CNO FINANCIAL GROUP, INC.

FORM 8-K
(Current report filing)

Filed 05/09/07 for the Period Ending 03/31/07

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
CIK	0001224608
Symbol	CNO
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

CONSECO INC

FORM 8-K
(Current report filing)

Filed 5/9/2007 For Period Ending 3/31/2007

Address	11825 N PENNSYLVANIA ST
	CARMEL, Indiana 46032
Telephone	317-817-6100
CIK	0001224608
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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 8, 2007

CONSECO, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-31792	75-3108137
(State or other jurisdiction of organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

11825 North Pennsylvania Street Carmel, Indiana	46032
(Address of principal executive offices)	(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 1.01. Entry into a Material Definitive Agreement.

On May 8, 2007, three insurance companies (Conseco Insurance Company, Conseco Life Insurance Company and Washington National Insurance Company) in the Conseco Insurance Group unit of Conseco, Inc. (the "Company"), entered into agreements under which those insurance companies will coinsure, with an effective date of January 1, 2007, most of their older inforce equity-indexed annuity and fixed annuity business with Reassure America Life Insurance Company ("REALIC"), a subsidiary of Swiss Re Life & Health America Inc.

In the transaction, REALIC will pay a ceding commission of approximately $76.5 million, 100% coinsure and administer these policies, and recognize policy profits as they emerge over time. The Conseco companies will transfer to REALIC approximately $3.0 billion of statutory policy and other reserves, as well as the assets backing these policies. The transaction, which is subject to insurance regulatory approval in several states, is expected to close prior to December 31, 2007.

Conseco expects to record after-tax charges related to the transaction of approximately $65 million, plus the block's earnings between the effective date and the close of the transaction. We recognized $8.7 million of these charges in the first quarter of 2007, related to impairment losses on the assets expected to be transferred to REALIC at closing that were in an unrealized loss position at March 31, 2007. The remaining charge, resulting principally from unrecovered insurance intangibles, is expected to be recorded when the transaction closes. The block's after-tax earnings for the first quarter of 2007 were approximately $10 million. A copy of the Company's press release is attached hereto as Exhibit 99.1.

Item 2.02. Results of Operations and Financial Condition.

On May 8, 2007, the Company issued: (i) a press release announcing its financial results for the quarter ended March 31, 2007, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference; and
(ii) additional financial information related to the Company's financial and operating results for the quarter ended March 31, 2007, a copy of which is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

The information contained under Item 2.02 in this Current Report on Form 8-K (including Exhibits 99.2 and 99.3) 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 Press release dated May 8, 2007 related to coinsurance agreements.

99.2 Press release dated May 8, 2007 related to financial results for the quarter ended March 31, 2007.

99.3 First Quarter 2007 Financial and Operating Results for the period ended March 31, 2007.

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 9, 2007

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By:  /s/ John R. Kline
     ------------------------
     John R. Kline
       Senior Vice President and
       Chief Accounting Officer
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Exhibit 99.1

NEWS

For Release Immediate

Contacts (News Media) Tony Zehnder, Corporate Communications 312.396.7086
(Investors) Daniel Murphy, Investor Relations 317.817.2893

Conseco to divest old block of fixed and equity-indexed annuities

Carmel, Ind., May 8, 2007 - Conseco, Inc. (NYSE: CNO), today announced agreements under which three insurance companies in its Conseco Insurance Group unit will coinsure, with an effective date of Jan. 1, 2007, most of their older inforce equity-indexed annuity and fixed annuity business with Reassure America Life Insurance Company ("REALIC"), a subsidiary of Swiss Re Life & Health America Inc.

Conseco CEO Jim Prieur said, "This transaction is an important step in improving the performance of the company. It will allow us to retire four annuity administrative systems, which will further simplify our back office and reduce our operating expenses. We will consider how best to apply the proceeds from the transaction and the $175 million of capital currently held to support these policies to increase Conseco's return on equity. Options under consideration include repurchases of Conseco common stock and investments in the business."

In the transaction, REALIC will pay a ceding commission of approximately $76.5 million, 100% coinsure and administer these policies, and recognize policy profits as they emerge over time. The Conseco companies will transfer to REALIC approximately $3.0 billion of statutory policy and other reserves, as well as the assets backing these policies. The transaction, which is subject to insurance regulatory approval in several states, is expected to close prior to yearend.

Most of the policies involved in the transaction were issued in the 1980s and 1990s by companies that were later acquired by Conseco. Approximately 90% of the policies being coinsured are from Conseco Insurance Company; the remainder are from Conseco Life Insurance Company and Washington National Insurance Company.

Conseco expects to record after-tax charges related to the transaction of approximately $65 million, plus the block's earnings between the effective date and the close of the transaction. We recognized $8.7 million of these charges in the first quarter of 2007, related to impairment losses on the assets expected to be transferred to REALIC at closing that were in an unrealized loss position at March 31, 2007. The remaining charge, resulting principally from unrecovered insurance intangibles, is expected to be recorded when the transaction closes. The block's after-tax earnings for the first quarter of 2007 were approximately $10 million.

Conseco, Inc.'s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, heart/stroke and accident policies protect people against major unplanned expenses; annuities and life insurance products help people plan for their financial futures. For more information, visit Conseco's web site at www.conseco.com.

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Cautionary Statement Regarding Forward-Looking Statements. Our statements, trend analyses and other information contained in this press release relative to markets for Conseco's products and trends in Conseco's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) our ability to obtain adequate and timely rate increases on our supplemental health products including our long-term care business; (ii) mortality, morbidity, usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (iii) changes in our assumptions related to the cost of policies produced or the value of policies inforce at the Effective Date; (iv) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems; (v) performance of our investments; (vi) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (vii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (viii) our ability to remediate the material weakness in internal controls over the actuarial reporting process that we identified at year-end 2006 and to maintain effective controls over financial reporting; (ix) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (x) our ability to achieve an upgrade of the financial strength ratings of our insurance company subsidiaries as well as the potential impact of rating downgrades on our business; (xi) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xii) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends to us, regulation of financial services affecting (among other things) bank sales and underwriting of insurance products, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; (xiii) general economic conditions and other factors, including prevailing interest rate levels, stock and credit market performance and health care inflation, which may affect (among other things) our ability to sell products and access capital on acceptable terms, the returns on and the market value of our investments, and the lapse rate and profitability of policies; and (xiv) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products.

Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

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Exhibit 99.2

NEWS

For Release Immediate

Contacts (News Media) Tony Zehnder, Corporate Communications 312.396.7086
(Investors) Daniel Murphy, Investor Relations 317.817.2893

Conseco Reports First Quarter Results

Carmel, Ind., May 8, 2007 - Conseco, Inc. (NYSE: CNO) today reported results for the first quarter of 2007.

"Although results for the quarter are below expectations, Conseco is making tangible progress across the organization," CEO Jim Prieur said regarding the first quarter results. "Sales growth was very strong in both our Bankers Life and Colonial Penn businesses, and the sales mix at Conseco Insurance Group has improved. We experienced reduced losses in our other business in run-off segment, where we are beginning to see the anticipated improvements in claims management as well as the positive impact from the re-rate program. As we have reported previously, improvement in the performance of that block is expected to occur over several quarters."

"We continue to take significant steps to improve Conseco's financial return," Prieur said. "As described in our separate release today, we reached a definitive agreement to sell, through a 100% coinsurance agreement, a block of fixed and equity-indexed annuities that were not generating an acceptable return on equity (ROE). Our Board has also approved an increase in the stock buyback program, from $150 million to $350 million and we will continue to move on opportunities to improve ROE going forward."

First quarter 2007 results:
o Net operating income (1): $14.6 million, compared to $55.8 million in 1Q06
o Net operating income per diluted share: 10 cents, compared to 36 cents in 1Q06
o Net income applicable to common stock: $.9 million, compared to $55.1 million in 1Q06 (including $13.7 million of net realized investment losses in 1Q07 vs. $.7 million of net realized investment losses in 1Q06)
o Net income per diluted share: 1 cent, compared to 35 cents in 1Q06 (including 9 cents of net realized investment losses in 1Q07 vs. 1 cent of net realized investment losses in 1Q06)
o Earnings before net realized investment losses, corporate interest and taxes ("EBIT") (2): $53.3 million, compared to $114.6 million in 1Q06
o Sales (3): $134.2 million, up 10% from 1Q06 (includes sales from Medicare Advantage Plans through our partnership with Coventry Health Care (Coventry))

Financial strength at March 31, 2007:
o Book value per common share, excluding accumulated other comprehensive income (loss) (4), was $27.17, compared to $27.06 at December 31, 2006
o Book value per diluted share, excluding accumulated other comprehensive income (loss) (4), was $25.24, compared to $25.64 at December 31, 2006
o Debt-to-total capital ratio, excluding accumulated other comprehensive income (loss) (4), was 17.3% at both March 31, 2007 and December 31, 2006

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Operating results

Our segments reflect the addition of Colonial Penn as a separate segment. All prior period segment disclosures have been restated to conform to our new presentation.

Results by segment for the quarter were as follows ($ in millions, except per share data):

	Three Months Ended March 31, 2007	2006
EBIT (2):		
Bankers Life	$ 42.8	$ 57.2
Conseco Insurance Group	51.5	41.9
Colonial Penn	4.6	5.1
Other Business in Run-off	(30.9)	24.0
Corporate Operations, excluding corporate interest expense	(14.7)	(13.6)
EBIT	53.3	114.6
Corporate interest expense	(16.1)	(12.4)
Income before net realized investment losses and taxes	37.2	102.2
Tax expense	13.1	36.9
Net income before net realized investment losses	24.1	65.3
Preferred stock dividends:		
5.50% Class B mandatorily convertible preferred stock	9.5	9.5
Net operating income	14.6	55.8
Net realized investment losses, net of related amortization and taxes	(13.7)	(.7)
Net income applicable to common stock	$ .9	$ 55.1
Per diluted share:		
Net operating income	$ .10	$ .36
Net realized investment losses, net of related amortization and taxes	(.09)	(.01)
Net income applicable to common stock	$ .01	$ .35

In our Bankers Life segment, pre-tax operating earnings were $42.8 million in the first quarter of 2007, compared to $57.2 million in the first quarter of 2006. The decline in earnings is due to: (a) higher amortization of Medicare supplement insurance intangibles of $15.5 million resulting from increased lapses, principally attributable to customers switching to Medicare Advantage Plans, (including a small number of exchanges into the Medicare Advantage (MA) products we distribute through our partnership with Coventry); partially offset by $5.6 million improvement in margins on Medicare supplement due to higher revenue and improved loss ratios and (b) higher amortization of long-term care insurance intangibles of $4.1 million due to changes in assumptions for future rate increases. Results in the current period also reflect the seasonality impact of prescription drug program (PDP) and Medicare Advantage policy benefit patterns that produced breakeven results for the quarter but are expected to produce lower benefits and higher margins in subsequent quarters.

In our Conseco Insurance Group segment, pre-tax operating earnings were $51.5 million in the first quarter of 2007, compared to $41.9 million in the first quarter of 2006. Results for the current period reflect: (a) a decline in life insurance margin of approximately $10.0 million due to higher mortality; (b) an increase of $6.5 million to the reserve for the R-factor litigation matter tentatively settled in 2006; and (c) a release of reserves for return of premium benefits on certain specified disease policies of $19.3 million resulting from the inaccurate coding discovered in the process of remediating data control weaknesses reported last quarter. Results for the first quarter of 2006 include charges of $8.8 million related to the R-factor litigation.

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Our Colonial Penn segment achieved pre-tax operating earnings of $4.6 million in the first quarter of 2007, compared to $5.1 million in the first quarter of 2006.

In our Other Business in Run-off segment, we recognized a pre-tax operating loss of $30.9 million in the first quarter of 2007, compared to earnings of $24.0 million in the first quarter of 2006. Results for the current period include claim reserve strengthening of $22.0 million resulting from changes in reserving methodology for a relatively small block of business (Transport Life) with a high concentration of policies with lifetime benefits and inflation riders. Results for the 2006 period include several adjustments to insurance liabilities that increased earnings by $14 million.

The Corporate Operations segment includes our investment advisory subsidiary and corporate expenses, including interest on corporate debt. Results for the current quarter include a charge of $4.0 million related to a legacy bankruptcy related litigation matter and an increase of $6.5 million to the reserve for the R-factor litigation matter tentatively settled in 2006. Results for the 2006 period included $8.9 million of costs related to the proposed litigation settlement.

Net realized losses of $13.7 million in 1Q07 included $8.7 million of impairment losses on those assets expected to be transferred at the closing of the aforementioned coinsurance agreement that were in an unrealized loss position at March 31, 2007.

Sales results
In addition to the sales of traditional products, Bankers Life, through a partnership with Coventry, distributes risk-share Medicare PDP and private-fee-for-service plan (PFFS) through their career agents.

At Bankers Life (career distribution), total sales in 1Q07 were a record $102.8 million, up 15% over 1Q06, reflecting strong growth in our life product line and PFFS sales through our partnership with Coventry. Partly offsetting these gains were lower annuity and medicare supplement sales.

At Conseco Insurance Group (independent distribution), total sales, including sales of PDP through Coventry, in 1Q07 were $21.0 million, down 13% from 1Q06 reflecting lower sales of PDP and Medicare Supplement, partly offset by higher sales of annuities and specified disease. Excluding PDP, CIG's sales rose 2% over 1Q06.

At Colonial Penn (direct distribution), total 1Q07 sales were $10.4 million, up 24% over 1Q06 as we continued the investment in our marketing efforts.

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Conference Call
The company will host a conference call to discuss results at 10:00 a.m. Eastern Daylight Time on May 9, 2007. The webcast can be accessed through the Investors section of the company's website as follows: http://investor.conseco.com. Listeners should go to the website at least 15 minutes before the event to register and download any necessary audio software. During the call, we will be referring to a presentation that will be available Wednesday morning through the investors section of the company's website.

About Conseco
Conseco, Inc.'s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, heart/stroke and accident policies protect people against major unplanned expenses; annuities and life insurance products help people plan for their financial futures. For more information, visit Conseco's web site at www.conseco.com.

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(1) Management believes that an analysis of Net Income applicable to common stock before net realized investment gains or losses, net of related amortization and income taxes, ("Net Operating Income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized investment gains or losses can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of Net Operating Income to Net Income applicable to common stock is provided in the table on page 2.
(2) Management believes that an analysis of earnings before net realized investment gains (losses), corporate interest and taxes ("EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because it excludes: (i) corporate interest expense; and (ii) net realized investment gains (losses) that are unrelated to the company's underlying fundamentals. A reconciliation of EBIT to Net Income applicable to common stock is provided in the table on page 2.
(3) Measured by new annualized premium, which Includes 6% of annuity and 10% of single premium whole life deposits and 100% of all other premiums.
(4) The calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments. The corresponding GAAP measures for debt-to-total capital and book value per common share were 17.5% and $26.89, respectively, at March 31, 2007, and 17.5% and $26.58, respectively, at December 31, 2006.

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Cautionary Statement Regarding Forward-Looking Statements. Our statements, trend analyses and other information contained in this press release relative to markets for Conseco's products and trends in Conseco's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) our ability to obtain adequate and timely rate increases on our supplemental health products including our long-term care business; (ii) mortality, morbidity, usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (iii) changes in our assumptions related to the cost of policies produced or the value of policies inforce at the Effective Date; (iv) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems; (v) performance of our investments; (vi) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (vii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (viii) our ability to remediate the material weakness in internal controls over the actuarial reporting process that we identified at year-end 2006 and to maintain effective controls over financial reporting; (ix) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (x) our ability to achieve an upgrade of the financial strength ratings of our insurance company subsidiaries as well as the potential impact of rating downgrades on our business; (xi) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xii) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends to us, regulation of financial services affecting (among other things) bank sales and underwriting of insurance products, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; (xiii) general economic conditions and other factors, including prevailing interest rate levels, stock and credit market performance and health care inflation, which may affect (among other things) our ability to sell products and access capital on acceptable terms, the returns on and the market value of our investments, and the lapse rate and profitability of policies; and (xiv) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products.

Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

- Tables Follow -

CONSECO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in millions)

	March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
Investments:		
Actively managed fixed maturities at fair value (amortized cost: March 31, 2007 - $23,256.9; December 31, 2006 - $22,946.9)	$23,182.8	$22,802.9
Equity securities at fair value (cost: March 31, 2007 - $28.5; December 31, 2006 - $23.9)	29.7	24.8
Mortgage loans	1,665.0	1,642.2
Policy loans	409.3	412.5
Trading securities	823.2	675.2
Other invested assets	174.6	178.8
Total investments	26,284.6	25,736.4
Cash and cash equivalents:		
Unrestricted	271.8	385.9
Restricted	21.5	24.0
Accrued investment income	356.4	344.5
Value of policies inforce at the Effective Date	2,044.3	2,137.2
Cost of policies produced	1,182.2	1,106.7
Reinsurance receivables	860.5	850.8
Income tax assets, net	1,772.1	1,786.9
Assets held in separate accounts	28.7	28.9
Other assets	332.1	316.0
Total assets	$33,154.2	$32,717.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Interest-sensitive products	$13,044.1	$13,018.0
Traditional products	12,175.1	12,094.1
Claims payable and other policyholder funds	848.0	832.3
Liabilities related to separate accounts	28.7	28.9
Other liabilities	687.3	611.8
Investment borrowings	647.7	418.3
Notes payable - direct corporate obligations	999.3	1,000.8
Total liabilities	28,430.2	28,004.2
Commitments and Contingencies		
Shareholders' equity:		
Preferred stock	667.8	667.8
Common stock ($0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2007 - 150,845,158; December 31, 2006 - 152,165,108)	1.5	1.5
Additional paid-in capital	3,455.1	3,473.2
Accumulated other comprehensive loss	(41.8)	(72.6)
Retained earnings	641.4	643.2
Total shareholders' equity	4,724.0	4,713.1
Total liabilities and shareholders' equity	$33,154.2	$32,717.3

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CONSECO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in millions, except per share data)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Revenues:		
Insurance policy income	$ 762.8	$ 754.7
Net investment income:		
General account assets	377.9	351.3
Policyholder and reinsurer accounts and other special-purpose portfolios	4.9	14.1
Net realized investment losses	(34.9)	(3.1)
Fee revenue and other income	3.8	4.7
Total revenues	1,114.5	1,121.7
Benefits and expenses:		
Insurance policy benefits	801.3	726.8
Interest expense	23.6	16.4
Amortization	116.2	118.6
Costs related to the proposed litigation settlement	13.0	17.7
Other operating costs and expenses	144.2	141.1
Total benefits and expenses	1,098.3	1,020.6
Income before income taxes	16.2	101.1
Income tax expense on period income	5.8	36.5
Net income	10.4	64.6
Preferred stock dividends	9.5	9.5
Net income applicable to common stock	$ .9	$ 55.1
Earnings per common share:		
Basic:		
Weighted average shares outstanding	150,936,000	151,521,000
Net income	$ .01	$ .36
Diluted:		
Weighted average shares outstanding	151,067,000	183,541,000
Net income	$ .01	$ .35

CONSECO, INC. AND SUBSIDIARIES
COLLECTED PREMIUMS
(Dollars in millions)

	Three months ended March 31, 2007	2006
Bankers Life segment:		
Annuity	$212.2	$233.4
Supplemental health	373.4	322.9
Life	48.1	43.2
Total collected premiums	$633.7	$599.5
Conseco Insurance Group segment:		
Annuity	$120.1	$ 36.2
Supplemental health	154.2	159.6
Life	77.2	84.1
Total collected premiums	$351.5	$279.9
Colonial Penn segment:		
Life	$ 26.7	$ 23.4
Supplemental health	2.6	3.0
Total collected premiums	$ 29.3	$ 26.4
Other Business in Run-off segment:		
Long-term care	$ 80.6	$ 87.3
Major medical	.6	1.1
Total collected premiums	$ 81.2	$ 88.4

BENEFIT RATIOS ON MAJOR SUPPLEMENTAL HEALTH LINES OF BUSINESS

	Three Months Ended March 31, 2007	2006
Bankers Life segment:		
Medicare Supplement:		
Earned premium	$174 million	$165 million
Benefit ratio(a)	66.6%	68.1%
Long-Term Care:		
Earned premium	$153 million	$143 million
Benefit ratio(a)	104.3%	96.5%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	73.8%	66.9%
Conseco Insurance Group (CIG) segment:		
Medicare Supplement:		
Earned premium	$60 million	$68 million
Benefit ratio(a)	66.9%	60.3%
Specified Disease:		
Earned premium	$90 million	$90 million
Benefit ratio(a)	53.2%	77.5%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	20.4%	45.9%
Other Business in Run-off segment:		
Earned premium	$80 million	$89 million
Benefit ratio(a)	163.5%	94.8%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	105.3%	45.1%

(a) The benefit ratio is calculated by dividing the related product's insurance policy benefits by insurance policy income.

(b) The interest-adjusted benefit ratio (a non-GAAP measure) is calculated by dividing the product's insurance policy benefits less interest income on the accumulated assets backing the insurance liabilities by insurance policy income. Interest income is an important factor in measuring the performance of longer duration health products. The net cash flows generally cause an accumulation of amounts in the early years of a policy (accounted for as reserve increases), which will be paid out as benefits in later policy years (accounted for as reserve decreases). Accordingly, as the policies age, the benefit ratio will typically increase, but the increase in the change in reserve will be partially offset by interest income earned on the accumulated assets. The interest-adjusted benefit ratio reflects the interest income offset. Since interest income is an important factor in measuring the performance of these products, management believes a benefit ratio, which includes the effect of interest income, is useful in analyzing product performance.

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CONSECO®

First Quarter 2007

Financial and Operating Results
For the period ended March 31, 2007

Conseco, Inc.

Forward-Looking Statements

Cautionary Statement Regarding Forward-Looking Statements. Our statements, trend analyses and other information contained in these materials relative to markets for Conseco's products and trends in Conseco's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other ''forward-looking'' information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) our ability to obtain adequate and timely rate increases on our supplemental health products including our long-term care business; (ii) mortality, morbidity, usage of health care services, persistency, the adequacy of our previous reserve estimates and other factors which may affect the profitability of our insurance products; (iii) changes in our assumptions related to the cost of policies produced or the value of policies inforce at the Effective Date; (iv) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems; (v) performance of our investments; (vi) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (vii) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (viii) our ability to remediate the material weakness in internal controls over the actuarial reporting process that we identified at year-end 2006 and to maintain effective controls over financial reporting; (ix) our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (x) our ability to achieve an upgrade of the financial strength ratings of our insurance company subsidiaries as well as the potential impact of rating downgrades on our business; (xi) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xii) regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends to us, regulation of financial services affecting (among other things) bank sales and underwriting of insurance products, regulation of the sale, underwriting and pricing of products, and health care regulation affecting health insurance products; (xiii) general economic conditions and other factors, including prevailing interest rate levels, stock and credit market performance and health care inflation, which may affect (among other things) our ability to sell products and access capital on acceptable terms, the returns on and the market value of our investments, and the lapse rate and profitability of policies; and (xiv) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products. Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

Non-GAAP Measures

This presentation contains the following financial measures that differ from the comparable measures under Generally Accepted Accounting Principles (GAAP): operating earnings measures; book value excluding accumulated other comprehensive income (loss) per diluted share; operating return measures; earnings before net realized investment gains (losses) and corporate interest and taxes; debt to capital ratios, excluding accumulated other comprehensive income (loss); and interest-adjusted benefit ratios. Reconciliations between those non-GAAP measures and the comparable GAAP measures are included in the Appendix, or on the page such measure is presented.

While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered substitutes for the most directly comparable GAAP measures.

Q1 2007 Summary CNO

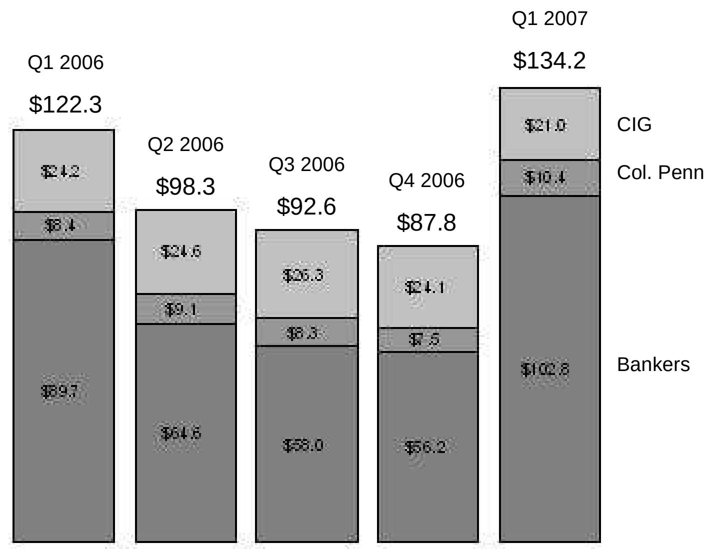
- **Progress in executing plan**
  - Strong sales growth at Bankers and Colonial Penn, better sales mix at CIG
  - On plan with Run-off LTC in improving claims management and in re-rates
  - Announcement of sale of $3 billion block of Fixed and EIA annuities
  - Board approval of increase in stock buyback program to $350 million
    - $30 million repurchased to date
- **Quarterly results**
  - Earnings from Core Businesses down principally due to higher mortality costs in CIG and higher lapse rates of Med Supp at Bankers
  - Continued volatility in Run-off LTC earnings, with claims reserve strengthening of $22.0 million

New Business Volumes (NAP)

CNO Consolidated

(in millions)

- Record quarterly sales for BLC
- Strong growth in sales for CP, stronger growth in leads
- CIG sales mix improvement



Trailing 4 Quarters NAP:	$374.9	$390.4	$403.0	$401.0	$412.9

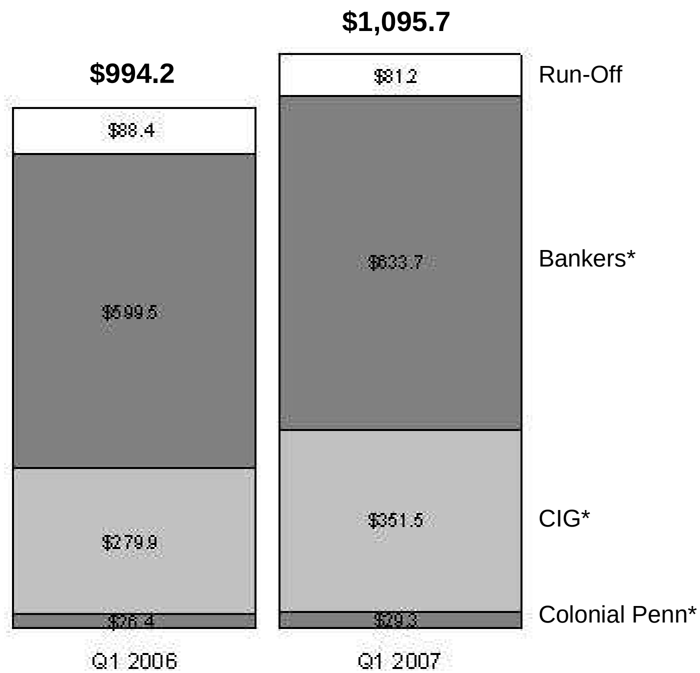
New business volumes are measured by new annualized premium, which includes 6% of annuity premiums, 10% of single-premium whole life deposits, and 100% of all other premiums. Includes prescription drug sales (PDP) and private-fee-for-service (PFFS) sales.

Collected Premium Growth

CNO Consolidated

($ millions)

- **Collected premium on core businesses increased 12% from the same quarter in the prior year**
- **Collected premium is up 13% from the four quarters ending on March 31, 2007 versus the comparable period in the prior year**

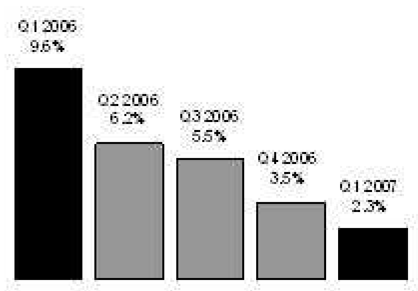


	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007
Tr. 4 Qtrs. Col. Prem.-Core Businesses*:	$3,606.3	$3,706.6	$3,897.8	$3,958.7	$4,067.4

Operating ROE CNO

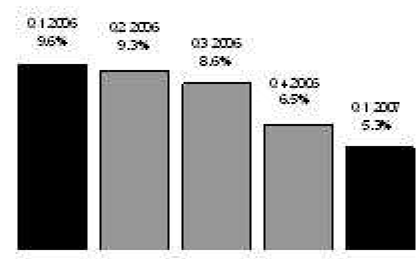
- **Conseco has set a long-term goal of improving its Operating ROE – after-tax earnings divided by equity (excluding our NOL deferred tax asset from equity and other adjustments below) – to 11% in 2009**

Operating ROE*, Trailing 4 Quarters



*Operating return excludes net realized investment gains (losses). Equity excludes accumulated other comprehensive income (loss) and the value of net operating loss carryforwards, and assumes conversion of preferred stock. See Appendix for corresponding GAAP measure.

Operating ROE (excl. Q2 2006 charge)**, Trailing 4 Quarters



**Operating return, as calculated and defined on the left side of this page, but before Q2 2006 charge related to the tentative litigation settlement. See Appendix for corresponding GAAP measure.

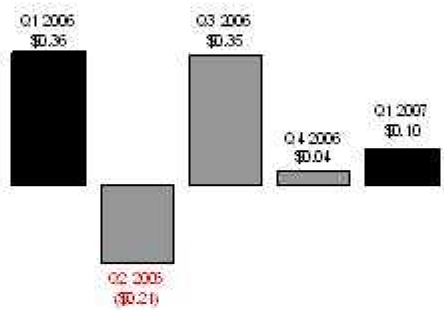
Q1 Earnings CNO Consolidated

($ millions)	Q1 2006	Q1 2007
Bankers Life	$57.2	$42.8
Conseco Insurance Group	41.9	51.5
Colonial Penn	5.1	4.6
Other Business in Run-Off	24.0	(30.9)
Corporate operations, excluding interest expense	(13.6)	(14.7)
Total EBIT*	114.6	53.3
Corporate interest expense	(12.4)	(16.1)
Income before net realized investment losses and taxes	102.2	37.2
Tax expense	36.9	13.1
Net income before net realized losses	65.3	24.1
Preferred stock dividends	9.5	9.5
Net operating income	55.8	14.6
Net realized investment losses, net of related amortization and taxes	(0.7)	(13.7)
Net income applicable to common stock	$55.1	$0.9

*Management believes that an analysis of earnings before net realized investment gains (losses) and corporate interest and taxes ("EBIT," a non-GAAP financial measure) provides an alternative measure to compare the operating results of the company quarter-over-quarter because it excludes: (1) corporate interest expense; and (2) net realized gains (losses) that are unrelated to the company's underlying fundamentals. The chart above provides a reconciliation of EBIT to net income applicable to common stock.

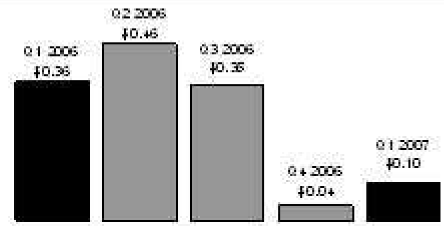
Operating EPS (Diluted)

Operating EPS*



*Operating earnings per share exclude net realized investment gains (losses). See Appendix for corresponding GAAP measure.

Operating EPS, Before Q2 2006 Charge**



**Operating earnings per share, before Q2 2006 charge related to the tentative litigation settlement. See Appendix for corresponding GAAP measure.

Q1 Earnings

LTC Closed Block

($ millions)

	Q1 2006	Q1 2007
Insurance policy income	$88.9	$79.5
Net investment income	44.7	47.0
Fee revenue and other income	0.1	0.1
Total revenues	133.7	126.6
Insurance policy benefits	84.3	130.0
Amortization related to operations	3.5	5.7
Other operating costs and expenses	21.9	21.8
Total benefits and expenses	109.7	157.5
Income (loss) before net realized investment gains (losses) and income taxes	$24.0	($30.9)

Management believes that an analysis of income (loss) before net realized investment gains (losses), net of related amortization (a non-GAAP financial measure), is important to evaluate the financial performance of our business, and is a measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized gains or losses can be affected by events that are unrelated to a company's underlying fundamentals. The chart on Page 8 reconciles the non-GAAP measure to the corresponding GAAP measure. See Appendix for a reconciliation of the return on equity measure to the corresponding GAAP measure.

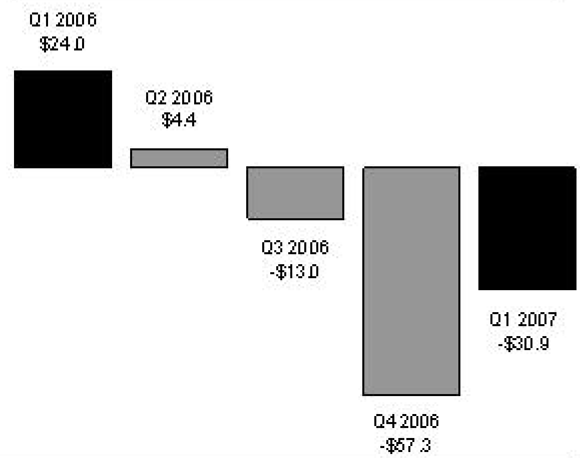
Segment Performance

LTC Closed Block

($ millions)

- **Results adversely affected by:**
  - $22.0 million claim reserve strengthening in Transport block of business
  - Claims on larger American Travellers block developed as expected
  - Reduced volume of initial claims contributed to improvement from Q4 2006

Pre-Tax Operating Income*



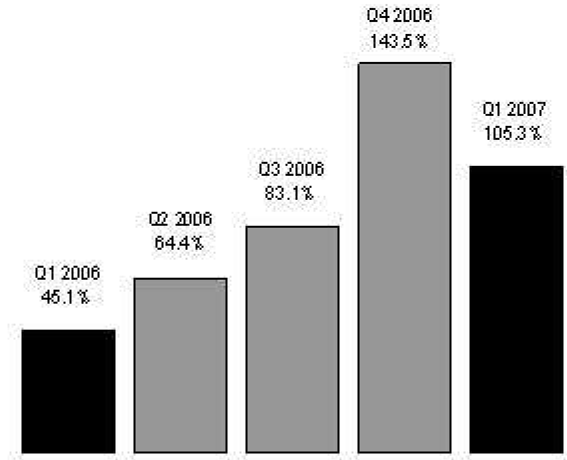
PTOI-Trailing 4 Quarters:	$79.7	$62.7	$33.3	($41.9)	($96.8)
Revenues-Quarterly:	$133.7	$126.8	$128.1	$127.9	$126.6
Revenues -Tr. 4 Quarters:	$536.1	$528.1	$519.6	$516.5	$509.4
Collected Premiums-Quarterly:	$88.4	$82.4	$80.4	$76.6	$81.2

*Operating earnings exclude net realized gains (losses). See Appendix for corresponding GAAP measure of our consolidated results of operations.

Interest-Adjusted Benefit Ratio*

LTC Closed Block

- Loss ratio improved vs. prior quarter
- Excluding $22 million of claim reserve strengthening in Transport block, Q1 2007 interest-adjusted benefit ratio was 77.6%



Trailing 4 Quarter Avg.:	48.4%	52.1%	60.1%	83.2%	99.0%
Qtrly. non-int. adjusted:	94.8%	118.0%	136.0%	198.2%	163.5%

*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits less interest income on the accumulated assets backing the insurance liabilities by insurance policy income.

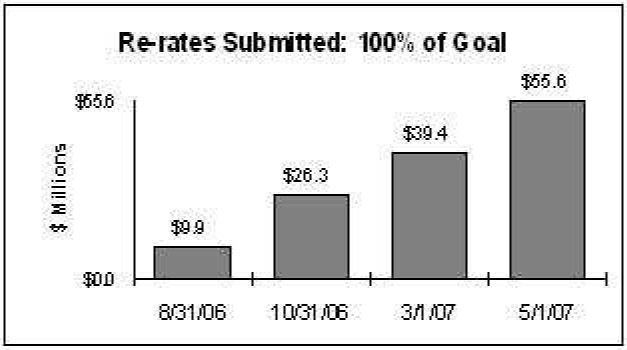
Q1 2007 Summary

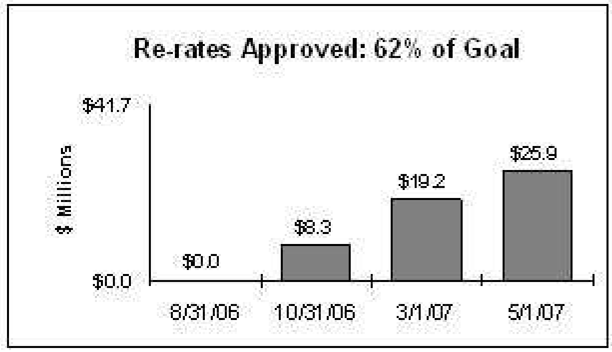
LTC Closed Block

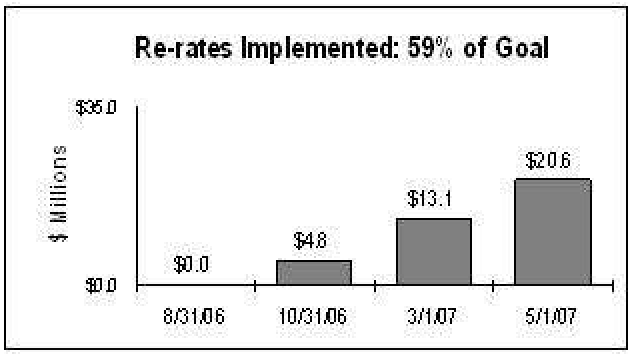
- **Program for improvement gaining traction**
  - Premium re-rates
  - Claims management
  - Technology

Premium Re-rates

LTC Closed Block







Program for Improvement

LTC Closed Block

- **Claims management**
  - Improved claim processes resulting in more accurate payments consistent with policy language, and better customer experience
  - Closing of Florida case management operation, effective by end of Q2 2007, to save $1.5 million in expenses per year
  - Claim appeal and claim review panels strengthening ongoing compliance process
  - Continuing to retain industry-leading LTC experts to improve processes

Program for Improvement

LTC Closed Block

- **Technology**
  - Improved policy/benefit repository and accumulator tool on track for mid-2007 implementation
  - Implemented tool for streamlining manually-intensive policy administration processes
  - Approaching completion of strategic LTC system selection process

Segment Summary

LTC Closed Block

- **Financial results affected by experience and related claim reserve strengthening on subset of block**
- **However, progress on key initiatives:**
  - Achieved re-rate filing goal in $35 million program
  - Improved claims management processes gaining traction
  - Progress on systems tools

Financial Indicators* CNO

- **Book value per diluted share**
  - $25.24 at 3/31/07 vs $24.56 a year earlier and $25.64 at YE 2006
- **Debt to total capital ratio**
  - 17.3% at 3/31/07 vs 15.2% a year earlier and 17.3% at YE 2006
- **Consolidated RBC ratio**
  - 342% at 3/31/07 vs 348% a year earlier and 357% at YE 2006
- **Net investment income**
  - $376.8 million in Q1 2007 vs $350.3 million in Q1 2006
  - Earned yield of 5.83% in Q1 2007 vs 5.64% a year earlier
- **Investment quality**
  - 93% of bonds investment grade at 3/31/07 vs 93% at 12/31/06 and 95% at 3/31/06
  - Essentially no exposure to subprime market

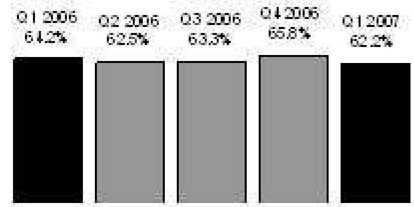
*See appendix for detail on these indicators, including notes describing non-GAAP measures.

Aggregate Interest-Adjusted Health Benefit Ratio*

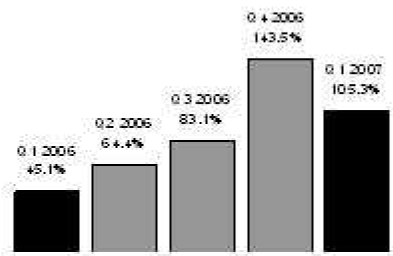
CNO

- **Reduction in Benefit ratio due to $19.3 million adjustment in Specified Disease return of premium reserves**

Aggregate Health Benefit Ratio – By Quarter
Core (BLC, CIG & CP) Business



Aggregate Health Benefit Ratio – By Quarter
Run-Off Business



*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits, less interest income on the accumulated assets backing the insurance liabilities, by insurance policy income.

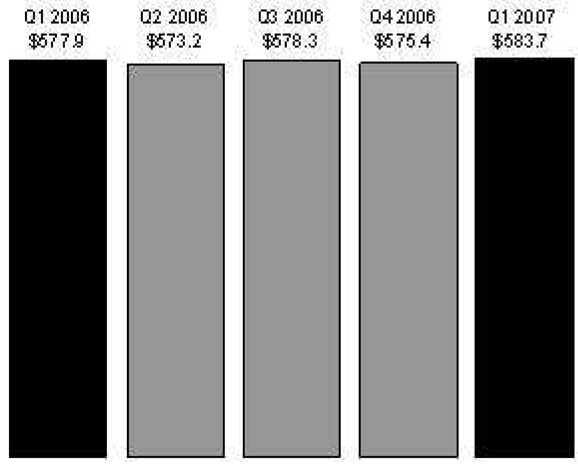
Expenses

CNO

($ millions)

- **Operating expenses remain relatively flat despite increases in collected premium**
- **Back-office consolidation on track to produce annual cost savings of $25 million beginning in 2008**
- **Q1 2007 reflects litigation settlement and higher marketing and sales expenses**

Gross Operating Expenses*, Trailing 4 Quarters



*Gross operating expenses before capitalization of cost of policies produced, capitalization of software development costs and other adjustments. Costs related to the tentative litigation settlement are not included in our gross operating expenses. This measure is used by the Company to evaluate its progress in reducing gross operating expenses.

Q1 2007 Summary Bankers

- **Record sales of $102.8 million**
  - Sales driven by new sales of private-fee-for-service through our partnership with Coventry
- **Lower earnings driven by:**
  - Higher amortization of Medicare Supplement insurance intangibles, partially offset by improvements in margin due to higher revenue and improved loss ratio
  - Reduction in long-term care margins due to higher amortization of insurance intangibles due to changes in assumptions for future rate increases

Q1 Earnings

Bankers

($ millions)

	Q1 2006	Q1 2007
Insurance policy income	$383.0	$412.0
Net investment income	123.5	140.9
Fee revenue and other income	1.4	1.2
Total revenues	507.9	554.1
Insurance policy benefits	312.7	345.9
Amounts added to policyholder account balances	44.3	47.1
Amortization related to operations	57.4	81.4
Other operating costs and expenses	36.3	36.9
Total benefits and expenses	450.7	511.3
Income before net realized investment losses, net of related amortization and income taxes	$57.2	$42.8

Q1 2007 Return on Equity (before realized investment gains/(losses): 5.9%

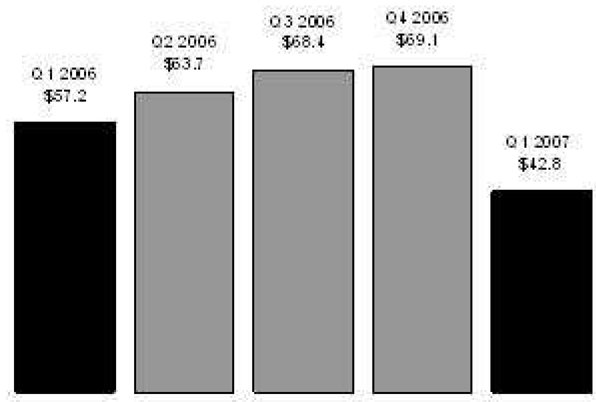
Management believes that an analysis of income (loss) before net realized investment gains (losses), net of related amortization (a non-GAAP financial measure), is important to evaluate the financial performance of our business, and is a measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized gains or losses can be affected by events that are unrelated to a company's underlying fundamentals. The chart on Page 8 reconciles the non-GAAP measure to the corresponding GAAP measure. See Appendix for a reconciliation of the return on equity measure to the corresponding GAAP measure.

Segment Performance Bankers

($ millions)

- **2007 decrease driven by:**
  - Higher Med Supp amortization due to higher lapses in Q1, partially offset by improvements in margin due to higher revenue and improved benefit ratios
  - Higher amortization of LTC intangibles due to changes in assumptions for future rate increases

Pre-Tax Operating Income*

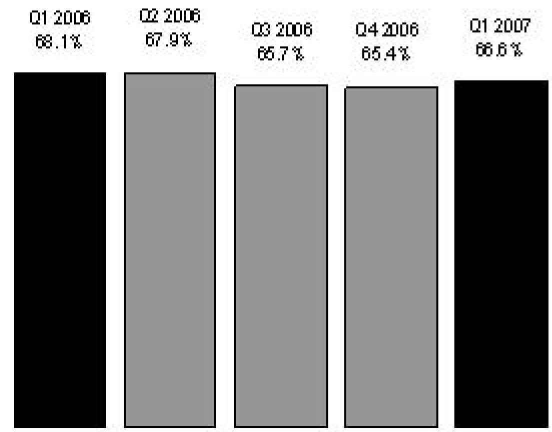


PTOI-Trailing 4 Quarters:	$238.9	$239.4	$252.8	$258.4	$244.0
Revenues-Quarterly:	$507.9	$509.0	$525.9	$534.3	$554.1
Revenues -Tr. 4 Quarters:	$1,922.3	$1,970.3	$2,019.8	$2,077.1	$2,123.3

*Operating earnings exclude net realized gains (losses). See Appendix for corresponding GAAP measure of our consolidated results of operations.

Benefit Ratio* –
Medicare Supplement   Bankers

- **Continued favorable claim experience contributed to improving benefit ratio**
- **Trailing four quarter benefit ratio has shown steady improvement from Q1 2006**



Trailing 4 Quarter Avg.:	70.7%	69.6%	68.1%	66.8%	66.4%

*We calculate benefit ratios by dividing insurance policy benefits by insurance policy income.

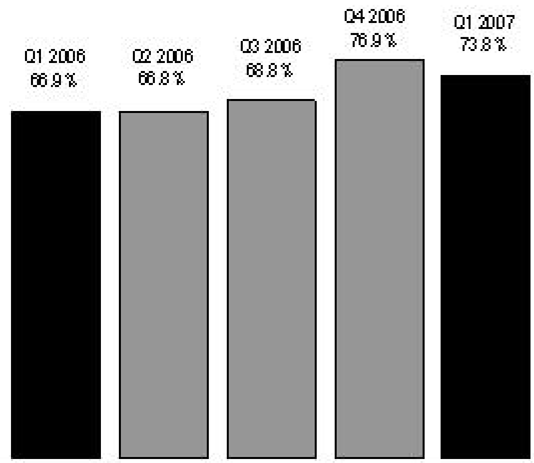
PFFS Bankers

- **Q1 2007 sales were $46.8 million**
  - Most of sales were to enrollees who previously had no policy with Bankers
  - Has delivered a chance to cross-sell into new households
  - Has also helped agent recruiting

Interest-Adjusted Benefit Ratio* – Long Term Care

Bankers

- **Q1 2007 benefit ratio improved from prior quarter, but higher than Q1 2006 due to:**
  - Increased claim activity, higher persistency and lower new business volume



Trailing 4 Quarter Avg.:	65.8%	66.4%	67.4%	69.9%	71.6%
Qtrly. non-int. adjusted:	96.5%	96.2%	98.2%	106.7%	104.3%

*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits less interest income on the accumulated assets backing the insurance liabilities by insurance policy income.

Q1 2007 Summary CIG

- **Earnings up 23% vs Q1 2006**
  - Primarily driven by release of return of premium reserves on certain specified disease policies, partially offset by decline in life insurance margin and increase in reserve for R-factor matter tentatively settled in 2006
- **Sales down 13% from Q1 2006 (up 2% excluding PDP)**
  - Strong sales gains in annuities and specified disease partly offset decreases in Medicare Supplement and PDP
  - Recently signed agreement with largest distributor of Medicare Supplement
  - Increased resources in worksite sales to expand distribution of specified disease products

Q1 Earnings

CIG

($ millions)

	Q1 2006	Q1 2007
Insurance policy income	$256.4	$242.0
Net investment income	182.0	175.4
Fee revenue and other income	0.4	0.2
Total revenues	438.8	417.6
Insurance policy benefits	195.9	185.4
Amounts added to policyholder account balances	66.5	67.0
Amortization related to operations	55.5	38.2
Other operating costs and expenses	79.0	75.5
Total benefits and expenses	396.9	366.1
Income before net realized investment gains (losses), net of related amortization and income taxes	$41.9	$51.5

Q1 2007 Return on Equity (before realized investment gains/(losses): 5.9%

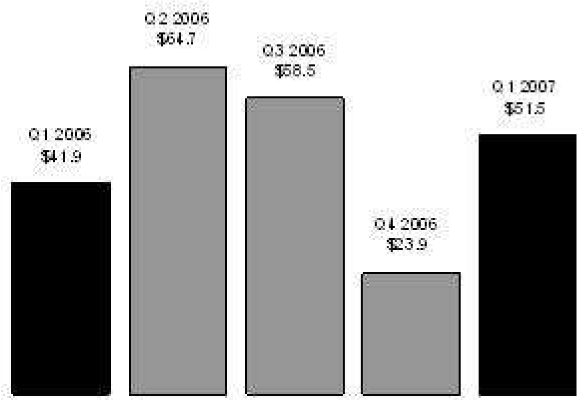
Management believes that an analysis of income (loss) before net realized investment gains (losses), net of related amortization (a non-GAAP financial measure), is important to evaluate the financial performance of our business, and is a measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized gains or losses can be affected by events that are unrelated to a company's underlying fundamentals. The chart on Page 8 reconciles the non-GAAP measure to the corresponding GAAP measure. See Appendix for a reconciliation of the return on equity measure to the corresponding GAAP measure.

Segment Performance CIG

($ millions)

- **Q1 2007 includes:**
  - Adverse life claim experience
  - Specified disease margins (excluding the $19.3 million release of return of premium reserve) continued to improve
  - Lower supplemental health amortization due to better persistency
  - Expenses totaling $6.5 million related to certain litigation reserves
- **Q1 2006 includes:**
  - Expenses totaling $8.8 million related to certain litigation reserves

Pre-Tax Operating Income*



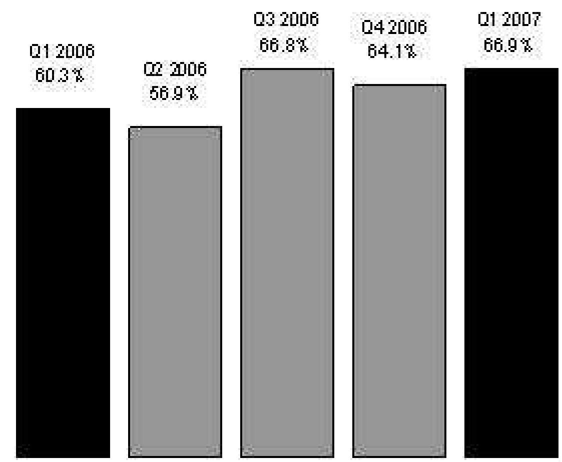
PTOI-Trailing 4 Quarters:	$234.2	$232.8	$224.2	$189.0	$198.4
Revenues-Quarterly:	$438.8	$408.6	$436.0	$445.7	$417.6
Revenues-Tr. 4 Quarters:	$1,772.0	$1,736.6	$1,714.8	$1,729.1	$1,707.9

*Operating earnings exclude net realized gains (losses). Q2 2006 excludes tentative litigation settlement.
See Appendix for corresponding GAAP measure of our consolidated results of operations.

Benefit Ratio* – Medicare Supplement

CIG

- Benefit ratios in Q1 and Q2 2006 benefited from release of policy benefit reserves related to increase in policyholder lapses
- Persistency has improved

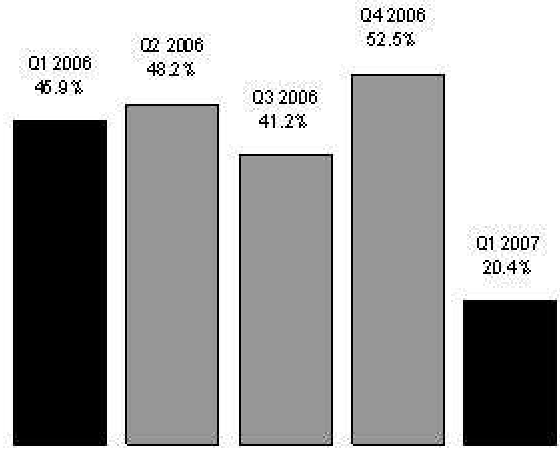


Trailing 4 Quarter Avg.:	60.8%	59.3%	60.6%	61.9%	63.6%

*We calculate benefit ratios by dividing insurance policy benefits by insurance policy income.

Interest-Adjusted Benefit Ratio* – Specified Disease CIG

- **Q1 2007 reflected paid claims as expected**
- **Persistency has improved**
- **$19.3 million release of return of premium reserve**



Trailing 4 Quarter Avg.:	45.4%	46.7%	45.9%	47.0%	40.6%
Qtrly. non-int. adjusted:	77.5%	79.9%	73.6%	84.9%	53.2%

*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits, less interest income on the accumulated assets backing the insurance liabilities, by insurance policy income.

Q1 Earnings

Colonial Penn

($ millions)

	Q1 2006	Q1 2007
Insurance policy income	$26.4	$29.3
Net investment income	9.7	9.5
Fee revenue and other income	0.1	0.2
Total revenues	36.2	39.0
Insurance policy benefits	22.8	25.6
Amounts added to policyholder account balances	0.3	0.3
Amortization related to operations	4.2	4.8
Other operating costs and expenses	3.8	3.7
Total benefits and expenses	31.1	34.4
Income before net realized investment losses and income taxes	$5.1	$4.6

Q1 2007 Return on Equity (before realized investment gains/(losses): 8.7%

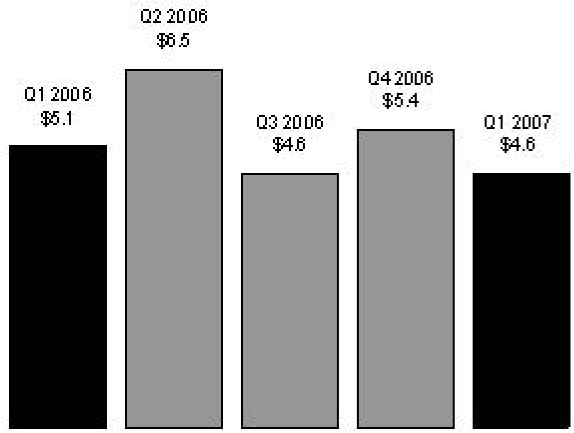
Management believes that an analysis of income (loss) before net realized investment gains (losses), net of related amortization (a non-GAAP financial measure), is important to evaluate the financial performance of our business, and is a measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized gains or losses can be affected by events that are unrelated to a company's underlying fundamentals. The chart on Page 8 reconciles the non-GAAP measure to the corresponding GAAP measure. See Appendix for a reconciliation of the return on equity measure to the corresponding GAAP measure.

Segment Performance Colonial Penn

($ millions)

- **Q1 07 sales up 24% vs Q1 06**
- **Strong growth in lead development**
- **Solid growth in re-activation campaigns**
- **Continued stable earnings**

Pre-Tax Operating Income*



PTOI-Trailing 4 Quarters:	$19.0	$20.3	$19.5	$21.6	$21.1
Revenues-Quarterly:	$36.2	$34.9	$38.4	$41.4	$39.0
Revenues -Tr. 4 Quarters:	$143.4	$145.9	$147.9	$150.9	$153.7

*Operating earnings exclude net realized gains (losses). See Appendix for corresponding GAAP measure of our consolidated results of operations.

Sale of Older CIG Annuity Block:
Transaction Summary

- 100% coinsurance agreement
  - 134,000 policies, 77% of CIG deferred annuity account value
  - Policies sold in ’80s and ’90s
  - Relatively low ROE due to number of admin systems and inefficient expense structure
- Transaction eliminates four admin systems entirely, and all annuities from two other systems
- Expected to close in 2007
  - Requires approvals from Illinois, Indiana, California, Texas and Wisconsin

Sale of Older CIG Annuity Block:
Financial Impact

- **Ceding commission of approximately $76.5 million plus capital backing block of $175 million available to enhance Conseco's return on equity:**
  - Repurchase of Conseco common stock
  - Invest in other high-ROE products and businesses
- **GAAP carrying value in excess of ceding commission will generate an after-tax GAAP loss of approximately $65 million, plus the block's earnings between the effective date and the close of the transaction**
- **We realized $8.7 million of these charges in Q1 2007, related to impairment losses on assets that are expected to be transferred at closing and are in an unrealized loss position at March 31, 2007**

CNO Summary

- **Steady growth in core businesses**
- **Improvements in earnings run-rate by yearend:**
  - $40 million due to better LTC claims management
  - $35 million in re-rates
  - $25 million in operational efficiencies
- **Increase in share buyback program**
- **Performance shares align interests of shareholders and management**
  - Payment on 60% of performance shares based on 2007-2009 total return to shareholders vs peer group
  - Payment on 40% of performance shares based on 2009 operating return on equity vs target of 11%

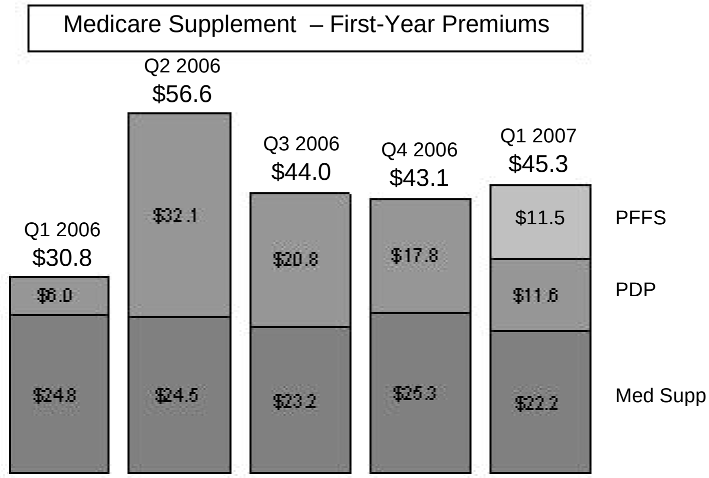
Questions and Answers

Appendix

Premiums – Medicare Supplement/PDP/PFFS Bankers

(in millions)

- **Strong sales driven by PFFS**



Med. Supp. First-Year Prems.-Tr. 4 Qtrs:	$81.2	$88.1	$93.1	$97.8	$106.7
Med. Supp. Total Premiums-Quarterly:	$168.5	$156.7	$146.7	$157.2	$178.5
Med. Supp. NAP-Quarterly:	$20.7	$18.4	$15.3	$18.4	$14.7
Med. Supp. NAP-Trailing 4 Quarters:	$75.3	$76.7	$76.2	$72.8	$66.8
PDP NAP-Quarterly:	$32.8	$8.2	$0.7	$0.5	$4.3
PFFS NAP-Quarterly:	-	-	-	-	$46.8

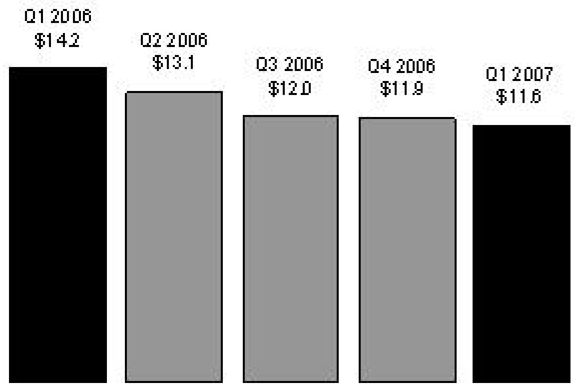
Premiums – Long-Term Care

Bankers

($ millions)

- **Steady decline in first-year premiums over the past five quarters**
- **New sales are meeting our return objectives**

Long-Term Care – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$62.5	$58.5	$54.6	$51.2	$48.6
Total Premiums-Quarterly:	$145.7	$151.5	$145.0	$150.2	$158.2
NAP-Quarterly:	$11.4	$12.7	$12.5	$11.0	$11.7
NAP-Trailing 4 Quarters:	$57.1	$52.5	$50.4	$47.6	$47.9

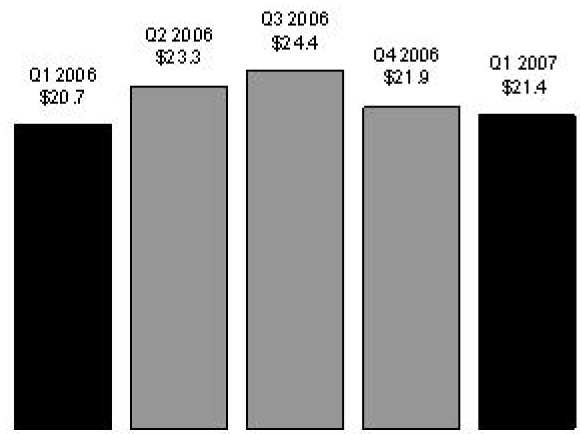
Premiums – Life Insurance

Bankers

($ millions)

- **Growth driven by:**
  - Continued focus on new agent training
  - Expanded advanced life insurance training for veteran agents
  - Q1 2007 NAP up 17% vs. Q1 2006

Life – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$84.2	$88.4	$90.4	$90.3	$91.0
Total Premiums-Quarterly:	$43.2	$46.6	$47.8	$46.6	$48.1
NAP-Quarterly:	$10.9	$11.1	$12.9	$11.4	$12.7
NAP-Trailing 4 Quarters:	$42.9	$42.8	$44.7	$46.3	$48.1

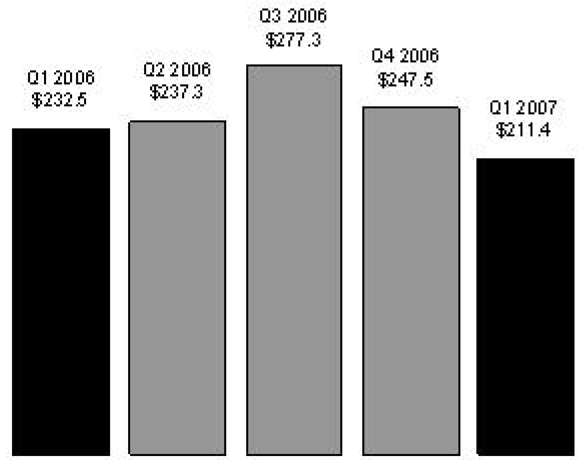
Premiums – Annuity

Bankers

($ millions)

- **Trailing four quarters first-year premiums up slightly from comparable prior-year period**

Annuity – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$960.5	$960.1	$1,010.7	$994.6	$973.5
Total Premiums-Quarterly:	$233.4	$238.3	$278.2	$247.6	$212.2

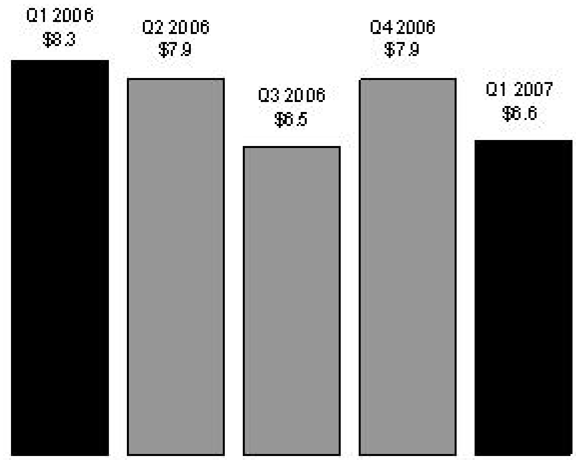
Premiums - Medicare Supplement

CIG

($ millions)

- **Decline in sales expected to turn around with new national distribution agreement**

Medicare Supplement – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$21.0	$25.6	$28.0	$30.6	$28.9
Total Premiums-Quarterly:	$65.9	$61.9	$54.6	$61.8	$59.8
NAP-Quarterly:	$10.5	$9.0	$6.2	$6.4	$4.9
NAP-Trailing 4 Quarters:	$29.5	$34.3	$33.9	$32.1	$26.5

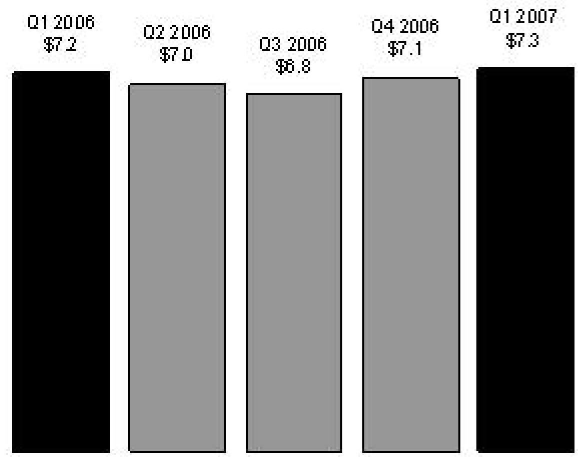
Premiums – Specified Disease

CIG

($ millions)

- **Sales continue to gain momentum from refocus of PMA and introduction of new Cancer Secure product**
- **26% increase in NAP vs Q1 2006**

Specified Disease – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$29.7	$28.8	$28.4	$28.1	$28.2
Total Premiums-Quarterly:	$91.4	$88.8	$88.1	$89.4	$92.1
NAP-Quarterly:	$6.2	$7.3	$7.7	$8.6	$7.8
NAP-Trailing 4 Quarters:	$29.5	$27.9	$28.5	$29.8	$31.4

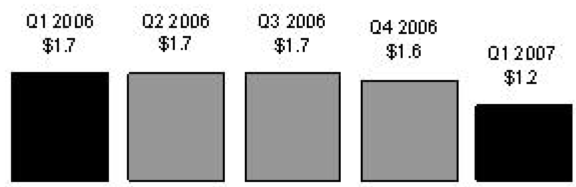
Premiums –
Life Insurance

CIG

($ millions)

- **In process of rebuilding life portfolio with new indexed UL products being introduced in late 2007**
- **Worksite beginning to contribute to life sales**

Life – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$7.1	$6.7	$6.7	$6.7	$6.2
Total Premiums-Quarterly:	$84.1	$78.3	$78.3	$73.9	$77.2
NAP-Quarterly:	$1.7	$1.1	$1.0	$1.8	$0.9
NAP-Trailing 4 Quarters:	$6.5	$6.5	$6.0	$5.6	$4.8

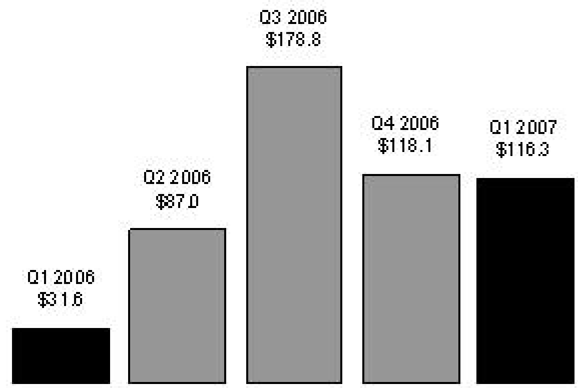
Premiums – Annuity

CIG

($ millions)

- **268% increase in first-year premiums vs Q1 2006**
- **Significant contribution from our national partners and TSA business**

Annuity – First-Year Premiums



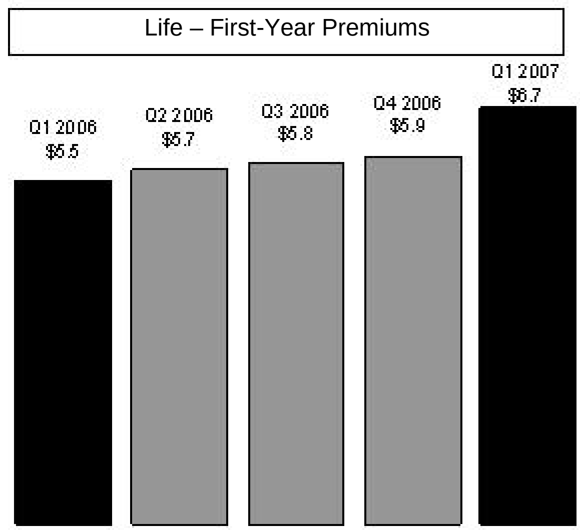
First-Year Prems.-Tr. 4 Qtrs:	$153.3	$218.6	$358.1	$415.5	$500.2
Total Premiums-Quarterly:	$36.2	$92.4	$182.8	$121.9	$120.1

Premiums – Life Insurance

Colonial Penn

($ millions)

- **Growth driven by:**
  - Expanded lead generation
  - Refocused attention to national cable segment
  - Refreshed commercials
  - Natural growth in direct mail programs



First-Year Prems.-Tr. 4 Qtrs:	$20.2	$21.2	$22.0	$22.9	$24.1
Total Premiums-Quarterly:	$23.4	$21.6	$25.4	$26.8	$26.7
NAP-Quarterly:	$8.4	$9.1	$8.3	$7.5	$10.4
NAP-Trailing 4 Quarters:	$30.4	$32.2	$33.0	$33.3	$35.3

Information Related to Certain Non-GAAP Financial Measures

The following provides additional information regarding certain non-GAAP measures used in this presentation. While management believes these measures are useful to enhance understanding and comparability of our financial results, these non-GAAP measures should not be considered as substitutes for the most directly comparable GAAP measures. Also refer to our latest Form 10-K and Form 10-Q for information concerning non-GAAP measures.

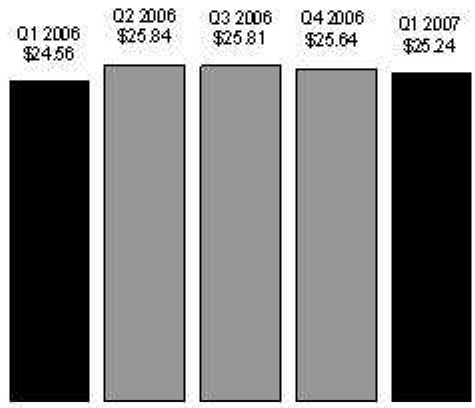
Operating earnings measures

Management believes that an analysis of net income applicable to common stock before net realized gains or losses ("net operating income", a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized investment gains or losses can be affected by events that are unrelated to the Company's underlying fundamentals.

In addition, our results for Q2 2006 were affected by an unusual and significant charge related to a tentative litigation settlement. Management does not believe that a similar charge is likely to recur within two years, and there were no similar charges recognized within the prior two years. Management believes an analysis of operating earnings before this charge is important to evaluate the performance of the Company prior to the effect of this unusual and significant charge.

Book Value Per Diluted Share * CNO

- **Decrease from Q4 2006 primarily due to additional shares included for mandatorily convertible preferred stock**

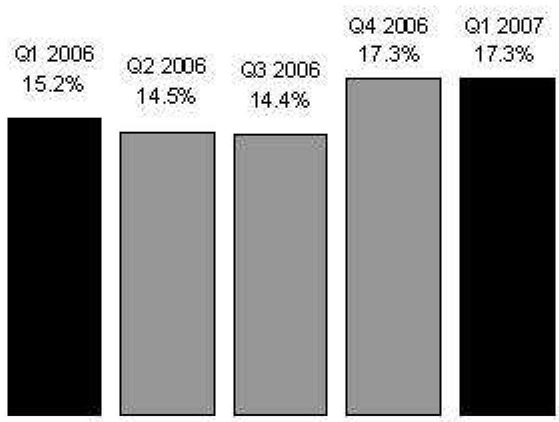


*Book value excludes accumulated other comprehensive income (loss). Shares outstanding assumes: (1) conversion of convertible securities; and (2) the exercise of outstanding stock options and vesting of restricted stock (each calculated using the treasury stock method). See Appendix for corresponding GAAP measure.

Debt to Total Capital Ratio *

CNO

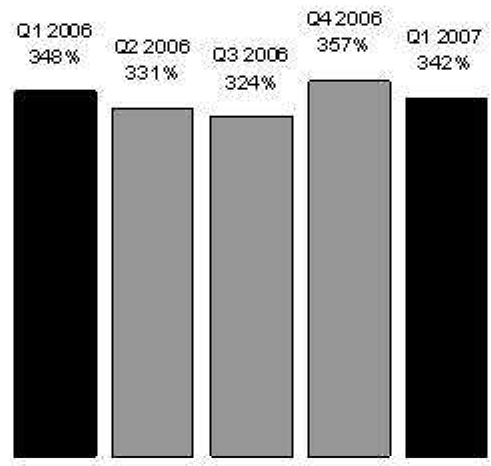
- **Level of debt remains flat with Q4 2006**



*Excludes accumulated other comprehensive income (loss). See Appendix for corresponding GAAP measure.

Consolidated RBC Ratio* CNO

- **Decrease primarily due to increase in required capital on CIG annuity block**



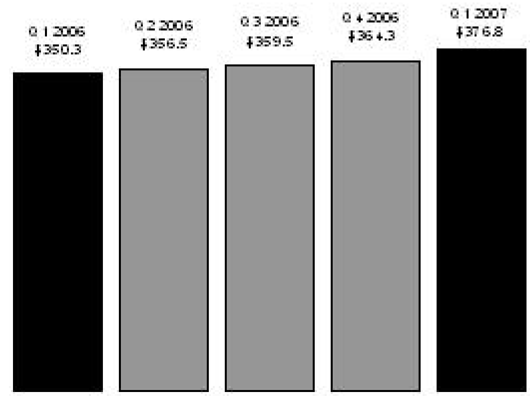
*Risk-Based Capital ("RBC") requirements provide a tool for insurance regulators to determine the levels of statutory capital and surplus an insurer must maintain in relation to its insurance and investment risks. The RBC ratio is the ratio of the statutory consolidated adjusted capital of our insurance subsidiaries to RBC.

Net Investment Income

($ millions)

- **Increase from Q4 2006 due to increase in prepayment income and higher portfolio yield**

General Account Investment Income, Excluding Corporate Segment

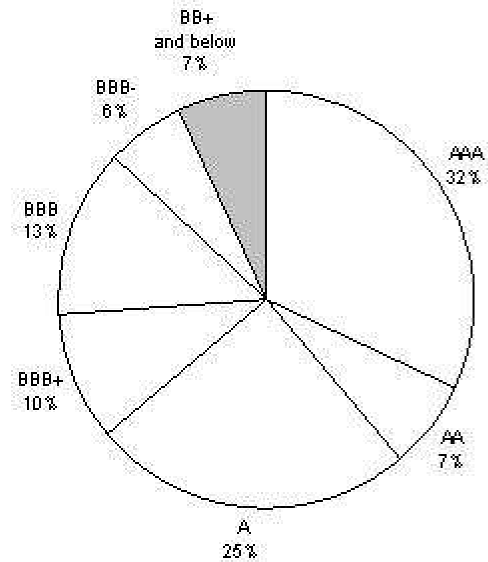


Net investment income from the prepayment of securities:	$1.2	$5.3	$0.5	$1.0	$5.0
Yield:	5.64%	5.71%	5.72%	5.72%	5.83%

High-Quality Assets

- **Portfolio quality remains high and has not significantly changed since year-end 2006**

Actively Managed Fixed Maturities by Rating at 3/31/07 (Market Value)



	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07
% of Bonds which are Investment Grade:	95%	95%	95%	93%	93%

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of net income applicable to common stock to the net operating income, excluding Q2 2006 charge related to tentative litigation settlement (and related per share amounts) is as follows (dollars in millions, except per share amounts):

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Net income (loss) applicable to common stock	$ 55.1	$ (31.8)	$ 38.9	$ (3.7)	$ 0.9
Net realized investment losses, net of related amortization and taxes	0.7	0.1	13.9	9.4	13.7
Net operating income (loss) (a non-GAAP financial measure)	55.8	(31.7)	52.8	5.7	14.6
2Q2006 charge related to the tentative litigation settlement, net of taxes	-	102.1	-	-	-
Net operating income before Q2 2006 charge related to the tentative litigation settlement (a non-GAAP financial measure)	$ 55.8	$ 70.4	$ 52.8	$ 5.7	$ 14.6
Per diluted share:					
Net income (loss)	$ 0.35	$ (0.21)	$ 0.26	$ (0.02)	$ 0.01
Net realized investment losses, net of related amortization and taxes	0.01	-	0.09	0.06	0.09
Net operating income (loss) (a non-GAAP financial measure)	0.36	(0.21)	0.35	0.04	0.10
Q2 2006 charge related to the tentative litigation settlement, net of taxes	-	0.67	-	-	-
Net operating income before Q2 2006 charge related to the tentative litigation settlement (a non-GAAP financial measure)	$ 0.36	$ 0.46	$ 0.35	$ 0.04	$ 0.10

Information Related to Certain Non-GAAP Financial Measures

Book value, excluding accumulated other comprehensive income, per diluted share

This non-GAAP financial measure differs from book value per diluted share because accumulated other comprehensive income has been excluded from the book value used to determine the measure. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income. Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

Information Related to Certain Non-GAAP Financial Measures

A reconciliation from book value per diluted share to book value per diluted share, excluding accumulated other comprehensive income (loss) is as follows (dollars in millions, except per share amounts):

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Total shareholders' equity	$ 4,283.3	$ 4,296.6	$ 4,712.7	$ 4,713.1	$ 4,724.0
Less accumulated other comprehensive income (loss)	(224.2)	(445.6)	(71.8)	(72.6)	(41.8)
Total shareholders' equity excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	$ 4,507.5	$ 4,742.2	$ 4,784.5	$ 4,785.7	$ 4,765.8
Diluted shares outstanding for the period	183,532,954	183,554,073	185,354,251	186,665,776	188,784,663
Book value per diluted share	$ 23.34	$ 23.41	$ 25.43	$ 25.25	$ 25.02
Less accumulated other comprehensive income (loss)	(1.22)	(2.43)	(0.38)	(0.39)	(0.22)
Book value, excluding accumulated other comprehensive income (loss), per diluted share (a non-GAAP financial measure)	$ 24.56	$ 25.84	$ 25.81	$ 25.64	$ 25.24

Information Related to Certain Non-GAAP Financial Measures

Operating return measures

Management believes that an analysis of return before net realized gains or losses ("net operating income", a non-GAAP financial measure) is important to evaluate the performance of the Company and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because realized investment gains or losses can be affected by events that are unrelated to the Company's underlying fundamentals.

In addition, our return for Q2 2006 was affected by an unusual and significant charge related to a tentative litigation settlement. Management does not believe that a similar charge is likely to recur within two years, and there were no similar charges recognized within the prior two years. Management believes an analysis of return before this charge is important to evaluate the performance of the Company prior to the effect of this unusual and significant charge.

This non-GAAP financial measure also differs from return on equity because accumulated other comprehensive income (loss) has been excluded from the value of equity used to determine this ratio. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

In addition, our equity includes the value of significant net operating loss carryforwards (included in income tax assets). In accordance with GAAP, these assets are not discounted, and accordingly will not provide a return to shareholders (until after it is realized as a reduction to taxes that would otherwise be paid). Management believes that excluding this value from the equity component of this measure enhances the understanding of the effect these non-discounted assets have on operating returns and the comparability of these measures from period-to-period. Equity in all periods assumes the conversion of our 5.5% Class B Mandatorily Convertible Preferred Stock (which will occur in May 2007). In addition, the Company plans to change the way compensation for its executives is determined in the future. Operating return measures will be the primary manner of measuring the performance of our business units and will be used as a basis for incentive compensation.

All references to segment operating return measures assume a 25% debt to total capital ratio at the segment level. Additionally, corporate expenses have been allocated to the segments.

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of return on common equity to operating return (less Q2 2006 charge related to the tentative litigation settlement) on common equity (excluding accumulated other comprehensive income (loss) and net operating loss carryforwards) is as follows (dollars in millions, except per share amounts):

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Net income (loss) applicable to common stock	$ 55.1	$ (31.8)	$ 38.9	$ (3.7)	$ 0.9
Net realized investment (gains) losses, net of related amortization and taxes	0.7	0.1	13.9	9.4	13.7
Net operating income (loss) (a non-GAAP financial measure)	55.8	(31.7)	52.8	5.7	14.6
Q2 2006 charge related to the tentative litigation settlement, net of taxes	-	102.1	-	-	-
Add preferred stock dividends, assuming conversion	9.5	9.5	9.5	9.5	9.5
Net operating income before Q2 2006 charge related to the tentative litigation settlement (a non-GAAP financial measure)	$ 65.3	$ 79.9	$ 62.3	$ 15.2	$ 24.1
Total shareholders' equity	$ 4,283.3	$ 4,296.6	$ 4,712.7	$ 4,713.1	$ 4,724.0
Less preferred stock	667.8	667.8	667.8	667.8	667.8
Common shareholders' equity	3,615.5	3,628.8	4,044.9	4,045.3	4,056.2
Add preferred stock, assuming conversion	667.8	667.8	667.8	667.8	667.8
Less accumulated other comprehensive income (loss)	(224.2)	(445.6)	(71.8)	(72.6)	(41.8)
Common shareholder's equity, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	4,507.5	4,742.2	4,784.5	4,785.7	4,765.8
Less net operating loss carryforwards	1,112.1	1,346.6	1,346.7	1,340.0	1,334.1
Common shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,395.4	$ 3,395.6	$ 3,437.8	$ 3,445.7	$ 3,431.7

(continued on next page)

Information Related to Certain Non-GAAP Financial Measures

(continued from previous page)

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Average common shareholders' equity	3,733.8	3,622.2	3,836.9	4,045.1	4,050.8
Average common shareholder's equity, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	4,477.8	4,624.9	4,763.4	4,785.1	4,775.8
Average common shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	3,362.6	3,395.5	3,416.7	3,441.8	3,438.7
Return on equity ratios:					
Return on common equity	5.9%	-3.5%	4.1%	-0.4%	0.1%
Operating return (less Q2 2006 charge related to the tentative litigation settlement) on common equity, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	5.8%	6.9%	5.2%	1.3%	2.0%
Operating return (less Q2 2006 charge related to the tentative litigation settlement) on common equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	7.8%	9.4%	7.3%	1.8%	2.8%

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of pretax operating earnings (a non-GAAP financial measure) to segment operating income (loss) and consolidated net income (loss) for the three months ended March 31, 2007, is as follows (dollars in millions):

	CIG	Bankers	Colonial Penn	Other Business in Run-off	Corporate	Total
Pretax operating earnings (a non-GAAP financial measure)	$ 51.5	$ 42.8	$ 4.6	$ (30.9)	$ (30.8)	$ 37.2
Allocation of interest expense, excess capital and corporate expenses	(16.2)	(13.4)	(1.0)	(2.9)	33.5	-
Income tax (expense) benefit	(12.5)	(10.4)	(1.3)	11.9	(0.8)	(13.1)
Segment operating income (loss)	$ 22.8	$ 19.0	$ 2.3	$ (21.9)	$ 1.9	24.1
Net realized investment losses, net of related amortization and taxes						(13.7)
Net income						$ 10.4

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of common shareholders’ equity, excluding accumulated other comprehensive income (loss) and less income tax assets and assuming conversion of the convertible preferred stock (a non-GAAP financial measure) to common shareholders’ equity is as follows (dollars in millions):

(Continued from previous page)

	CIG	Bankers	Colonial Penn	Other Business in Run-off	Corporate	Total
December 31, 2006						
Common shareholders' equity, excluding accumulated other comprehensive income (loss) and less income tax assets representing net operating loss carryforwards and assuming conversion of convertible preferred stock (a non-GAAP financial measure)	$ 1,546.5	$ 1,274.3	$ 103.6	$ 290.3	$ 231.0	$ 3,445.7
Net operating loss carryforwards	1,340.0	-	-	-	-	1,340.0
Accumulated other comprehensive income (loss)	(25.6)	(41.6)	(1.2)	(7.3)	3.1	(72.6)
Allocation of capital	515.5	424.8	34.6	96.8	(1,071.7)	-
Total shareholders' equity	$ 3,376.4	$ 1,657.5	$ 137.0	$ 379.8	$ (837.6)	4,713.1
Less preferred stock						667.8
Common shareholders' equity						$ 4,045.3
March 31, 2007						
Common shareholders' equity, excluding accumulated other comprehensive income (loss) and less income tax assets representing net operating loss carryforwards and assuming conversion of convertible preferred stock (a non-GAAP financial measure)	$ 1,568.1	$ 1,290.8	$ 105.7	$ 275.3	$ 191.8	$ 3,431.7
Net operating loss carryforwards	1,334.1					1,334.1
Accumulated other comprehensive income (loss)	(8.1)	(30.7)	(0.2)	(7.8)	5.0	(41.8)
Allocation of capital	522.7	430.3	35.3	91.7	(1,080.0)	-
Total shareholders' equity	$ 3,416.8	$ 1,690.4	$ 140.8	$ 359.2	$ (883.2)	4,724.0
Less preferred stock						667.8
Common shareholders' equity						$ 4,056.2

(Continued on next page)

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of average common shareholders’ equity, excluding accumulated other comprehensive income (loss) and less income tax assets and assuming conversion of the convertible preferred stock (a non-GAAP financial measure) to average common shareholders’ equity at March 31, 2007, is as follows (dollars in millions):

(Continued from previous page)

	CIG	Bankers	Colonial Penn	Other Business in Run-off	Corporate	Total
Average common shareholders' equity, excluding accumulated other comprehensive income (loss) and less income tax assets representing net operating loss carryforwards and assuming conversion of convertible preferred stock (a non-GAAP financial measure)	$ 1,557.3	$ 1,282.6	$ 104.7	$ 282.8	$ 211.3	$ 3,438.7
Average net operating loss carryforwards						1,337.1
Average accumulated other comprehensive income (loss)						(57.2)
Average total shareholders' equity						4,718.6
Average preferred stock						667.8
Average common shareholders' equity						4,050.8
Return on equity ratios:						
Return on equity						1.0%
Operating return on equity, excluding accumulated other comprehensive income (loss) and less income tax assets representing net operating loss carryforwards and assuming conversion of convertible preferred stock (a non-GAAP financial measure)	5.9%	5.9%	8.7%	-31.1%	3.5%	2.8%

Information Related to Certain Non-GAAP Financial Measures

Debt to capital ratio, excluding accumulated other comprehensive income (loss)
This non-GAAP financial measure differs from the debt to capital ratio because accumulated other comprehensive income has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP financial measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income. Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management.

Information Related to Certain Non-GAAP Financial Measures

A reconciliation of the debt to capital ratio to debt to capital, excluding accumulated other comprehensive income (loss), is as follows (dollars in millions):

	Q1 06	Q2 06	Q3 06	Q4 06	Q1 07
Corporate notes payable	$ 805.3	$ 805.5	$ 805.6	$ 1,000.8	$ 999.3
Total shareholders' equity	4,283.3	4,296.6	4,712.7	4,713.1	4,724.0
Total capital	5,088.6	5,102.1	5,518.3	5,713.9	5,723.3
Less accumulated other comprehensive income (loss)	224.2	445.6	71.8	72.6	41.8
Total capital, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	$ 5,312.8	$ 5,547.7	$ 5,590.1	$ 5,786.5	$ 5,765.1
Corporate notes payable to capital ratios:					
Corporate debt to total capital	15.8%	15.8%	14.6%	17.5%	17.5%
Corporate debt to total capital, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	15.2%	14.5%	14.4%	17.3%	17.3%