

HORACE MANN EDUCATORS CORP /DE/

Form 424B4

April 19, 2006

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Registration No. 333-111234

Prospectus Supplement to Prospectus, dated December 30, 2003

\$125,000,000

## Horace Mann Educators Corporation

### 6.85% Senior Notes due 2016

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We will pay interest on the notes on April 15 and October 15 of each year. The first such payment will be made on October 15, 2006. The notes mature on April 15, 2016. We may redeem the notes at any time at a redemption price described on page S-12 under the caption "Description of the Notes". The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000.

See Risk Factors beginning on page S-5 to read about important factors you should consider before buying the notes.

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**Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

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	Per Note	Total
Public Offering Price	99.695%	\$ 124,618,750
Underwriting discount	0.65	812,500
Proceeds, before expenses, to us	99.045	123,806,250

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from April 21, 2006 and must be paid by the underwriters if the notes are delivered after April 21, 2006.

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The underwriter expects to deliver the notes through the facilities of The Depository Trust Company, against payment in New York, New York on April 21, 2006.

## **Keefe, Bruyette & Woods**

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Prospectus Supplement dated April 19, 2006.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

**You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents they incorporate by reference. We have not authorized anyone to provide you with additional or different information. This prospectus supplement and the accompanying prospectus may only be used where it is legal to offer and sell these securities. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates.**

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary is not complete and does not contain all of the information that you should consider before investing in the notes and is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. To understand this offering fully, you should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein.*

**Horace Mann Educators Corporation**

Horace Mann Educators Corporation, or Horace Mann, is an insurance holding company. Through our subsidiaries, we market and underwrite personal lines of property and casualty and life insurance and retirement annuities in the United States of America ( U.S. ). Our principal insurance subsidiaries are Horace Mann Insurance Company, Teachers Insurance Company, Horace Mann Life Insurance Company, Horace Mann Property & Casualty Insurance Company and Horace Mann Lloyds.

We market our products primarily to educators and other employees of public schools and their families. Our nearly one million customers typically have moderate annual incomes, with many belonging to two-income households. Their financial planning tends to focus on retirement, security, savings and primary insurance needs. Management believes that Horace Mann is the largest national multiline insurance company focused on the nation's educators as its primary market.

We market and service our products primarily through an exclusive sales force of full-time agents employed by us and trained to sell multiline products. Our agents sell Horace Mann's products and limited additional third-party vendor products authorized by us. Many of our agents are former educators or individuals with close ties to the educational community who utilize their contacts within, and knowledge of, the target market. Compensation for agents includes an incentive element based upon the profitability of the business they write. This employee agent sales force is supplemented by an independent agent distribution channel for our annuity products.

For the year ended December 31, 2005, our insurance premiums written and contract deposits were \$972.6 million and our net income was \$77.3 million. Our total assets were \$5.8 billion at December 31, 2005. Our property and casualty segment, whose primary products are private passenger automobile and homeowners insurance, accounted for 56% of our insurance premiums written and contract deposits for the year ended December 31, 2005. Our annuity and life insurance segments together accounted for 44% of insurance premiums written and contract deposits for the year ended December 31, 2005 (33% and 11%, respectively).

We are one of the largest participants in the 403(b) tax-qualified annuity market, measured by 403(b) net written premium on a statutory accounting basis. Our 403(b) tax-qualified annuities are annuities purchased voluntarily by individuals employed by public school systems or other tax-exempt organizations. We have approved 403(b) payroll reduction capabilities in approximately one-third of the 14,000 public school districts in the U.S. Our investment portfolio had an aggregate fair value of \$4.0 billion at December 31, 2005. Investments consist principally of investment grade, publicly traded fixed income securities.

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Our headquarters are located at 1 Horace Mann Plaza, Springfield, Illinois 62715-0001, and our telephone number is 217-789-2500. We maintain a website at <http://www.horacemann.com>. Information on our website is not incorporated by reference and is not a part of this prospectus supplement or the accompanying prospectus.

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**The Offering**

The following summary contains basic information about this offering. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement, including Description of the Notes, accompanying prospectus, including Description of the Debt Securities and the documents referred to in and incorporated by reference into this prospectus supplement and the accompanying prospectus.

<b>Issuer</b>	Horace Mann Educators Corporation.
<b>Notes Offered</b>	\$125,000,000 aggregate principal amount of 6.85% Senior Notes due 2016.
<b>Offering Price</b>	99.695% of the principal amount, plus accrued interest, if any, from April 21, 2006.
<b>Maturity Date</b>	April 15, 2016.
<b>Interest Payment Dates</b>	We will pay interest on the notes semi-annually on April 15 and October 15 of each year, commencing October 15, 2006.
<b>Optional Redemption</b>	We may redeem the notes at any time in whole or from time to time in part exchange for payment to you of a specified amount. See Description of the Notes in this prospectus supplement for a description of the amount you will receive upon redemption of your notes.
<b>Covenants</b>	<p>The indenture governing the notes will contain covenants that, among other things, will limit our ability and the ability of our subsidiaries to create certain liens.</p> <p>These covenants are subject to important exceptions and qualifications, which are described under the heading Description of the Notes in this prospectus supplement.</p>
<b>Global Note; Book-Entry System</b>	The notes will be issued only in fully registered form in the name of Cede & Co. and in denominations of \$1,000 and integral multiples of \$1,000. The notes will be evidenced by a global note deposited with the trustee for the notes, as custodian for The Depository Trust Company.
<b>Use of Proceeds</b>	We will use approximately \$74.0 million of the net proceeds of this offering to reduce the amount currently outstanding under our bank credit agreement, which borrowings were used to retire other corporate indebtedness. We may reborrow these amounts under the terms of our bank credit agreement. As of April 12, 2006, the total amounts outstanding under our bank credit agreement was approximately \$74.0 million and bear interest at an average rate of approximately 5.7% per year. Any





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remaining net proceeds will be used for general corporate purposes, and potentially to reduce other corporate indebtedness.

<b>Listing</b>	The notes will not be listed on any national securities exchange.
<b>Transfer Agent, Registrar and Paying Agent</b>	JPMorgan Chase Bank, N.A.
<b>Risk Factors</b>	See Risk Factors and the other information in this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in the notes.
<b>Governing Law</b>	New York law.

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**RISK FACTORS**

*You should carefully consider the following risks, as well as the other information contained in this prospectus supplement and the attached prospectus, before investing in the notes. If any of the following risks actually occur, our business could be harmed. You should refer to the other information set forth in this prospectus supplement and the attached prospectus and our consolidated financial statements and the related notes incorporated by reference herein and therein.*

*In addition, you should refer to the risk factors disclosed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Information in our Annual Report on Form 10-K for the year ended December 31, 2005, which are incorporated by reference herein, for a list of certain important factors that may cause our financial condition and results of operations to differ materially from current expectations.*

**Risks Relating to This Offering**

***We are a holding company and may not have access to the cash that is needed to make payment on the notes.***

We conduct substantially all of our operations through our subsidiaries, but none of our subsidiaries is obligated to make funds available to us for payment on the notes. Accordingly, our ability to make payments on the notes depends upon the earnings of and the distribution of funds from our subsidiaries. Restrictions on our subsidiaries' ability to distribute cash to us could materially affect our ability to pay principal and interest on our indebtedness.

The terms of our indebtedness do not restrict the ability of our subsidiaries to incur indebtedness that may restrict or prohibit our subsidiaries from distributing cash to us. We cannot assure you that the agreements governing the indebtedness of our subsidiaries will permit our subsidiaries to distribute sufficient cash to us to fund payments on the notes when due.

Creditors of our subsidiaries (including policyholders and trade creditors) will generally be entitled to payment from the assets of those subsidiaries before our subsidiaries can distribute cash to us. As a result, the notes will effectively be subordinated to the prior payment of all of the payment obligations (including amounts owed to policyholders and trade payables) of our subsidiaries.

In addition, the ability of our insurance subsidiaries to distribute cash to us is subject to state insurance department regulations, which limit cash distributions to amounts determined by reference to operating results or surplus. If insurance regulators otherwise determine that a cash distribution to an affiliate would be detrimental to an insurance subsidiary's policyholders or creditors, because of the financial condition of the insurance subsidiary or otherwise, the regulators may block cash distributions to affiliates that would otherwise be permitted without prior approval.

***The indenture under which the notes will be issued will contain only limited protection for holders of the notes in the event we are involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction in the***

***future.***

The indenture under which the notes will be issued may not sufficiently protect holders of notes in the event we are involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction. The indenture will not contain any provisions restricting our or any of our subsidiaries' ability to:

incur additional debt, including debt senior in right of payment to the notes or debt secured by our assets or our subsidiaries' assets;

pay dividends on or purchase or redeem capital stock;

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sell assets (other than certain restrictions on our ability to consolidate, merge or sell all or substantially all of our assets and our ability to sell the stock of certain subsidiaries);

enter into transactions with our affiliates; or

create liens (other than certain limitations on creating liens on the stock of certain subsidiaries).

Additionally, the indenture will not require us to offer to purchase the notes in connection with a change of control or require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth.

***If an active trading market does not develop for these notes you may not be able to resell them.***

Prior to this offering, there was no public market for the notes. We do not intend to apply for listing of the notes on any national securities exchange. We cannot assure you that an active trading market will develop for the notes. If no active trading market develops, you may not be able to resell your notes at their fair market value or at all. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities.

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We estimate that the net proceeds from the offering of the notes will be approximately \$123.7 million, after deducting the underwriting discounts and estimated fees and expenses for the offering.

We will use approximately \$74.0 million of the net proceeds of this offering to reduce the amount currently outstanding under our bank credit agreement, which borrowings were used to retire other corporate indebtedness. We may reborrow these amounts under the terms of our bank credit agreement. As of April 12, 2006, the total amounts outstanding under our bank credit agreement was approximately \$74.0 million and bear interest at an average rate of approximately 5.7% per year. Any remaining net proceeds will be used for general corporate purposes, and potentially to reduce other corporate indebtedness.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$150,000.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges on a consolidated basis for the periods shown. For the purpose of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges, and fixed charges consist of interest expense (including amortization of debt issuance cost) and interest credited to policyholders on interest-sensitive contracts.

Year Ended December 31,				
2005	2004	2003	2002	2001
1.8x	1.6x	1.2x	1.1x	1.3x

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**Table of Contents****CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2005:

on an actual basis; and

on an as adjusted basis to reflect the principal amount of the notes offered by this prospectus supplement, the repurchase of approximately \$155.9 million in aggregate principal amount (approximately \$74.1 million carrying value) of our 1.425% Senior Convertible Notes due 2032 for a total purchase price of approximately \$73.3 million, which occurred after December 31, 2005 using borrowings under our bank credit agreement, and the application of the net proceeds from the offering as described in Use of Proceeds.

You should read this table in conjunction with Use of Proceeds and the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the year ended December 31, 2005 and our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement.

	December 31, 2005	
	As	
	Actual	Adjusted
	(Dollars in thousands)	
Cash (1)	\$ 0	\$ 49,659
Short-term debt:		
Bank credit agreement (2)	\$ 0	\$ 0
Current portion of long-term debt	0	0
Total short-term debt	\$ 0	\$ 0
Long-term debt, excluding current portion:		
1.425% Senior Convertible Notes due 2032 (3)	\$ 116,138	\$ 42,063
6.05% Senior Notes due 2015 (4)	74,748	74,748
6.85% Senior Notes due 2016 (5)	0	124,619
Total long-term debt	\$ 190,886	\$ 241,430
Stockholders' equity:		
Preferred stock	\$ 0	\$ 0
Common stock and additional paid-in capital (6)	345,311	345,311
Retained earnings	553,712	553,712
Treasury stock	(332,577)	(332,577)
Accumulated other comprehensive income, net of taxes (7)	14,145	14,145
Total stockholders' equity	\$ 580,591	\$ 580,591

Total capitalization	\$ 771,477	\$ 822,021
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- (1) Our cash is held principally within our subsidiaries, through which we conduct substantially all of our operations. However, the ability of our subsidiaries which are insurance companies to distribute cash to us is subject to regulatory restrictions, and none of our subsidiaries are obligated to make funds available to us for payment on the notes. See Risk Factors Risks Related to This Offering We are a holding company and may not have access to the cash that is needed to make payment on the notes.
  - (2) Our bank credit agreement provides for revolving unsecured credit borrowings of up to \$100.0 million aggregate principal amount (the Bank Credit Facility ). The Bank Credit Facility expires on

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- May 30, 2009. Interest accrues at varying spreads relative to corporate or Eurodollar base rates and is payable monthly or quarterly depending on the applicable base rate. The unused portion of the Bank Credit Facility is subject to a variable commitment fee, which was 0.175% on an annual basis at December 31, 2005. As of December 31, 2005, the amount outstanding under our bank credit agreement was \$0. Since December 31, 2005, we borrowed approximately \$74.0 million under our Bank Credit Facility to repurchase some of our 1.425% Senior Convertible Notes due 2032 (see Note 3 below). For the purpose of calculating the As Adjusted amounts, we have assumed these borrowings were made on December 31, 2005 and will be repaid using the net proceeds from the offering as described in Use of Proceeds.
- (3) As of December 31, 2005, we had approximately \$116.1 million outstanding carrying amount of our 1.425% Senior Convertible Notes due 2032 (face amount of approximately \$244.5 million, less unaccrued discount of approximately \$128.4 million). Since December 31, 2005, we repurchased approximately \$155.9 million aggregate principal amount, approximately \$74.1 million carrying value, of our outstanding 1.425% Senior Convertible Notes due 2032 at an aggregate cost of approximately \$73.3 million. For the purpose of calculating the As Adjusted amounts, we have assumed that these repurchases were made on December 31, 2005.
  - (4) As of December 31, 2005, we had approximately \$74.7 million outstanding carrying amount of our 6.05% Senior Notes due 2015 (face amount of approximately \$75.0 million, less unaccrued discount of approximately \$0.3 million).
  - (5) In connection with the notes issued in this offering, we will have approximately \$124.6 million outstanding carrying amount of our 6.85% Senior Notes due 2016 (face amount of \$125.0 million, less issuance discount of approximately \$0.4 million).
  - (6) The market value of our common stock and the market value per share were \$814.7 million and \$18.96, respectively, at December 31, 2005. Book value per share was \$13.51 at December 31, 2005 (\$12.85 excluding investment fair value adjustments).
  - (7) Accumulated other comprehensive income, net of taxes, were comprised of (i) approximately \$28.4 million in net unrealized gains on fixed maturities and equity securities and (ii) approximately (\$14.3 million) in minimum pension liability adjustments for the year ending December 31, 2005.



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The following consolidated statement of operations and balance sheet data have been derived from the consolidated financial statements of Horace Mann. The consolidated financial statements of Horace Mann for each of the years in the five-year period ended December 31, 2005 have been audited by KPMG LLP, an independent registered public accounting firm. The following selected historical consolidated financial data should be read in conjunction with the consolidated financial statements of Horace Mann and its subsidiaries and the Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2005.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in millions, except per share data)				
<b>Statement of Operations Data:</b>					
Insurance premiums written and contract deposits	\$ 972.6	\$ 998.4	\$ 955.5	\$ 899.3	\$ 875.6
Insurance premiums and contract charges earned	664.9	674.7	643.5	625.2	615.2
Net investment income	194.6	191.4	184.7	196.0	199.3
Realized investment gains (losses)	9.8	12.2	25.5	(49.4)	(10.0)
Total revenues	869.3	878.3	853.7	771.8	804.5
Amortization of intangible assets (1)	5.1	6.0	5.0	5.7	5.8
Interest expense	8.9	6.8	6.3	8.5	9.3
Income before income taxes	94.0	69.7	19.2	7.7	28.3
Net income (2)	77.3	56.3	19.0	11.3	25.6
Ratio of earnings to fixed charges (3)	1.8x	1.6x	1.2x	1.1x	1.3x
<b>Balance Sheet Data, at Year End:</b>					
Total investments	\$ 3,996.5	\$ 3,657.2	\$ 3,385.7	\$ 3,130.6	\$ 2,975.7
Total assets	5,840.6	5,371.9	4,953.2	4,453.6	4,455.1
Total policy liabilities	3,172.1	3,010.6	2,787.0	2,585.2	2,445.2
Short-term debt		25.0	25.0		53.0
Long-term debt	190.9	144.7	144.7	144.7	99.8
Total shareholders' equity	580.6	576.2	530.5	528.8	459.2
<b>Segment Information (4):</b>					
Insurance premiums written and contract deposits					
Property and casualty	\$ 546.9	\$ 562.3	\$ 546.5	\$ 524.9	\$ 519.3
Annuity	320.1	327.0	296.6	261.5	239.1
Life	105.6	109.1	112.4	112.9	117.2
Total	972.6	998.4	955.5	899.3	875.6
Net income (loss)					
Property and casualty	\$ 45.0	\$ 27.6	\$ (17.8)	\$ 19.9	\$ 5.2
Annuity	15.1	12.6	14.4	17.0	20.6
Life	13.4	14.8	13.4	18.9	18.7
Corporate and other (2) (5)	3.8	1.3	9.0	(44.5)	(18.9)
Total	77.3	56.3	19.0	11.3	25.6

- (1) Amortization of intangible assets is comprised of amortization of goodwill and amortization of acquired value of insurance in force and is the result of purchase accounting adjustments related to the 1989 acquisition of Horace Mann and the 1994 acquisition of Horace Mann Property & Casualty Insurance Company. Effective January 1, 2002, Horace Mann adopted Financial Accounting Standard (FAS) No. 142, Goodwill and Other Intangible Assets. Under

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- FAS No. 142, goodwill amortization ceases and the goodwill is annually tested for impairment. Goodwill amortization was \$1.6 million for the year ended December 31, 2001.
- (2) In 2005, Horace Mann's federal income tax expense reflected a reduction of \$9.1 million from the closing of tax years 1996 through 2001 with favorable resolution of the contingent tax liabilities related to those prior tax years. In 1999, Horace Mann recorded a charge of \$20.0 million for an additional federal income tax provision representing Horace Mann's maximum exposure for disputed prior years' taxes (for tax years 1994 through 1997). Resolution of the portion of this dispute related to the 1997 tax year resulted in a \$1.3 million benefit in 2001.
  - (3) For the purpose of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges, and fixed charges consist of interest expense (including amortization of debt issuance cost) and interest credited to policyholders on interest-sensitive contracts.
  - (4) Information regarding assets by segment at December 31, 2005, 2004 and 2003 is contained in Notes to Consolidated Financial Statements Note 13 Segment Information listed on page F-1 of our Annual Report on Form 10-K for the year ended December 31, 2005.
  - (5) The corporate and other segment primarily includes interest expense on debt and the impact of realized investment gains and losses, restructuring charges, debt retirement costs, litigation charges, provision for/resolution of prior years' taxes and certain public company expenses.

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**DESCRIPTION OF THE NOTES**

This description of the terms of the notes adds information to the description of the general terms and provisions of the senior debt securities in the accompanying prospectus under the heading "Description of the Debt Securities". If this description differs in any way from the description in the accompanying prospectus, you should rely on the description of notes in this prospectus supplement.

**General**

The title of the notes will be 6.85% Senior Notes due April 15, 2016. The notes initially will be limited to a total principal amount of \$125,000,000. However, we may, without the consent of the holders of the notes, issue additional senior debt securities having the same ranking and the same interest rate, maturity date and other terms as the notes. Any such additional senior debt securities, together with the notes offered by this prospectus supplement, will constitute a single series of senior debt securities under the indenture.

The notes will be our unsecured senior debt securities. The notes will mature at 100% of their principal amount on April 15, 2016. We may redeem the notes prior to their maturity at a redemption price described below under "Optional Redemption". There is no sinking fund for the notes. The notes will not be listed on any securities exchange.

We will not pay any additional amounts on the notes to compensate any beneficial owner for any United States tax withheld from payments of principal or interest on the notes.

The notes are subject to defeasance in the manner described under the heading "Description of Debt Securities-Defeasance and Discharge" in the accompanying prospectus.

The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000. The notes will be issued as global debt securities. For more information, please refer to the section captioned "Description of the Debt Securities-Global Debt Securities" on page 11 of the accompanying prospectus. The Depository Trust Company, or DTC, will be the depository with respect to the notes. The notes will be issued as fully-registered securities in the name of Cede & Co., DTC's nominee.

**Interest**

The notes will bear interest from April 21, 2006, or from the most recent 2006 Series interest payment date (as defined below) on which we paid or provided for interest on the notes, at the rate of 6.85% per year. We will pay interest on each note on April 15 and October 15 of each year. We will refer to each of these dates as a "2006 Series interest payment date". The first 2006 Series interest payment date will be October 15, 2006. We will pay interest on a note to the person in whose name that note was registered at the close of business on the preceding April 1 or October 1, whether or not a business day, prior to the applicable 2006 Series interest

payment date. Interest on the notes will be paid on the basis of a 360-day year comprising twelve 30-day months. In the event that a 2006 Series interest payment date is not a business day, we will pay interest on the next day that is a business day, with the same force and effect as if made on the 2006 Series interest payment date, and without any interest or other payment with respect to the delay. For purposes of this prospectus supplement, a business day is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York are authorized or required by law or executive order to remain closed.

### **Optional Redemption**

We may redeem the notes, at our option, at any time (the 2006 Series Redemption Date ) in whole or from time to time in part at a redemption price equal to the greater of:

100% of the principal amount of the notes being redeemed, or

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the sum of the present values of the remaining scheduled payments for principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued as of the 2006 Series Redemption Date) discounted to the 2006 Series Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the 2006 Series Treasury Rate (as defined below), plus 30 basis points, as calculated by a 2006 Series Independent Investment Banker (as defined below);

plus, in either of the above cases, accrued and unpaid interest on the notes to be redeemed to, but not including, the 2006 Series Redemption Date.

If we have given notice as provided in the indenture and made funds available for the redemption of any notes called for redemption on the redemption date referred to in that notice, those notes will cease to bear interest on that redemption date. Any interest accrued to the date fixed for redemption will be paid as specified in such notice. We will give written notice of any redemption of any notes to holders of the notes to be redeemed at their addresses, as shown in the security register for the notes, at least 30 days and not more than 60 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the date fixed for redemption, the redemption price and the aggregate principal amount of the notes to be redeemed.

If we choose to redeem less than all of the notes, we will notify JPMorgan Chase Bank, N.A., the trustee under the indenture, at least 60 days before giving notice of redemption, or such shorter period as is satisfactory to the trustee, of the aggregate principal amount of the notes to be redeemed and the applicable redemption date. The trustee will select by lot, in such manner as it shall deem appropriate and fair, the notes to be redeemed in part.

As used in this prospectus supplement:

**2006 Series Comparable Treasury Issue** means the United States Treasury security selected by the 2006 Series Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

**2006 Series Comparable Treasury Price** means, with respect to any redemption date for the notes, the average of the 2006 Series Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such 2006 Series Reference Treasury Dealer Quotations, or if the Trustee obtains fewer than five such 2006 Series Reference Treasury Dealer Quotations, the average of all such quotations.

**2006 Series Independent Investment Banker** means Keefe, Bruyette & Woods, Inc. and any successor firm or, if such firm is unwilling or unable to select the 2006 Series Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us that is acceptable to the Trustee.

**2006 Series Reference Treasury Dealer** means each of Keefe, Bruyette & Woods, Inc. and four other primary U.S. government securities dealers (each a 2006 Series Primary Treasury Dealer), as specified by us; *provided, however*, that if any of Keefe, Bruyette & Woods, Inc. or any 2006 Series Primary Treasury Dealer as specified by us shall cease to be a 2006 Series Primary Treasury Dealer, we will substitute therefore another 2006 Series Primary Treasury Dealer and if we fail to select a substitute within

a reasonable period of time, then the substitute will be a 2006 Series Primary Treasury Dealer selected by the Trustee after consultation with us.

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**2006 Series Reference Treasury Dealer Quotations** means, with respect to the 2006 Series Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the 2006 Series Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Trustee by such 2006 Series Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

**2006 Series Treasury Rate** means the rate per year equal to the semi-annual equivalent yield to maturity of the 2006 Series Comparable Treasury Issue, calculated using a price for the 2006 Series Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the 2006 Series Comparable Treasury Price for such redemption date. The 2006 Series Treasury Rate shall be calculated on the third business day preceding the redemption date.

**Trustee** means JPMorgan Chase Bank, N.A., as trustee for the notes.

## **Additional Covenants**

We refer you to the section entitled **Description of the Debt Securities** in the accompanying prospectus for a description of certain covenants applicable to the notes. In addition to the foregoing, the following covenants will apply to the notes for the benefit of the holders of the notes:

### ***Negative Pledge***

Because we are a holding company, our assets consist primarily of the securities of our subsidiaries. The negative pledge provisions of the supplemental indenture limit our ability to pledge some of these securities. The supplemental indenture provides that, except for liens specifically permitted by the supplemental indenture, we will not, and will not permit any subsidiary to, create, assume, incur or permit to exist any indebtedness for borrowed money (including any guarantee of indebtedness for borrowed money) that is secured by a pledge, lien or other encumbrance on:

the voting securities of any significant subsidiary, or

the voting securities of a subsidiary that owns, directly or indirectly, the voting securities of any of the significant subsidiaries,

without providing that the notes issued and outstanding under the supplemental indenture will be secured equally and ratably with indebtedness so secured so long as such other indebtedness shall be secured.

Under the senior indenture, **subsidiary** means any corporation, partnership or other entity of which at the time of determination we or one or more of our subsidiaries own directly or indirectly at least a majority of the outstanding shares of the capital voting stock entitled to vote in the election of directors, managers or trustees thereof or at least a majority of the equity capital, profits or other

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similar interests of such entity. Under the supplemental indenture, significant subsidiary means any of our significant subsidiaries, as such term is defined in paragraph (w) of Rule 1-02 of Regulation S-X passed pursuant to the Securities Exchange Act of 1934, as amended.

As of the date of this prospectus supplement, our significant subsidiaries are Horace Mann Insurance Company, Horace Mann Life Insurance Company, Horace Mann Property & Casualty Insurance Company and Teachers Insurance Company.

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### ***Restrictions on Dispositions***

The supplemental indenture also provides that we will not, and will not permit any of our subsidiaries to, issue, sell, assign, transfer or otherwise dispose of, directly or indirectly, any of the common stock of our significant subsidiaries (except to us or to one or more of our other subsidiaries or for the purpose of qualifying directors), unless:

the issuance, sale, assignment, transfer or other disposition is required to comply with the order of a court or regulatory authority of competent jurisdiction, other than an order issued at our request or the request of one of our subsidiaries;

the entire capital stock of a significant subsidiary then owned by us or one of our subsidiaries is disposed of in a single transaction or in a series of related transactions, for consideration consisting of cash or other property which is at least equal to the Fair Value of such capital stock; or

after giving effect to the issuance, sale, assignment, transfer or other disposition, we and our subsidiaries would own directly or indirectly at least 80% of the issued and outstanding capital stock of such significant subsidiary and such issuance, sale, assignment, transfer or other disposition is made for consideration consisting of cash or other property which is at least equal to the Fair Value (as defined below) of such capital stock.

As used in this prospectus supplement, Fair Value, when used with respect to dispositions of capital stock or other assets, means the fair value thereof as determined in good faith by our board of directors.

### **Trustee, Paying Agent, Authenticating Agent and Registrar**

JPMorgan Chase Bank, N.A. will act as trustee for the notes, which will be issued under an indenture dated as of June 9, 2005, as amended or supplemented from time to time, between us and the trustee. The indenture is a senior indenture as described in the accompanying prospectus. You should read the accompanying prospectus for a general discussion of the terms and provisions of the indenture. From time to time, we and some of our subsidiaries maintain deposit accounts and conduct other banking transactions, including lending transactions, with the trustee in the ordinary course of business.

### **Notices**

Any notices required to be given to the holders of the notes will be given to DTC.

### **Governing Law**

The indenture and the notes are governed by and will be construed in accordance with New York law.

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**UNDERWRITING**

Subject to the terms and conditions of an underwriting agreement, Keefe, Bruyette & Woods, Inc., as underwriter, has agreed to purchase, and we have agreed to sell to the underwriter, the notes at a purchase price equal to the offering price set forth on the front cover of this prospectus supplement, less a discount of 0.65% of the principal amount of the notes.

The underwriting agreement provides that the obligations of the underwriter to purchase the notes are subject to approval of legal matters by counsel and to other conditions. The underwriter must purchase all of the notes if it purchases any of the notes.

The underwriter has advised us that it proposes initially to offer the notes to the public at the public offering price set forth on the cover page of this prospectus supplement.

The notes will constitute a new issue of securities with no established trading market. We have been advised by the underwriter that it intends to make a market in the notes but that the underwriter is not obligated to do so and may discontinue market-making at any time and without notice. No assurance can be given as to the liquidity of the trading market for the notes.

In connection with the offering, Keefe, Bruyette & Woods, Inc. may purchase and sell notes in the open market. These transactions may include over-allotment, covering transactions and stabilizing transactions. Over-allotment involves sales of notes in excess of the principal amount of notes to be purchased by the underwriter in the offering, which creates a short position. Covering transactions involve purchase of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriter may conduct these transactions in the over-the-counter market or otherwise. There is no assurance that the underwriter will conduct any of these transactions and if the underwriter commences any of these transactions, it may discontinue them at any time.

It is expected that delivery of the notes will be made against payment therefor on April 21, 2006.

We have agreed to indemnify the underwriter against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

The underwriter has in the past provided, and may in the future provide, financial advisory and investment banking services to us and our affiliates in the ordinary course of business, for which they received or will receive customary fees and expenses.

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**LEGAL MATTERS**

Ann M. Caparrós, who is General Counsel of Horace Mann, and Gibson, Dunn & Crutcher LLP, New York, New York, will issue opinions about the legality of the notes. LeBoeuf, Lamb, Greene & MacRae LLP, New York, New York, will act as counsel to the underwriters.

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**PROSPECTUS**

**\$300,000,000**

**Debt Securities**

**Preferred Stock**

**Common Stock**

**Depository Shares**

By this prospectus, Horace Mann Educators Corporation from time to time may offer securities to the public. We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and each applicable supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the symbol HMN.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representations to the contrary are a criminal offense.**

This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

The information contained in this prospectus is not complete and may be changed. You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. We are not making or soliciting an offer of any securities other than the securities described in this prospectus and any prospectus supplement. We are not making or soliciting an offer of these securities in any state where the offer is not permitted or in any circumstances in which such offer or solicitation is unlawful. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of those documents.

The date of this prospectus is December 30, 2003.

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**ABOUT THIS PROSPECTUS**

This document is called a prospectus and is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration or continuous offering process. Under this shelf prospectus, we may sell any combination of the securities described in this prospectus from time to time, either separately or in units, in one or more offerings. Together, these offerings may total up to \$300,000,000.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. That prospectus supplement may include a discussion of any risk factors or other special considerations applicable to those securities. The prospectus supplement also may add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information**. The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC's website or at the SEC's offices mentioned under the heading **Where You Can Find More Information**.

Unless we have indicated otherwise, references in this prospectus to Horace Mann, we, us and our or similar terms are to Horace Mann Educators Corporation, an insurance holding company incorporated in Delaware, and its consolidated subsidiaries.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may access and read our SEC filings, including the complete registration statement and all exhibits to it, over the Internet at the SEC's website at <http://www.sec.gov> (this uniform resource locator (URL) is an inactive textual reference only and is not intended to incorporate the SEC website into this prospectus). You may also read and copy any document we file with the SEC at the following location of the SEC:

Public Reference Room

450 Fifth Street, N.W.

Room 1024

Washington, D.C. 20549

You may also obtain copies of the documents that we file with the SEC by mail from the Public Reference Section of the SEC, Attention: Public Records Branch, 450 Fifth Street, N.W., Washington, DC 20549, at prescribed rates. Please call the SEC at (800) 732-0330 for further information on the operations of the Public Reference Room and copying charges. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. We also post our SEC



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filings on our website at <http://www.horacemann.com>. Information contained on our website is not intended to be incorporated by reference in this prospectus and you should not consider that information a part of this prospectus. Our website address is included in this prospectus as an inactive textual reference only.

The SEC allows us to incorporate by reference the information we file with it, which means we can disclose important information to you by referring you to other documents that contain that information. The information incorporated by reference is an important part of this prospectus. Any information that we file with the SEC in the future and incorporate by reference will automatically update and supersede the information contained in this prospectus. We incorporate by reference in this prospectus the following documents filed by us with the SEC:

the description of our common stock contained in our effective registration statement on Form 8-A, including any amendment or report filed for the purpose of updating this description (File No. 001-10890);

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our Annual Report on Form 10-K for the year ended December 31, 2002, filed on March 27, 2003;

our definitive Proxy Statement for our May 29, 2003 annual shareholder meeting, filed on April 1, 2003;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 (filed on May 15, 2003), June 30, 2003 (filed on August 14, 2003 and amended on August 22, 2003) and September 30, 2003 (filed on November 12, 2003); and

our Current Reports on Form 8-K dated February 7, 2003, May 2, 2003, July 29, 2003, August 5, 2003, October 28, 2003, October 31, 2003, November 17, 2003, December 3, 2003 and December 8, 2003.

All documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of all offerings made pursuant to this prospectus also will be deemed to be incorporated herein by reference and will automatically update information in this prospectus. Nothing in this prospectus shall be deemed to incorporate information furnished but not filed with the SEC pursuant to Item 9 or Item 12 of Form 8-K.

Statements made in this prospectus, in any prospectus supplement or in any document incorporated by reference in this prospectus as to the contents of any contract or other document are not necessarily complete. In each instance we refer you to the copy of the contract or other document filed as an exhibit to the registration statement of which this prospectus is a part or as an exhibit to the documents incorporated by reference. Each statement about the contents of any contract or other document is qualified in all material respects by reference to such contract or other document.

We will provide to you, at no cost, a copy of any document incorporated by reference in this prospectus and any exhibits specifically incorporated by reference in those documents. You may request copies of these filings by contacting us at the following address or telephone number: Horace Mann Educators Corporation, 1 Horace Mann Plaza, Springfield, Illinois 62715-0001, Attention: Corporate Secretary, (217) 789-2500.

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in this prospectus and the accompanying prospectus supplement, including information incorporated by reference, are forward-looking statements within the meaning of Section 27A of the Securities Act, and are intended to be covered by the safe harbor created by that section. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words may, would, could, should, believe, expect, anticipate, plan, estimate or similar expressions. Although the expectations reflected in such forward-looking statements are reasonable, such expectations may prove to be incorrect. Our forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by those forward-looking statements. Cautionary statements setting forth important factors that could cause actual results to differ materially from our forward-looking statements are discussed in our Annual Report on Form 10-K for the year ended December 31, 2002, which is incorporated by reference, and include, but are not limited to:

changes in the composition of our assets and liabilities;

fluctuations in the market value of securities within our investment portfolio due to credit issues and the related after-tax effect on our shareholders' equity and total capital through either

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realized or unrealized investment losses. In addition, the impact of fluctuations in the financial markets on our defined benefit pension plan assets and the related after-tax effect on our operating expenses shareholders' equity and total capital;

prevailing interest rate levels, including the impact of interest rates on (i) unrealized gains and losses on our investment portfolio and the related after-tax effect on our stockholders' equity and total capital, (ii) the book yield of our investment portfolio and (iii) our ability to maintain appropriate interest rate spreads over the fixed rates guaranteed in our life and annuity products;

defaults on interest or dividend payments in our investment portfolio due to credit issues and the resulting impact on investment income;

the impact of fluctuations in the capital markets on our ability to refinance outstanding indebtedness or repurchase shares of our outstanding common stock;

the frequency and severity of catastrophes such as hurricanes, earthquakes, storms and wildfires, and our ability to maintain a favorable catastrophe reinsurance program, and the collectibility of reinsurance receivables;

continued adverse development of property and casualty loss experience and its impact on estimated claims and claim adjustment expenses for losses occurring in prior years;

the cyclical nature of the insurance industry;

business risks inherent in our restructuring of the property and casualty claims operation;

the risk related to our dated and complex information systems, which are more prone to error than advanced technology systems;

disruptions of the general business climate, investments, capital markets and consumer attitudes caused by geopolitical acts such as terrorism, war or other similar events;

the impact of a disaster or catastrophic event affecting our employees or home office facilities and our ability to recover and resume the business operations on a timely basis;

our ability to develop and expand our agency force and our direct product distribution systems, as well as our ability to maintain and secure product sponsorships by local, state and national education associations;

the competitive impact of new entrants such as mutual funds and banks into the tax-deferred annuity products markets, and our ability to profitably expand our property and casualty business in highly competitive environments;

changes in insurance regulations, including (i) those affecting the ability of our insurance subsidiaries to distribute cash to the holding company and (ii) those impacting our ability to profitably write property and casualty insurance policies in one or more states;

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changes in federal income tax laws and changes resulting from federal tax audits affecting corporate tax rates or taxable income, and regulations changing the relative tax advantages of our life and annuity products to customers;

the impact of fluctuations in the financial markets on our variable annuity fee revenues, valuations of deferred policy acquisition costs and value of acquired insurance in force, and the level of guaranteed minimum death benefit reserves;

our ability to maintain favorable claims-paying ability, financial strength and debt ratings;

adverse changes in policyholder mortality and morbidity rates;

the resolution of legal proceedings and related matters; and

other factors referenced in supplements to this prospectus.

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Given these uncertainties, we caution investors not to unduly rely on our forward-looking statements. We disclaim any intent or obligation to update publicly any forward-looking statements set forth in this prospectus, any prospectus supplements or incorporated herein by reference, whether as a result of new information, future events or otherwise.

### **THE COMPANY**

We market and underwrite personal lines of property and casualty and life insurance and retirement annuities. We market our products primarily to educators and other employees of public schools and their families. Our approximately 1.0 million customers typically have moderate annual incomes, with many belonging to two-income households. Their financial planning tends to focus on security, savings and primary insurance needs. We believe that Horace Mann is the largest national multi-line insurance company focused on the niche educator market.

Horace Mann Educators Corporation is a corporation organized under the laws of the State of Delaware. Our principal executive offices are located at 1 Horace Mann Plaza, Springfield, Illinois 62715-0001 (telephone number: (217) 789-2500). Our website address is <http://www.horacemann.com>. Our website address is included in this prospectus as an inactive textual reference only.

### **USE OF PROCEEDS**

Unless otherwise indicated in an accompanying prospectus supplement, the net proceeds we expect to receive from the sale of the securities will be used to reduce outstanding debt or for general corporate purposes, which may include, among others, the following:

repaying existing debt;

making capital investments;

funding working capital requirements; and

funding possible acquisitions and investments.

### **CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE DIVIDENDS**

The following table sets forth our ratios of earnings to fixed charges and earnings to combined fixed charges and preference dividends on a consolidated basis for the years ended December 31, 2002, 2001, 2000, 1999 and 1998 and for the nine-month periods ended September 30, 2003 and 2002. For purposes of computing the ratio of consolidated earnings to combined fixed

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charges and preference dividends, earnings consists of income (loss) before income taxes and interest expense (including amortization of debt issuance cost), fixed charges consists of interest expense (including amortization of debt issuance cost), and preference dividends consists of the amount of pre-tax earnings that is required to pay the dividends on outstanding preference securities.

	Nine Months Ended		Year Ended December 31,				
	September 30,						
	2003	2002	2002	2001	2000	1999	1998
			(Dollars in millions)				
Ratio of earnings to fixed charges	0.4x*	0.0x**	1.9x	4.0x	2.0x	10.6x	13.3x
Ratio of earnings to combined fixed charges and preference dividends	0.4x*	0.0x**	1.9x	4.0x	2.0x	10.6x	13.3x

(\*) For the nine months ended September 30, 2003, earnings available were inadequate to cover fixed charges and combined fixed charges and preference dividends by \$2.8 million.

(\*\*) For the nine months ended September 30, 2002, earnings available were inadequate to cover fixed charges and combined fixed charges and preference dividends by \$10.8 million.

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**DESCRIPTION OF THE DEBT SECURITIES**

The following is a general description of the debt securities that we may offer from time to time. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions described below may apply to those securities will be described in the applicable prospectus supplement. We may also sell hybrid securities that combine certain features of debt securities and other securities described in this prospectus. As you read this section, please remember that the specific terms of a debt security as described in the applicable prospectus supplement will supplement and may modify or replace the general terms described in this section. If there are any differences between the applicable prospectus supplement and this prospectus, the applicable prospectus supplement will control. As a result, the statements we make in this section may not apply to the debt security you purchase.

As used in this Description of the Debt Securities, the Company refers to Horace Mann Educators Corporation and does not, unless the context otherwise indicates, include our subsidiaries.

Capitalized terms used but not defined in this section have the respective meanings set forth in the applicable indenture.

**General**

The debt securities that we offer will be either senior debt securities or subordinated debt securities. We will issue senior debt securities under an indenture, which we refer to as the senior indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. We will issue subordinated debt securities under a different indenture, which we refer to as the subordinated indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. We refer to both the senior indenture and the subordinated indenture as the indentures, and to each of the trustees under the indentures as a trustee. In addition, the indentures may be supplemented or amended as necessary to set forth the terms of the debt securities issued under the indentures. You should read the indentures, including any amendments or supplements, carefully to fully understand the terms of the debt securities. The forms of the indentures have been filed as exhibits to the registration statement of which this prospectus is a part. The indentures are subject to, and are governed by, the Trust Indenture Act of 1939, as amended.

The senior debt securities will be unsubordinated obligations of the Company. They will be unsecured and will rank equally with each other and all of our other unsubordinated debt, unless otherwise indicated in the applicable prospectus supplement. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior debt. See Subordination of Subordinated Debt Securities. The subordinated debt securities will be unsecured and will rank equally with each other, unless otherwise indicated in the applicable prospectus supplement. We will indicate in each applicable prospectus supplement, as of the most recent practicable date, the aggregate amount of our outstanding debt that would rank senior to the subordinated debt securities.

Unless otherwise provided in the prospectus supplement relating to any debt securities, the debt securities will not constitute obligations of our subsidiaries. Creditors of our subsidiaries are entitled to a claim on the assets of those subsidiaries. Consequently, in the event of a liquidation or reorganization of any subsidiary, creditors of the subsidiary are likely to be paid in full before any distribution is made to the Company and holders of debt securities, except to the extent that the Company is itself recognized as a creditor of such subsidiary, in which case the Company's claims would still be subordinate to any security interests



in the assets of such subsidiary and any debt of such subsidiary senior to that held by the Company.

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The indentures do not limit the amount of debt securities that can be issued thereunder and provide that debt securities of any series may be issued thereunder up to the aggregate principal amount that we may authorize from time to time. The indentures do not limit the amount of other indebtedness or securities that we may issue. We may issue debt securities of the same series at more than one time and, unless prohibited by the terms of the series, we may reopen a series for issuances of additional debt securities, without the consent of the holders of the outstanding debt securities of that series.

Reference is made to the prospectus supplement for the following and other possible terms of each series of the debt securities in respect of which this prospectus is being delivered:

- (1) the title of the debt securities;
- (2) any limit upon the aggregate principal amount of the debt securities;
- (3) if other than 100% of the principal amount, the percentage of their principal amount at which the debt securities will be offered;
- (4) the date or dates on which the principal of the debt securities will be payable (or method of determination thereof);
- (5) the rate or rates (or method of determination thereof) at which the debt securities will bear interest, if any, the date or dates from which any such interest will accrue and on which such interest will be payable, and the record dates for the determination of the holders to whom interest is payable;
- (6) if other than as set forth herein, the place or places where the principal of and interest, if any, on the debt securities will be payable;
- (7) the price or prices at which, the period or periods within which and the terms and conditions upon which debt securities may be redeemed, in whole or in part, at our option;
- (8) if other than the principal amount thereof, the portion of the principal amount of the debt securities payable upon declaration of acceleration of the maturity thereof;
- (9) our obligation, if any, to redeem, repurchase or repay debt securities, whether pursuant to any sinking fund or analogous provisions or pursuant to other provisions set forth therein or at the option of a holder thereof;
- (10) whether the debt securities will be represented in whole or in part by one or more global notes registered in the names of a depository or its nominee;
- (11) the ranking of such debt securities as senior debt securities or subordinated debt securities;
- (12) whether there are any authentication agents, paying agents, transfer agents or registrars with respect to the debt securities;

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(13) whether the debt securities are convertible into our common stock and, if so, the terms and conditions of such conversion; and

(14) any other terms or conditions not inconsistent with the provisions of the indenture under which the debt securities will be issued.

Principal when used herein includes any premium on any series of the debt securities.

Unless otherwise provided in the prospectus supplement relating to any debt securities, principal and interest, if any, will be payable, and transfers of the debt securities may be registered, at the office or offices or agency we maintain for such purposes, provided that payment of interest on the debt securities will be paid at such place by check mailed to the persons entitled thereto at the addresses of

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such persons appearing on the security register. Interest on the debt securities will be payable on any interest payment date to the persons in whose name the debt securities are registered at the close of business on the record date for such interest payment.

The debt securities may be issued only in fully registered form in minimum denominations of \$1,000 and any integral multiple thereof. Additionally, the debt securities may be represented in whole or in part by one or more global notes registered in the name of a depository or its nominee and, if so represented, interests in such global note will be shown on, and transfers thereof will be effected only through, records maintained by the designated depository and its participants.

The debt securities may be exchanged for an equal aggregate principal amount of debt securities of the same series and date of maturity in such authorized denominations as may be requested upon surrender of the debt securities at an agency of the Company maintained for such purpose and upon fulfillment of all other requirements of such agent. No service charge will be made for any registration of transfer or exchange of the debt securities, but we may require payment of an amount sufficient to cover any tax or other governmental charge payable in connection therewith.

The indentures require the annual filing by the Company with the Trustee of a certificate as to compliance with certain covenants contained in the indentures.

We will comply with Section 14(e) under the Exchange Act, to the extent applicable, and any other tender offer rules under the Exchange Act which may then be applicable, in connection with any obligation to purchase debt securities at the option of the holders thereof. Any such obligation applicable to a series of debt securities will be described in the prospectus supplement relating thereto.

Unless otherwise described in a prospectus supplement relating to any debt securities, there are no covenants or provisions contained in the indentures that may afford the holders of debt securities protection in the event that we enter into a highly leveraged transaction.

The statements made hereunder relating to the indentures and the debt securities are summaries of certain provisions thereof and do not purport to be complete and are qualified in their entirety by reference to all provisions of the indentures and the debt securities.

## **Events of Default**

An Event of Default with respect to the debt securities of any series is defined in the indentures as:

(1) default in the payment of any installment of interest upon any of the debt securities of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(2) default in the payment of all or any part of the principal of any of the debt securities of such series as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise;

(3) default in the performance, or breach, of any other covenant or warranty contained in the debt securities of such series or set forth in the applicable indenture (other than a covenant or warranty included in the applicable indenture solely for the benefit of one or more series of debt securities other than such series) and continuance of such default or breach for a period of 90 days after due notice by the trustee or by the holders of at least 25% in principal amount of the outstanding securities of such series;

(4) a default under any bond, debenture, note or other evidence of indebtedness of the Company, or under any mortgage, indenture or instrument under which there may be issued or by

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which there may be secured or evidenced any indebtedness of the Company, whether such indebtedness now exists or is hereafter created, which default involves the failure to pay principal on indebtedness in excess of \$40,000,000 at the final maturity thereof or which has resulted in indebtedness in excess of \$40,000,000 becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; or

(5) certain events of bankruptcy, insolvency or reorganization of the Company.

Additional Events of Default may be added for the benefit of holders of certain series of debt securities which, if added, will be described in the prospectus supplement relating to such debt securities.

The indentures provide that the trustee shall notify the holders of debt securities of each series of any continuing default known to the trustee which has occurred with respect to such series within 90 days after the occurrence thereof. The indentures provide that notwithstanding the foregoing, except in the case of default in the payment of the principal of, or interest, if any, on any of the debt securities of such series, the trustee may withhold such notice if the trustee in good faith determines that the withholding of such notice is in the interests of the holders of debt securities of such series.

The indentures provide that if an Event of Default with respect to any series of debt securities shall have occurred and be continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of debt securities of such series then outstanding may declare the principal amount of all debt securities of such series to be due and payable immediately, but upon certain conditions such declaration may be annulled. Any past defaults and the consequences thereof, except a default in the payment of principal of or interest, if any, on debt securities of such series, may be waived by the holders of a majority in principal amount of the debt securities of such series then outstanding.

Subject to the provisions of the indentures relating to the duties of the trustee, in case an Event of Default with respect to any series of debt securities shall occur and be continuing, the trustee shall not be under any obligation to exercise any of the trusts or powers vested in it by the indentures at the request or direction of any of the holders of such series, unless such holders shall have offered to such trustee reasonable security or indemnity. The holders of a majority in aggregate principal amount of the debt securities of each series affected and then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the applicable indenture or exercising any trust or power conferred on the trustee with respect to the debt securities of such series; provided that the trustee may refuse to follow any direction which is in conflict with any law or such indenture and subject to certain other limitations.

No holder of any debt security of any series will have any right by virtue or by availing of any provision of the indentures to institute any proceeding at law or in equity or in bankruptcy or otherwise with respect to the indentures or for any remedy thereunder, unless such holder shall have previously given the trustee written notice of an Event of Default with respect to debt securities of such series and unless the holders of at least 25% in aggregate principal amount of the outstanding debt securities of such series shall also have made written request, and offered reasonable indemnity and security, to the trustee to institute such proceeding as trustee, and the trustee shall have failed to institute such proceeding within 60 days after its receipt of such request, and the trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding debt securities of such series a direction inconsistent with such request. However, the right of a holder of any debt security to receive payment of the principal of and interest, if any, on such debt security on or after the due dates expressed in such debt security, or to institute suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of such holder.



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### **Merger**

Each indenture provides that the Company may consolidate with, sell, convey or lease all or substantially all of its assets to, or merge with or into, any other corporation, if:

(1) either (a) the Company is the continuing corporation or (b) the successor corporation is a domestic corporation and expressly assumes the due and punctual payment of the principal of and interest on all the debt securities outstanding under such indenture according to their tenor and the due and punctual performance and observance of all of the covenants and conditions of such indenture to be performed or observed by the Company; and

(2) the Company or such successor corporation, as the case may be, is not, immediately after such merger, consolidation, sale, conveyance or lease, in material default in the performance or observance of any such covenant or condition.

### **Satisfaction and Discharge of Indentures**

The indenture with respect to any series of debt securities (except for certain specified surviving obligations including the Company's obligation to pay the principal of and interest on the debt securities of such series) will be discharged and cancelled upon the satisfaction of certain conditions, including the payment of all the debt securities of such series or the deposit with the trustee under such indenture of cash or appropriate Government Obligations or a combination thereof sufficient for such payment or redemption in accordance with the applicable indenture and the terms of the debt securities of such series.

### **Modification of the Indentures**

The indentures contain provisions permitting the Company and the trustee thereunder, with the consent of the holders of not less than a majority in aggregate principal amount of the debt securities of each series at the time outstanding under the applicable indenture affected thereby, to execute supplemental indentures adding any provisions to, or changing in any manner or eliminating any of the provisions of, the applicable indenture or any supplemental indenture or modifying in any manner the rights of the holders of the debt securities of each such series; provided that no such supplemental indenture may:

(1) extend the final maturity date of any debt security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of any interest thereon, or reduce any amount payable on redemption thereof, or impair or affect the right of any holder of debt securities to institute suit for payment thereof or, if the debt securities provide therefor, any right of repayment at the option of the holders of the debt securities, without the consent of the holder of each debt security so affected;

(2) reduce the aforesaid percentage of debt securities of such series, the consent of the holders of which is required for any such supplemental indenture, without the consent of the holders of all debt securities of such series so affected; or



(3) reduce the amount of principal payable upon acceleration of the maturity date of any Original Issue Discount Security.

Additionally, in certain prescribed instances, the Company and the trustee may execute supplemental indentures without the consent of the holders of debt securities.

### **Defeasance and Discharge**

The indentures provide, if such provision is made applicable to the debt securities of any series, that the Company may elect to terminate, and be deemed to have satisfied, all its obligations with

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respect to such debt securities (except for the obligations to register the transfer or exchange of such debt securities, to replace mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of the debt securities, to compensate and indemnify the trustee and to punctually pay or cause to be paid the principal of, and interest, if any, on all debt securities of such series when due) ( defeasance ) upon the deposit with the trustee, in trust for such purpose, of funds and/or Government Obligations which through the payment of principal and interest in accordance with their terms will provide funds in an amount sufficient (in the opinion of a nationally recognized firm of independent public accountants) to pay the principal of and premium and interest, if any, on the outstanding debt securities of such series, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor. Such a trust may be established only if, among other things:

(1) the Company has delivered to the trustee an opinion of counsel (as specified in the applicable indenture) with regard to certain matters, including an opinion to the effect that the holders of such debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and discharge and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred, and which opinion of counsel must be based upon:

(a) a ruling of the U.S. Internal Revenue Service to the same effect; or

(b) a change in applicable U.S. federal income tax law after the date of the indenture such that a ruling is no longer required;

(2) no Event of Default shall have occurred or be continuing; and

(3) such deposit shall not result in a breach or violation of, or constitute a default under the applicable indenture or any other material agreement or instrument to which the Company is a party or by which the Company is bound.

The prospectus supplement may further describe these or other provisions, if any, permitting defeasance with respect to the debt securities of any series.

## **Subordination of Subordinated Debt Securities**

The senior debt securities will constitute part of our Senior Indebtedness (as defined below) and will rank *pari passu* with all outstanding senior debt. Except as set forth in the related prospectus supplement, the subordinated debt securities will be subordinated, in right of payment, to the prior payment in full of our Senior Indebtedness, including the senior debt securities, whether outstanding at the date of the subordinated indenture or thereafter incurred, assumed or guaranteed.

Except as set forth in the related prospectus supplement, Senior Indebtedness means:

(1) the principal of and unpaid interest on indebtedness for money borrowed;

(2) purchase money and similar obligations;

(3) obligations under capital leases or leases of property or assets made as part of any sale and leaseback transaction;

(4) guarantees, assumptions or purchase commitments relating to, or other transactions as a result of which the Company is responsible for the payment of, such indebtedness of others;

(5) renewals, extensions and refunding of any such indebtedness;

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(6) interest or obligations in respect of any such indebtedness accruing after the commencement of any insolvency or bankruptcy proceedings; and

(7) obligations associated with derivative products such as interest rate and currency exchange contracts, foreign exchange contracts, commodity contracts, and similar arrangements;

unless, in each case, the instrument by which the Company incurred, assumed or guaranteed the indebtedness or obligations described in clauses (1) through (7) hereof expressly provides that such indebtedness or obligation is not senior in right of payment to the subordinated debt securities.

Upon any distribution of the Company's assets in connection with any dissolution, winding up, liquidation or reorganization of the Company, whether in a bankruptcy, insolvency, reorganization or receivership proceeding or upon an assignment for the benefit of creditors or any other marshalling of the Company's assets and liabilities or otherwise, except a distribution in connection with a merger or consolidation or a conveyance or transfer of all or substantially all of the properties of the Company in accordance with the subordinated indenture, the holders of all Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon before the holders of any of the subordinated debt securities are entitled to receive any payment in respect of the subordinated debt securities. In the event that a payment default shall have occurred and be continuing with respect to the Senior Indebtedness, the holders of all Senior Indebtedness shall first be entitled to receive payment of the full amount due thereon before the holders of any of the subordinated debt securities are entitled to receive any payment in respect of the subordinated debt securities. In the event that the principal of the subordinated debt securities of any series shall have been declared due and payable pursuant to the subordinated indenture and such declaration shall not have been rescinded and annulled, the holders of all Senior Indebtedness outstanding at the time of such declaration shall first be entitled to receive payment of the full amount due thereon, or provision shall be made for such payment in full, before the holders of any of the subordinated debt securities are entitled to receive any payment in respect of the subordinated debt securities.

This subordination will not prevent the occurrence of any event of default with respect to the subordinated debt securities. There is no limitation on the issuance of additional Senior Indebtedness in the subordinated indenture.

**Global Debt Securities**

The debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository (a "Debt Depository") identified in the applicable prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form. Unless otherwise provided in such prospectus supplement, debt securities that are represented by a global security will be issued in denominations of \$1,000 or any integral multiple thereof and will be issued in registered form only, without coupons. Payments of principal of, and interest, if any, on debt securities represented by a global security will be made by the Company to the trustee under the applicable indenture, and then forwarded to the Debt Depository.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), and that such global securities will be registered in the name of Cede & Co., DTC's nominee. We further anticipate that the following provisions will apply to the depository arrangements with respect to any such global securities. Any additional or differing terms of the depository arrangements will be described in the prospectus supplement relating to a particular series of debt securities issued in

the form of global securities.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole Holder of the debt securities represented by such global

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security for all purposes under the applicable indenture. Except as described below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by such global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; accordingly, such laws may limit the transferability of beneficial interests in a global security.

If DTC is at any time unwilling or unable to continue as depository or if at any time DTC ceases to be a clearing agency registered under the Exchange Act if so required by applicable law or regulation, and, in either case, we do not appoint a successor Debt Depository within 90 days, we will issue individual debt securities in certificated form in exchange for the global securities. In addition, we may determine, at any time and in our sole discretion, not to have any debt securities represented by one or more global securities, and, in such event, will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest, and to have such debt securities in certificated form registered in its name. Unless otherwise described in the applicable prospectus supplement, debt securities so issued in certificated form will be issued in denominations of \$1,000 or any integral multiple thereof, and will be issued in registered form only, without coupons.

DTC is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ( Participants ) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ( Direct Participants ). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, and banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ( Indirect Participants ). The rules applicable to DTC and its Participants are on file with the Commission.

Purchases of debt securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the debt securities on DTC s records. The ownership interest of each actual purchaser of each debt security ( Beneficial Owner ) is in turn recorded on the Direct and Indirect Participants records. A Beneficial Owner does not receive written confirmation from DTC of its purchase, but is expected to receive a written confirmation providing details of the transaction, as well as periodic statements of its holdings, from the Direct or Indirect Participants through which such Beneficial Owner entered into the action. Transfers of ownership interests in debt securities are accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners do not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, the debt securities are registered in the name of DTC s partnership nominee, Cede & Co. The deposit of the debt securities with DTC and their registration in the name of Cede & Co. will effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the debt securities; DTC records reflect only the identity of the Direct

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Participants to whose accounts debt securities are credited, which may or may not be the Beneficial Owners. The Participants remain responsible for keeping account of their holdings on behalf of their customers.

Delivery of notice and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners are governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. consents or votes with respect to the debt securities. Under its usual procedures, DTC mails a proxy (an Omnibus Proxy ) to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the debt securities are credited on the record date (identified on a list attached to the Omnibus Proxy).

Principal and interest payments, if any, on the debt securities will be made to DTC. DTC's practice is to credit Direct Participants accounts on the payment date in accordance with their respective holdings as shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payment date. Payments by Participants to Beneficial Owners are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and are the responsibility of such Participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, if any, to DTC is our or the trustee's responsibility, disbursement of such payments to Direct Participants is DTC's responsibility, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the debt securities at any time by giving reasonable notice to us or the Trustee. Under such circumstances, in the event that a successor securities depository is not appointed, debt security certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, debt security certificates will be printed and delivered.

We have obtained the information in this section concerning DTC and DTC's book-entry system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

None of us, any underwriter or agent, the trustee or any applicable paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interest.

## **DESCRIPTION OF CAPITAL STOCK**

**General**

Our authorized capital stock consists of 75,000,000 shares of common stock, \$0.001 par value per share, and 1,000,000 shares of preferred stock, \$0.001 par value per share.

The following descriptions are summaries of the material terms of our capital stock. You should refer to the applicable provisions of the Delaware General Corporation Law, our certificate of



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incorporation, our bylaws and the applicable prospectus supplement for additional information about our capital stock. See [Where You Can Find More Information](#).

### **Common Stock**

The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders. There is no cumulative voting for election of directors. Accordingly, the holders of a majority of the shares voted can elect all of the nominees for director. Our common stock is listed on the New York Stock Exchange under the symbol HMN.

Subject to preferences that may be applicable to any outstanding shares of preferred stock, the holders of our common stock are entitled to receive ratably those dividends when, as and if declared by our board of directors out of funds legally available for that purpose. Upon our liquidation, dissolution or winding up, subject to preferences that may be applicable to any outstanding preferred stock, the holders of our common stock are entitled to share ratably in all assets remaining or distributions to stockholders after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Our common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to our common stock. All outstanding shares of our common stock are fully paid and nonassessable.

### **Preferred Stock**

The following description of preferred stock and the description of the terms of a particular series of preferred stock that will be described in the related prospectus supplement are not complete. These descriptions are qualified in their entirety by reference to the certificate of designation relating to that series. The rights, preferences, privileges and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to that series. You should read the applicable certificate of designation for a complete description of a series of preferred stock.

Our board of directors is authorized, without any further vote or action by our stockholders, to cause up to 1,000,000 shares of preferred stock, \$0.001 par value per share, to be issued from time to time in one or more series and to fix, or designate the powers, preferences and rights and the qualifications, limitations and restrictions of the shares of each series, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of the series.

The specific matters that our board of directors may determine with respect to a series of preferred stock, and which we will describe, where applicable, in a prospectus supplement relating to the series of preferred stock, include:

the designation of each series;

the maximum number of shares of each series;

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the rate of any dividends, the dates dividends will accrue, whether the series of preferred stock will be issued with an original issue discount and, if so, the computed dividend rate on the series of preferred stock, the dividend payment dates and whether dividends will be cumulative;

the amount payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of our company;

the terms and conditions of any redemption, including redemption at our option or at the option of the holders, including the time period for redemption, and any accumulated dividends or premiums;

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rights and terms of any conversion or exchange, including the price or the rate of conversion or exchange and the method, if any, of adjustment;

any sinking fund or similar provision, and, if applicable, the terms and provisions relating to the purpose and operation of the fund;

any voting rights, in addition to voting rights provided by law; and

any or all other preferences and relative, participating, optional or other special rights, privileges or qualifications, limitations or restrictions.

Any or all of these rights may be greater than the rights of the holders of common stock.

Upon liquidation, dissolution or winding up, the holders of each series of preferred stock will be entitled to receive the liquidation preference per share specified in the applicable prospectus supplement plus any accrued and unpaid dividends. Holders of preferred stock will be entitled to receive these amounts before any distribution is made to the holders of common stock, but only after the liquidation preference has been fully paid on any shares of senior ranking preferred stock or any other senior ranking securities. Neither the par value nor the liquidation preference of any series of preferred stock is indicative of the prices at which any shares of preferred stock may trade on or after the date of issuance.

The preferred stock may have voting, conversion or other rights that could adversely affect the voting power and other rights of the holders of common stock. The terms of the preferred stock that might be issued could conceivably prohibit us from:

consummating a merger;

reorganizing;

selling substantially all of our assets;

liquidating; or

engaging in other extraordinary corporate transactions without stockholder approval.

Preferred stock, or rights to purchase preferred stock, could be issued quickly with terms calculated to delay, defer or prevent a change in control of us or to make it more difficult to remove our management. For example, a business combination could be impeded by issuing a series of preferred stock containing class voting rights that would enable the holder or holders of this series to block that transaction. Alternatively, a business combination could be facilitated by issuing a series of preferred stock with sufficient voting rights to provide a required percentage vote of the stockholders.

In addition, the issuance of preferred stock may have the effect of decreasing the market price of our common stock. Although our board of directors is required to make any determination to issue any preferred stock based on its judgment as to the best interests of our stockholders, it could act in a manner that would discourage an acquisition attempt or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over prevailing market prices of the stock. Our board of directors does not currently intend to seek stockholder approval prior to any issuance of preferred stock unless otherwise required by law or applicable stock exchange requirements.

Preferred stock will be fully paid and nonassessable upon issuance. The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates,

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which will have an aggregate principal amount equal to that of the preferred stock represented by the global certificate. Each global certificate will:

be registered in the name of a depository or a nominee of the depository identified in the prospectus supplement;

be deposited with the depository or nominee or a custodian for the depository; and

bear a legend regarding the restrictions on exchanges and registration of transfer, and any other matters as may be provided for under the certificate of designation.

## **Depository Shares**

We may, at our option, elect to offer fractional shares of preferred stock, or depository shares, rather than full shares of preferred stock. In that event, we will issue receipts for depository shares, and each receipt will represent a fraction of a share of a particular series of preferred stock as described in the applicable prospectus supplement.

The shares of any series of preferred stock represented by depository shares will be deposited under a deposit agreement to be entered into between us and the depository named in the applicable prospectus supplement. The deposit agreement will contain terms applicable to the holders of depository shares in addition to the terms stated in the depository receipts. Subject to the terms of the deposit agreement, each owner of a depository share will be entitled, in proportion, to all the rights and preferences of the preferred stock, including dividend, voting, redemption, subscription and liquidation rights. The terms of any depository shares will be described in the applicable prospectus supplement and the provisions of the deposit agreement, which will be filed with the SEC. You should carefully read the deposit agreement and the depository receipt attached to the deposit agreement for a more complete description of the terms of the depository shares.

If any series of preferred stock underlying the depository shares may be converted or exchanged, each record holder of depository receipts representing the shares of preferred stock being converted or exchanged will have the right or obligation to convert or exchange the depository shares represented by the depository receipts.

Whenever we redeem or convert shares of preferred stock held by the depository, the depository will redeem or convert, at the same time, the number of depository shares representing the preferred stock to be redeemed or converted. The depository will redeem or convert the depository shares from the proceeds it receives from the corresponding redemption or conversion of the applicable series of preferred stock. The redemption or conversion price per depository share will be equal to the applicable fraction of the redemption or conversion price per share on the applicable series of preferred stock. If less than all the depository shares are to be redeemed or converted, the depository will select which shares are to be redeemed or converted by lot on a pro rata basis or by any other equitable method as the depository may decide.

After the redemption or conversion date, the depository shares called for redemption or conversion will no longer be outstanding. When the depository shares are no longer outstanding, all rights of the holders will end, except the right to receive money, securities or other property payable upon redemption or conversion.

We will pay all fees, charges and expenses of the depositary, including the initial deposit of preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay taxes and any other charges as are stated in the deposit agreement for their accounts.

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### **Limitations on Liability and Indemnification of Officers and Directors**

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by Delaware law, none of our directors will be personally liable to us or to our stockholders for monetary damages for breach of fiduciary duties. The provision effectively eliminates our rights and the rights of our stockholders to recover monetary damages against a director for breach of fiduciary duty as a director. This provision does not, however, exonerate directors from liability under federal securities laws or for (1) breach of a director's duty of loyalty to us or to our stockholders, (2) acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law, (3) specified willful or negligent acts relating to the payment of dividends or the repurchase or redemption of securities or (4) any transaction from which a director has derived an improper personal benefit. Our amended and restated bylaws provide for indemnification of our officers and directors to the fullest extent permitted by applicable law.

### **Delaware Business Combination Statute**

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a business combination includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Generally, an interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders. If any person acquires 15% or more of our outstanding stock, that person will be subject to the provisions of Section 203.

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. We will designate the transfer agent for each series of preferred stock in the applicable prospectus supplement.

## **PLAN OF DISTRIBUTION**

We may offer and sell the securities described in this prospectus:

through agents;

through one or more underwriters or dealers;

through a block trade in which the broker or dealer engaged to handle the block trade will attempt to sell the securities as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

directly to one or more purchasers (through a specific bidding or auction process or otherwise);

in at the market offerings, within the meaning of Rule 415(a)(4) of the Securities Act;

through a combination of any of these methods of sale; or

at a fixed exchange ratio in return for other of our securities.



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The distribution of the securities described in this prospectus may be effected from time to time in one or more transactions either:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices relating to the prevailing market prices; or

at negotiated prices.

Offers to purchase the securities may be solicited by agents designated by us from time to time. Any agent involved in the offer or sale of the securities will be named, and any commissions payable by us to the agent will be described, in the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the securities so offered and sold.

If we offer and sell securities through an underwriter or underwriters, we will execute an underwriting agreement with the underwriter or underwriters. The names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers, which may be in the form of discounts, concessions or commissions, if any, will be described in the applicable prospectus supplement, which will be used by the underwriters to make resales of the securities.

If we offer and sell securities through a dealer, we or an underwriter will sell the securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale. The name of the dealer and the terms of the transactions will be set forth in the applicable prospectus supplement.

We may solicit offers to purchase the securities directly and we may sell the securities directly to institutional or other investors. The terms of these sales, including the terms of any bidding or auction process, if utilized, will be described in the applicable prospectus supplement. We may enter into agreements with agents, underwriters and dealers under which we may agree to indemnify the agents, underwriters and dealers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments they may be required to make with respect to these liabilities. The terms and conditions of this indemnification or contribution will be described in the applicable prospectus supplement. Some of the agents, underwriters or dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may grant underwriters who participate in the distribution of securities an option to purchase additional securities to cover over-allotments, if any, in connection with the distribution.

We may authorize our agents or underwriters to solicit offers to purchase securities at the public offering price under delayed delivery contracts. The terms of these delayed delivery contracts, including when payment for and delivery of the securities sold will

be made under the contracts and any conditions to each party's performance set forth in the contracts, will be described in the applicable prospectus supplement. The compensation received by underwriters or agents soliciting purchases of securities under delayed delivery contracts will also be described in the applicable prospectus supplement.

Unless indicated in the applicable prospectus supplement, all debt securities, depositary shares and preferred stock will be new issues of securities with no established trading market. Unless indicated in the applicable prospectus supplement, we do not expect to list the securities on a

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securities exchange, except for the common stock, which is listed on the New York Stock Exchange. Underwriters involved in the public offering and sale of these securities may make a market in the securities. They are not obligated to make a market, however, and may discontinue market making activity at any time. We cannot give any assurance as to the liquidity of the trading market for any of these securities.

**LEGAL MATTERS**

The legality of the securities offered by this prospectus will be passed upon for us by Gibson, Dunn & Crutcher LLP, New York, New York. If legal matters in connection with offerings made by this prospectus are passed on by counsel for the underwriters of an offering of the securities, that counsel will be named in the applicable prospectus supplement.

**EXPERTS**

The consolidated financial statements and schedules incorporated in this prospectus by reference from our annual report on Form 10-K for the fiscal year ended December 31, 2002 have been so incorporated in reliance on the report of KPMG LLP, independent accountants, given their authority as experts in auditing and accounting.

With respect to the unaudited interim financial information for the periods ended March 31, 2003 and 2002, June 30, 2003 and 2002 and September 30, 2003 and 2002, incorporated by reference herein, the independent accountants have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports included in our quarterly report on Form 10-Q for each of the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, and incorporated herein by reference, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. The independent accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their reports on the unaudited interim financial information because those reports are not a report or a part of the registration statement prepared or certified by the independent accountants within the meaning of Sections 7 and 11 of the Securities Act of 1933.

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\$125,000,000

**HORACE MANN EDUCATORS CORPORATION**

6.85% Senior Notes due 2016

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**PROSPECTUS SUPPLEMENT**

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**Keefe, Bruyette & Woods**

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