,000 due to an increase in unrealized gains as a result of changes in market conditions. Bank deposits increased $284,039,000 due to growth in homeowner association banking deposits. Total equity increased $616,236,000 primarily due to an increase in net unrealized gains related to the bond portfolio and year to date 2016 net income.

5. Investment Performance

The Company's investment strategy seeks to balance risk, return and expense in order to provide attractive, cost-effective risk-adjusted investment returns to the Company's product lines. The portfolio is managed to fund policyholder liabilities and contribute to surplus stability and growth. The Company's investment strategy also strives to generate growth capital through the investment of surplus funds in a diversified portfolio that includes private equity limited partnerships, with total return maximization being the primary objective.

Net Investment Income

Net investment income increased $7,405,000 for the nine months ended September 30, 2016 compared to 2015. The increase was primarily due to an increase in income from fixed maturity investments as a result of larger asset base, partially offset by lower private equity distributions in 2016 primarily as a result of two large fund distributions in the prior year.

The sources of net investment income for the nine months ended September 30, 2016 and 2015, were as follows (in thousands):

	2016	2015
Fixed maturities	$ 638,464	$ 612,849
Loans	246,764	242,761
Real estate	(8,165)	(11,768)
Private equity	18,082	40,019
Policy loans and other	17,990	16,284
	913,135	900,145
Less: investment expenses	(21,502)	(15,917)
Net investment income	$ 891,633	$ 884,228

Net Realized Investment Gains (Losses)

Net realized investment gains for the nine months ended September 30, 2016 were $2,876,000 lower when compared to the nine months ended September 30, 2015 as a result of a decrease in the magnitude of private equity valuation increases, partially offset by lower fixed maturity impairments in 2016.

Net realized investment gains (losses) for the nine months ended September 30, 2016 and 2015, were as follows (in thousands):

	2016	2015
Fixed maturities	$ (2,519)	$ (25,685)
Equity securities	2,713	1,176
Loans	651	1,356
Private equity	7,730	36,257
Other	2,448	795
Net realized investment gains	$ 11,023	$ 13,899