

CNO FINANCIAL GROUP, INC.

FORM 8-K (Current report filing)

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2009

CONSECO, INC.

(Exact name of registrant as specified in its charter)

Delaware ----- (State or other jurisdiction of organization)	001-31792 ----- (Commission File Number)	75-3108137 ----- (I.R.S. Employer Identification No.)
11825 North Pennsylvania Street Carmel, Indiana ----- (Address of principal executive offices)		46032 ----- (Zip Code)

(317) 817-6100

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address,
if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 12, 2009, Conseco Inc. (the "Company") issued additional financial information for the quarter ended March 31, 2009, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained under Item 2.02 in this Current Report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information contained in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01(d). Financial Statements and Exhibits.

The following materials are furnished as exhibits to this Current Report on Form 8-K:

99.1 First Quarter 2009 financial supplement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

CONSECO, INC.

May 12, 2009

By: */s/ John R. Kline*

John R. Kline
Senior Vice President and
Chief Accounting Officer



Quarterly Financial Supplement - 1Q09

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Conseco, Inc. Consolidated balance sheet (in millions)	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
Assets					
Investments:					
Actively managed fixed maturities at fair value	\$17,531.1	\$17,552.1	\$16,641.7	\$15,277.0	\$15,396.8
Equity securities at fair value	34.4	34.3	34.2	32.4	32.5
Mortgage loans	1,908.1	1,976.3	2,047.3	2,159.4	2,140.5
Policy loans	367.0	364.3	362.0	363.5	361.3
Trading securities	361.2	266.5	280.5	326.5	280.3
Securities lending collateral	387.7	295.9	282.0	393.7	243.9
Other invested assets	86.6	86.6	90.8	95.0	101.6
Total investments	20,676.1	20,576.0	19,738.5	18,647.5	18,556.9
Cash and cash equivalents - unrestricted	505.4	297.7	307.9	894.5	769.6
Cash and cash equivalents - restricted	36.5	21.5	12.0	4.8	4.5
Accrued investment income	304.4	288.4	306.7	298.7	312.5
Value of policies inforce at the Effective Date	1,529.5	1,492.8	1,493.7	1,477.8	1,425.5
Cost of policies produced	1,549.4	1,658.7	1,859.0	1,812.6	1,874.5
Reinsurance receivables	3,432.9	3,366.6	3,303.9	3,284.8	3,155.3
Income tax assets, net	1,732.0	1,532.9	1,772.8	2,047.7	2,068.6
Assets held in separate accounts	25.0	24.6	22.0	18.2	17.0
Other assets	337.1	329.7	326.1	276.7	322.9
Assets of discontinued operations	3,556.6	3,412.6	3,225.1	0.0	0.0
Total assets	33,684.9	33,001.5	32,367.7	28,763.3	28,507.3
Liabilities					
Liabilities for insurance products:					
Interest-sensitive products	13,119.5	13,105.0	13,175.6	13,332.8	13,215.3
Traditional products	9,638.0	9,713.9	9,841.3	9,828.7	9,864.3
Claims payable and other policyholder funds	926.1	953.2	873.1	1,008.4	987.8
Liabilities related to separate accounts	25.0	24.6	22.0	18.2	17.0
Other liabilities	531.6	478.1	422.8	457.4	506.5
Investment borrowings	848.3	824.2	823.9	767.5	758.3
Securities lending payable	394.0	300.2	290.7	408.8	256.4
Notes payable - direct corporate obligations	1,167.7	1,167.9	1,168.0	1,311.5	1,310.5
Liabilities of discontinued operations	3,080.0	3,038.7	3,034.0	0.0	0.0
Total liabilities	29,730.2	29,605.8	29,651.4	27,133.3	26,916.1
Shareholders' equity					
Common stock	1.9	1.9	1.9	1.9	1.9
Additional paid-in capital	4,098.5	4,101.6	4,104.0	4,104.0	4,105.6
Retained earnings (accumulated deficit)	419.9	(68.6)	(251.9)	(705.2)	(675.8)
Total shareholders' equity before accumulated other comprehensive loss	4,520.3	4,034.9	3,854.0	3,400.7	3,431.7
Accumulated other comprehensive loss	(656.6)	(639.2)	(1,137.7)	(1,770.7)	(1,840.5)
Total shareholders' equity	3,863.7	3,395.7	2,716.3	1,630.0	1,591.2
Total liabilities and shareholders' equity	\$33,684.9	\$33,001.5	\$32,367.7	\$28,763.3	\$28,507.3

	1Q08	2Q08	3Q08	4Q08	
Book value per share at period-end (1) (2)	\$24.48	\$21.84	\$20.86	\$18.41	\$18.57
Book value per share assuming conversion of convertible securities (1) (3)	\$24.48	\$21.84	\$20.86	\$18.41	\$18.57

Conseco, Inc.						
Consolidated statement of operations (in millions)						
	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Revenues						
Insurance policy income	\$785.1	\$830.0	\$821.8	\$816.7	\$3,253.6	\$782.8
Net investment income (loss):						
General account assets	310.0	311.9	312.8	319.8	1,254.5	308.6
Policyholder and reinsurer accounts and other special-purpose portfolios	(26.0)	(21.6)	(24.3)	(3.8)	(75.7)	(18.0)
Realized investment gains (losses):						
Net realized investment gains (losses), excluding impairment losses	(4.3)	(4.5)	(43.2)	(48.1)	(100.1)	85.1
Other-than-temporary impairment losses:						
Total other-than-temporary impairment losses	(41.3)	(26.0)	(50.1)	(44.9)	(162.3)	(108.1)
Other-than-temporary impairment losses recognized in other comprehensive loss	0.0	0.0	0.0	0.0	0.0	16.1
Net impairment losses recognized	(41.3)	(26.0)	(50.1)	(44.9)	(162.3)	(92.0)
Total realized gains (losses)	(45.6)	(30.5)	(93.3)	(93.0)	(262.4)	(6.9)
Fee revenue and other income	4.0	4.9	4.9	5.9	19.7	3.0
Total revenues	1,027.5	1,094.7	1,021.9	1,045.6	4,189.7	1,069.5
Benefits and expenses						
Insurance policy benefits	767.7	815.9	797.0	831.9	3,212.5	753.5
Interest expense	30.8	25.1	24.6	26.0	106.5	23.2
Amortization	109.8	101.5	77.6	79.0	367.9	120.8
Gain on extinguishment of debt	0.0	0.0	0.0	(21.2)	(21.2)	0.0
Expenses related to debt modification	0.0	0.0	0.0	0.0	0.0	9.5
Other operating costs and expenses	131.1	136.1	117.0	136.1	520.3	120.3
Total benefits and expenses	1,039.4	1,078.6	1,016.2	1,051.8	4,186.0	1,027.3
Income (loss) before income taxes and discontinued operations	(11.9)	16.1	5.7	(6.2)	3.7	42.2
Income tax expense (benefit) on period income	(4.2)	8.3	1.6	3.7	9.4	15.3
Valuation allowance for deferred tax assets	0.0	298.0	30.0	75.9	403.9	2.4
Income (loss) before discontinued operations	(7.7)	(290.2)	(25.9)	(85.8)	(409.6)	24.5
Discontinued operations, net of income taxes	0.5	(198.3)	(157.4)	(367.5)	(722.7)	0.0
Net income (loss)	(\$7.2)	(\$488.5)	(\$183.3)	(\$453.3)	(\$1,132.3)	\$24.5

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Conseco, Inc.						
Earnings per share analysis (\$ in millions, except per share amounts)						
	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Income (loss) before net realized investment losses, net of related amortization and income taxes:						
Bankers Life	\$29.1	\$34.6	\$67.8	\$40.0	\$171.5	\$44.7
Colonial Penn	3.7	8.3	6.5	6.7	25.2	5.1
Conseco Insurance Group	23.3	32.3	34.2	31.5	121.3	31.2
Corporate operations:						
Interest expense on debt	(18.5)	(16.1)	(15.8)	(17.5)	(67.9)	(13.7)
Gain on extinguishment of debt	0.0	0.0	0.0	21.2	21.2	0.0
Expenses related to debt modification	0.0	0.0	0.0	0.0	0.0	(9.5)
Other corporate expenses, net	(6.7)	(16.2)	(3.7)	(0.1)	(26.7)	(8.7)
Net realized investment losses, net of related amortization	(42.8)	(26.8)	(83.3)	(88.0)	(240.9)	(6.9)
Income (loss) before taxes and discontinued operations	(11.9)	16.1	5.7	(6.2)	3.7	42.2
Taxes	(4.2)	8.3	1.6	3.7	9.4	15.3
Valuation allowance for deferred tax assets	0.0	298.0	30.0	75.9	403.9	2.4
Income (loss) before discontinued operations	(7.7)	(290.2)	(25.9)	(85.8)	(409.6)	24.5
Discontinued operations, net of income taxes	0.5	(198.3)	(157.4)	(367.5)	(722.7)	0.0
Net income (loss)	(\$7.2)	(\$488.5)	(\$183.3)	(\$453.3)	(\$1,132.3)	\$24.5
Diluted earnings (loss) per share	(\$0.04)	(\$2.65)	(\$0.99)	(\$2.45)	(\$6.13)	\$0.13
Net realized investment losses, net of related amortization and taxes, per share	(\$0.15)	(\$0.09)	(\$0.45)	(\$0.48)	(\$1.18)	(\$0.04)
Valuation allowance for deferred tax assets	\$0.00	(\$1.61)	\$0.00	(\$0.24)	(\$1.86)	\$0.00
Discontinued operations	\$0.00	(\$1.08)	(\$0.85)	(\$1.99)	(\$3.91)	\$0.00
Diluted earnings (loss) per share, excluding net realized investment losses						

diluted earnings (loss) per share, excluding net realized investment losses, valuation allowance for deferred tax assets and discontinued operations	\$0.11	\$0.13	\$0.31	\$0.26	\$0.82	\$0.17
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Conseco, Inc.						
Computation of weighted average shares outstanding	1Q08	2Q08	3Q08	4Q08	2008	1Q09
(000s)						
Basic						
Shares outstanding, beginning of period	184,652.0	184,655.5	184,725.9	184,725.9	184,652.0	184,753.8
Weighted average shares issued during the period:						
Shares issued under stock option and restricted stock plans	1.4	29.5	0.0	36.5	57.3	0.3
Shares withheld for the payment of the exercise price of stock options and taxes	(0.4)	(0.6)	0.0	(10.7)	(5.5)	0.0
Weighted average basic shares outstanding during the period	184,653.0	184,684.4	184,725.9	184,751.7	184,703.8	184,754.1
Basic shares outstanding, end of period	184,655.5	184,725.9	184,725.9	184,753.8	184,753.8	184,758.8
Diluted						
Weighted average basic shares outstanding	184,653.0	184,684.4	184,725.9	184,751.7	184,703.8	184,754.1
Common stock equivalent shares related to:						
Stock option and restricted stock plans	0.0	0.0	0.0	0.0	0.0	2.1
Weighted average diluted shares outstanding during the period	184,653.0	184,684.4	184,725.9	184,751.7	184,703.8	184,756.2
Diluted shares outstanding, end of period	184,681.2	184,792.3	184,761.1	184,755.7	184,755.7	184,760.9

Conseco, Inc.						
Bankers Life						
Analysis of income before taxes (in millions)	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Insurance policy income	\$497.0	\$543.4	\$537.7	\$531.8	\$2,109.9	\$491.5
Net investment income (loss):						
General account invested assets	149.4	153.5	155.2	159.0	617.1	155.4
Equity-indexed products	(17.3)	(17.5)	(14.0)	(0.6)	(49.4)	(13.5)
Other special-purpose portfolios	(2.8)	(0.8)	(2.9)	(3.0)	(9.5)	0.3
Net realized investment losses	(19.3)	(12.1)	(48.4)	(36.9)	(116.7)	(1.9)
Fee revenue and other income	1.6	2.1	3.1	4.2	11.0	1.4
Total revenues	608.6	668.6	630.7	654.5	2,562.4	633.2
Insurance policy benefits	434.9	497.2	470.3	477.5	1,879.9	429.6
Amounts added to policyholder account balances:						
Annuity products and interest-sensitive life products other than equity-indexed products	44.2	43.5	43.1	44.9	175.7	45.9
Equity-indexed products	0.6	(6.3)	3.1	37.4	34.8	(8.3)
Amortization related to operations	75.0	66.6	53.5	39.7	234.8	75.6
Amortization related to net realized investment losses	(2.5)	(1.9)	(8.0)	(3.4)	(15.8)	0.5
Other operating costs and expenses	44.1	45.1	41.3	51.9	182.4	47.6
Total benefits and expenses	596.3	644.2	603.3	648.0	2,491.8	590.9
Income before income taxes	\$12.3	\$24.4	\$27.4	\$6.5	\$70.6	\$42.3
Supplemental health product underwriting margins (in millions)	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Medicare supplement:						
Earned premium	\$161.4	\$157.8	\$159.9	\$159.9	\$639.0	\$165.3
Benefit ratio	64.6%	71.3%	72.5%	74.7%	70.8%	70.2%
Underwriting margin (earned premium less policy benefits)	\$57.1	\$45.4	\$43.9	\$40.3	\$186.7	\$49.3
PDP and PFFS:						
Earned premium	\$118.7	\$171.5	\$165.6	\$153.7	\$609.5	\$122.6
Benefit ratio	93.9%	95.1%	95.1%	100.8%	96.0%	94.4%
Underwriting margin (earned premium less policy benefits)	\$7.2	\$10.2	\$8.2	\$(1.2)	\$24.4	\$6.9
Long-term care:						
Earned premium	\$156.2	\$156.3	\$156.2	\$155.6	\$624.3	\$150.7
Benefit ratio before interest income on reserves	111.6%	114.7%	102.1%	102.2%	107.6%	105.1%
Interest-adjusted benefit ratio	79.0%	81.4%	68.1%	67.4%	74.0%	68.6%
Underwriting margin (earned premium plus interest income less policy benefits)						

Underwriting margin (earned premium plus interest income
on reserves less policy benefits)

\$32.8	\$29.1	\$49.8	\$50.7	\$162.4	\$47.3
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Conseco, Inc.

Bankers Life

Average liabilities for insurance products (in millions) (continued)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Annuities:						
Mortality based	\$250.3	\$253.2	\$254.2	\$253.8	\$252.9	\$252.9
Equity-indexed	1,043.6	1,147.1	1,255.8	1,365.7	1,203.0	1,426.4
Deposit based	4,445.9	4,419.8	4,442.8	4,548.8	4,464.3	4,678.2
Health	3,768.1	3,848.8	3,921.2	3,983.8	3,880.5	4,050.4
Life:						
Interest sensitive	380.1	382.8	387.5	393.4	385.9	397.6
Non-interest sensitive	335.9	351.0	365.7	378.3	357.8	396.5
Total average liabilities for insurance products, net of reinsurance ceded	\$10,223.9	\$10,402.7	\$10,627.2	\$10,923.8	\$10,544.4	\$11,202.0

Analysis of income before taxes (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Value of policies in force at the effective date						
Balance, beginning of period	\$781.6	\$761.7	\$745.3	\$759.6	\$781.6	\$761.7
Amortization related to operations	(36.2)	(29.4)	(16.7)	(19.3)	(101.6)	(31.8)
Amortization related to net realized investment (gains) losses	0.4	0.3	1.0	0.6	2.3	(0.1)
Adjustment related to unrealized (gain) or loss on actively managed fixed maturities	15.9	12.7	30.0	20.8	79.4	(2.2)
Balance, end of period	\$761.7	\$745.3	\$759.6	\$761.7	\$761.7	\$727.6

Cost of policies produced

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Balance, beginning of period	\$941.6	\$1,025.9	\$1,103.9	\$1,264.3	\$941.6	\$1,216.2
Deferred acquisition expenses	80.5	74.8	85.7	65.2	306.2	76.7
Amortization related to operations	(38.8)	(37.2)	(36.8)	(20.4)	(133.2)	(43.8)
Amortization related to net realized investment (gains) losses	2.1	1.6	7.0	2.8	13.5	(0.4)
Adjustment related to unrealized (gain) or loss on actively managed fixed maturities	40.5	38.8	104.5	(95.7)	88.1	11.1
Balance, end of period	\$1,025.9	\$1,103.9	\$1,264.3	\$1,216.2	\$1,216.2	\$1,259.8

Conseco, Inc.

Colonial Penn

Analysis of income before taxes (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Insurance policy income	\$44.4	\$47.5	\$46.4	\$46.5	\$184.8	\$47.1
Net investment income (loss):						
General account invested assets	9.7	10.1	10.1	10.2	40.1	9.8
Trading account income related to reinsurer accounts	(0.5)	0.0	0.0	0.0	(0.5)	0.0
Net realized investment gains (losses)	(0.6)	0.7	(1.5)	(0.2)	(1.6)	0.1
Fee revenue and other income	0.3	0.5	0.5	0.5	1.8	0.2
Total revenues	53.3	58.8	55.5	57.0	224.6	57.2
Insurance policy benefits	35.0	35.5	33.9	33.8	138.2	36.1
Amounts added to annuity and interest-sensitive life product account balances	0.3	0.3	0.3	0.3	1.2	0.3
Amortization related to operations	7.4	7.4	9.2	8.0	32.0	8.4
Other operating costs and expenses	7.5	6.6	7.1	8.4	29.6	7.2
Total benefits and expenses	50.2	49.8	50.5	50.5	201.0	52.0
Income (loss) before income taxes	\$3.1	\$9.0	\$5.0	\$6.5	\$23.6	\$5.2

Average liabilities for insurance products (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Annuities - mortality based	\$87.2	\$86.5	\$85.6	\$84.4	\$85.9	\$83.4
Health	21.5	20.9	20.5	20.2	20.7	19.7
Life:						
Interest sensitive	25.0	25.1	25.0	24.7	25.0	24.1
Non-interest sensitive	561.4	561.9	562.8	565.4	562.9	568.6
Total average liabilities for insurance products, net of reinsurance ceded	\$695.1	\$694.4	\$693.9	\$694.7	\$694.5	\$695.8

Analysis of income before taxes (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Value of policies in force at the effective date						
Balance, beginning of period	\$119.4	\$115.5	\$112.1	\$108.7	\$119.4	\$105.3
Amortization related to operations	(3.9)	(3.4)	(3.4)	(3.4)	(14.1)	(3.7)
Balance, end of period	\$115.5	\$112.1	\$108.7	\$105.3	\$105.3	\$101.6

Cost of policies produced

	1Q08	2Q08	3Q08	4Q08	2008	1Q09

Balance, beginning of period	\$130.4	\$147.8	\$159.7	\$169.8	\$130.4	\$174.8
Deferred acquisition expenses	20.9	15.9	15.9	9.6	62.3	13.8
Amortization related to operations	(3.5)	(4.0)	(5.8)	(4.6)	(17.9)	(4.7)
Balance, end of period	\$147.8	\$159.7	\$169.8	\$174.8	\$174.8	\$183.9

Conseco, Inc.

Conseco Insurance Group

Analysis of income (loss) before taxes (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Insurance policy income	\$243.7	\$239.1	\$237.7	\$238.4	\$958.9	\$244.2
Net investment income (loss):						
General account invested assets	149.4	147.3	146.4	149.6	592.7	143.4
Equity-indexed products	(10.5)	(10.0)	(6.8)	(1.1)	(28.4)	(7.0)
Trading account income related to policyholder and reinsurer accounts	(4.2)	(0.1)	(8.3)	(5.9)	(18.5)	(2.3)
Change in value of embedded derivatives related to modified coinsurance agreements	1.4	1.5	2.7	1.1	6.7	0.2
Net realized investment gains (losses)	(9.1)	(15.2)	(38.8)	(30.2)	(93.3)	2.7
Fee revenue and other income	0.8	0.5	0.1	0.3	1.7	0.7
Total revenues	371.5	363.1	333.0	352.2	1,419.8	381.9
Insurance policy benefits	209.1	208.6	203.6	199.6	820.9	214.1
Amounts added to policyholder account balances:						
Annuity products and interest-sensitive life products other than equity-indexed products	40.5	37.9	38.4	36.8	153.6	36.0
Equity-indexed products	3.1	(0.8)	4.3	1.6	8.2	(0.2)
Amortization related to operations	30.2	31.2	24.9	36.3	122.6	36.8
Amortization related to net realized investment losses	(0.3)	(1.8)	(2.0)	(1.6)	(5.7)	(0.5)
Interest expense on investment borrowings	5.8	5.5	5.6	5.5	22.4	5.2
Other operating costs and expenses	68.6	63.6	60.8	71.1	264.1	56.1
Total benefits and expenses	357.0	344.2	335.6	349.3	1,386.1	347.5
Income (loss) before income taxes	\$14.5	\$18.9	(\$2.6)	\$2.9	\$33.7	\$34.4

Supplemental health product underwriting margins (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Medicare supplement:						
Earned premium	\$53.7	\$51.2	\$50.3	\$49.2	\$204.4	\$47.3
Benefit ratio	65.8%	71.9%	73.0%	62.8%	68.4%	67.3%
Underwriting margin (earned premium less policy benefits)	\$18.4	\$14.3	\$13.6	\$18.3	\$64.6	\$15.4
Specified disease:						
Earned premium	\$92.0	\$92.0	\$92.4	\$94.0	\$370.4	\$93.8
Benefit ratio before interest income on reserves	81.7%	80.4%	82.6%	63.8%	77.1%	76.0%
Interest-adjusted benefit ratio	48.1%	46.7%	48.5%	30.1%	43.3%	42.2%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$47.7	\$49.1	\$47.6	\$65.8	\$210.2	\$54.2
Long-term care:						
Earned premium	\$8.8	\$8.7	\$8.6	\$8.5	\$34.6	\$8.3
Benefit ratio before interest income on reserves	136.4%	133.8%	193.5%	216.9%	169.6%	210.1%
Interest-adjusted benefit ratio	66.4%	57.0%	115.2%	137.4%	93.5%	132.0%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$3.0	\$3.7	\$(1.3)	\$(3.2)	\$2.2	\$(2.6)

Conseco, Inc.

Conseco Insurance Group

Average liabilities for insurance products (in millions) (continued)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Annuities:						
Mortality based	\$223.5	\$221.1	\$219.8	\$218.3	\$220.7	\$217.2
Equity-indexed	889.9	895.9	893.9	884.4	891.0	836.5
Deposit based	788.4	767.5	741.3	713.0	752.6	688.8
Separate accounts	26.2	24.8	23.3	20.1	23.6	17.6
Health	2,978.0	2,989.6	3,000.4	3,004.5	2,993.1	2,991.9
Life:						
Interest sensitive	2,963.0	2,954.3	2,937.5	2,927.2	2,945.5	2,906.2
Non-interest sensitive	1,420.7	1,402.7	1,381.8	1,369.8	1,393.8	1,360.2
Total average liabilities for insurance products, net of reinsurance ceded	\$9,289.7	\$9,255.9	\$9,198.0	\$9,137.3	\$9,220.3	\$9,018.4

Analysis of income (loss) before taxes (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Value of policies in force at the effective date						
Balance, beginning of period	\$672.6	\$652.3	\$635.4	\$625.4	\$672.6	\$610.8
Amortization related to operations	(22.7)	(19.6)	(15.1)	(16.8)	(74.2)	(15.4)
Amortization related to net realized investment (gains) losses	(0.1)	0.1	0.1	0.2	0.3	(0.8)
Adjustment related to unrealized (gain) or loss on actively managed fixed maturities	2.5	2.6	5.0	3.2	13.3	1.7
Other	0.0	0.0	0.0	(1.2)	(1.2)	0.0
Balance, end of period	\$652.3	\$635.4	\$625.4	\$610.8	\$610.8	\$596.3

Cost of policies produced

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Balance, beginning of period	\$351.0	\$375.7	\$395.1	\$424.9	\$351.0	\$421.6
Deferred acquisition expenses	21.9	21.1	20.4	27.2	90.6	15.3
Amortization related to operations	(7.5)	(11.6)	(9.8)	(19.5)	(48.4)	(21.4)
Amortization related to net realized investment (gains) losses	0.4	1.7	1.9	1.4	5.4	1.3
Adjustment related to unrealized (gain) or loss on actively managed fixed maturities	9.9	8.2	17.3	(12.4)	23.0	14.0
Balance, end of period	\$375.7	\$395.1	\$424.9	\$421.6	\$421.6	\$430.8

Conseco, Inc. Bankers Life						
Premiums collected on insurance products (in millions)	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Annuities						
Equity-indexed (first-year)	\$132.3	\$132.8	\$150.1	\$107.6	\$522.8	\$73.1
Other fixed (first-year)	95.3	127.3	172.3	302.9	697.8	228.0
Other fixed (renewal)	1.1	1.0	0.7	0.7	3.5	1.0
Subtotal - other fixed annuities	96.4	128.3	173.0	303.6	701.3	229.0
Total annuities	228.7	261.1	323.1	411.2	1,224.1	302.1
Supplemental health						
Medicare supplement (first-year)	19.1	19.4	19.8	23.0	81.3	19.7
Medicare supplement (renewal)	140.8	131.2	134.0	149.3	555.3	136.1
Subtotal - Medicare supplement	159.9	150.6	153.8	172.3	636.6	155.8
Long-term care (first-year)	11.0	10.6	10.8	10.3	42.7	4.2
Long-term care (renewal)	145.6	144.6	144.0	148.8	583.0	141.7
Subtotal - long-term care	156.6	155.2	154.8	159.1	625.7	145.9
PDP and PFFS (first-year)	70.4	116.1	86.2	80.6	353.3	16.2
PDP and PFFS (renewal)	46.0	46.3	81.2	87.2	260.7	103.0
Subtotal - PDP and PFFS	116.4	162.4	167.4	167.8	614.0	119.2
Other health (first-year)	0.4	0.5	0.6	0.6	2.1	0.6
Other health (renewal)	2.2	2.1	2.1	2.2	8.6	2.3
Subtotal - other health	2.6	2.6	2.7	2.8	10.7	2.9
Total supplemental health	435.5	470.8	478.7	502.0	1,887.0	423.8
Life insurance						
First-year	18.5	22.5	19.5	20.2	80.7	16.8
Renewal	29.5	31.3	32.4	35.5	128.7	32.1
Total life insurance	48.0	53.8	51.9	55.7	209.4	48.9
Collections on insurance products						
Total first-year premium collections on insurance products	347.0	429.2	459.3	545.2	1,780.7	358.6
Total renewal premium collections on insurance products	365.2	356.5	394.4	423.7	1,539.8	416.2
Total collections on insurance products	\$712.2	\$785.7	\$853.7	\$968.9	\$3,320.5	\$774.8

Conseco, Inc. Colonial Penn						
Premiums collected on insurance products (in millions)	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Life insurance						
First-year	\$8.4	\$8.9	\$8.8	\$8.9	\$35.0	\$9.2
Renewal	34.5	34.9	34.8	34.9	139.1	37.8
Total life insurance	42.9	43.8	43.6	43.8	174.1	47.0
Supplemental health (all of which are renewal premiums)						
Medicare supplement	2.1	2.1	2.0	1.9	8.1	1.7
Other health	0.2	0.2	0.2	0.2	0.8	0.2
Total supplemental health	2.3	2.3	2.2	2.1	8.9	1.9
Collections on insurance products						
Total first-year premium collections on insurance products	8.4	8.9	8.8	8.9	35.0	9.2
Total renewal premium collections on insurance products	36.8	37.2	37.0	37.0	148.0	39.7
Total collections on insurance products	\$45.2	\$46.1	\$45.8	\$45.9	\$183.0	\$48.9

Conseco, Inc.
Conseco Insurance Group
Premiums collected on insurance products (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09
Annuities						
Equity-indexed (first-year)	\$38.2	\$33.4	\$23.7	\$20.8	\$116.1	\$17.7
Equity-indexed (renewal)	1.8	2.1	1.8	1.9	7.6	1.4
Subtotal - equity-indexed annuities	40.0	35.5	25.5	22.7	123.7	19.1
Other fixed (first-year)	1.0	1.0	1.4	0.4	3.8	0.1
Other fixed (renewal)	0.6	0.6	0.5	0.6	2.3	0.3
Subtotal - other fixed annuities	1.6	1.6	1.9	1.0	6.1	0.4
Total annuities	41.6	37.1	27.4	23.7	129.8	19.5
Supplemental health						
Medicare supplement (first-year)	2.8	2.3	2.1	2.4	9.6	1.5
Medicare supplement (renewal)	50.3	47.3	46.4	50.2	194.2	41.3
Subtotal - Medicare supplement	53.1	49.6	48.5	52.6	203.8	42.8
Specified disease (first-year)	9.4	9.8	9.7	10.5	39.4	10.2
Specified disease (renewal)	84.8	82.7	82.6	85.1	335.2	82.8
Subtotal - specified disease	94.2	92.5	92.3	95.6	374.6	93.0
Long-term care (all of which are renewal)	8.8	8.8	8.1	8.0	33.7	8.4
Other health (first-year)	0.0	0.0	0.1	0.0	0.1	0.0
Other health (renewal)	2.4	2.3	2.5	2.4	9.6	2.0
Subtotal - other health	2.4	2.3	2.6	2.4	9.7	2.0
Total supplemental health	158.5	153.2	151.5	158.6	621.8	146.2
Life insurance						
First-year	0.7	1.2	2.0	0.4	4.3	0.5
Renewal	71.2	65.7	65.8	62.8	265.5	63.9
Total life insurance	71.9	66.9	67.8	63.2	269.8	64.4
Collections on insurance products						
Total first-year premium collections on insurance products	52.1	47.7	39.0	34.5	173.3	30.0
Total renewal premium collections on insurance products	219.9	209.5	207.7	211.0	848.1	200.1
Total collections on insurance products	\$272.0	\$257.2	\$246.7	\$245.5	\$1,021.4	\$230.1

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Conseco, Inc.
Statutory information - consolidated basis (4) (in millions)

	1Q08	2Q08	3Q08	4Q08	2008	1Q09 (*)
Net gain (loss) from operations before interest expense and federal income taxes	\$12.8	\$20.8	\$69.8	\$60.0	\$163.4	\$53.1
Interest expense on surplus debentures held by parent company	16.3	12.4	12.8	14.9	56.4	10.1
Net gain (loss) from operations before federal income taxes	(3.5)	8.4	57.0	45.1	107.0	43.0
Federal income tax expense (benefit)	(1.3)	1.4	(0.2)	(13.1)	(13.2)	(0.7)
Net gain (loss) from operations before net realized capital gains (losses)	(2.2)	7.0	57.2	58.2	120.2	43.7
Net realized capital losses	(7.2)	(21.1)	(87.5)	(101.3)	(217.1)	(69.0)
Net loss	(\$9.4)	(\$14.1)	(\$30.3)	(\$43.1)	(\$96.9)	(\$25.3)
Capital and surplus	\$1,326.6	\$1,310.2	\$1,330.8	\$1,311.5	\$1,311.5	\$1,268.1
Asset valuation reserve (AVR)	162.2	155.7	99.3	55.0	55.0	32.9
Capital, surplus and AVR	1,488.8	1,465.9	1,430.1	1,366.5	1,366.5	1,301.0
Interest maintenance reserve (IMR)	208.5	194.9	179.1	147.7	147.7	215.8
Total statutory capital, surplus, AVR & IMR	\$1,697.3	\$1,660.8	\$1,609.2	\$1,514.2	\$1,514.2	\$1,516.8

* Such amounts are preliminary as the statutory basis financials statements of our insurance subsidiaries for 1Q09 are expected to be filed with the respective insurance regulators on or about May 15, 2009.

Notes

(1) Excludes accumulated other comprehensive loss.

(2) Shareholders' equity (excluding preferred stock) divided by common shares outstanding.

(3) Assumes conversion of all convertible securities.

(4) Based on statutory accounting practices prescribed or permitted by regulatory authorities for Consec's insurance subsidiaries after appropriate elimination of intercompany accounts among such subsidiaries. Such accounting practices differ from GAAP.