CNO FINANCIAL GROUP, INC.

FORM 8-K
(Current report filing)

Filed 03/07/07 for the Period Ending 03/06/07

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

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): March 6, 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 2.02. Results of Operations and Financial Condition.

On March 6, 2007, Conseco, Inc. (the "Company") issued: (i) a press release announcing its financial results for the quarter and year ended December 31, 2006, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference; and (ii) additional financial information related to the Company's financial and operating results for the quarter and year ended December 31, 2006, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information contained in this Current Report on Form 8-K (including the exhibits) 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 March 6, 2007.

99.2 Fourth Quarter 2006 Financial and Operating Results for the period ended December 31, 2006.

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.

March 7, 2007

By: /s/ John R. Kline

John R. Kline
Senior Vice President and
Chief Accounting Officer

Exhibit 99.1

NEWS

For Release Immediate

Contacts (News Media) Tony Zehnder, Corporate Communications 317.817.5345
(Investors) Daniel Murphy, Investor Relations 317.817.2893

Conseco Reports Fourth Quarter and Year-End Results

Carmel, Ind., March 6, 2007 - Conseco, Inc. (NYSE: CNO) today reported results for the fourth quarter and full year 2006.

"I'm disappointed with our poor overall financial results," said Jim Prieur, reporting on his first full quarter as CEO, "but we are taking the necessary steps that will fundamentally change Conseco for the better. The results for the quarter reflect a number of adjustments, many of which we believe are one-time in nature, and there are many signs of progress, including strong full year sales growth in our core operating businesses, emerging efficiencies from the consolidation of our back office operations, and progress on our initiatives to improve the performance of our run-off long-term care block."

Fourth quarter 2006 results:
o Net operating income (1): $5.7 million, compared to $70.4 million in 4Q05
o Net operating income per diluted share: 4 cents, compared to 44 cents in 4Q05
o Net income (loss) applicable to common stock: $(3.7) million, compared to $67.6 million in 4Q05 (including $9.4 million of net realized investment losses in 4Q06 vs. $2.8 million of net realized investment losses in 4Q05)
o Net income (loss) per diluted share: (2) cents, compared to 42 cents in 4Q05 (including 6 cents of net realized investment losses in 4Q06 vs. 2 cents of net realized investment losses in 4Q05)
o Earnings before net realized investment losses, corporate interest and taxes ("EBIT") (2): $40.7 million, compared to $130.2 million in 4Q05
o Sales (4): $87.2 million, down 3% from 4Q05

Full year 2006 results:
o Net operating income (1): $82.6 million (including after-tax costs related to the tentative litigation settlement of $102.1 million), down 71% from 2005
o Net operating income per diluted share: 54 cents (including after-tax costs related to the tentative litigation settlement of 67 cents per share), down 69% from 2005
o Net income applicable to common stock: $58.5 million, down 80% from 2005
o Net income per diluted share: 38 cents, down 78% from 2005
o EBIT (2): $243.0 million (including pre-tax costs related to the tentative litigation settlement of $157.0 million), down 56% from 2005
o Sales (4): $353.7 million, up 6% over 2005

Financial strength at December 31, 2006:
o Book value per common share, excluding accumulated other comprehensive income (loss) (3), was $27.06, compared to $24.95 at December 31, 2005
o Book value per diluted share, excluding accumulated other comprehensive income (loss) (3), was $25.64, compared to $24.26 at December 31, 2005
o Debt-to-total capital ratio, excluding accumulated other comprehensive income (loss) (3), was 17.3%, compared to 16.1% at December 31, 2005

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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 December 31, 2006	Three Months Ended December 31, 2005
EBIT (2):		
Bankers Life	$ 69.1	$ 63.5
Conseco Insurance Group	23.9	59.1
Colonial Penn	5.4	3.3
Other Business in Run-off	(57.3)	17.9
Corporate Operations, excluding corporate interest expense	(.4)	(13.6)
EBIT	40.7	130.2
Corporate interest expense	(16.0)	(10.9)
Loss on extinguishment of debt	(.7)	-
Income before net realized investment losses and taxes	24.0	119.3
Tax expense	8.8	39.4
Net income before net realized investment losses	15.2	79.9
Preferred stock dividends:		
5.50% Class B mandatorily convertible preferred stock	9.5	9.5
Net operating income	5.7	70.4
Net realized investment losses, net of related amortization and taxes	(9.4)	(2.8)
Net income (loss) applicable to common stock	$ (3.7)	$ 67.6
Per diluted share:		
Net operating income	$ .04	$.44
Net realized investment losses, net of related amortization and taxes	(.06)	(.02)
Net income (loss) applicable to common stock	$(.02)	$.42

In our Bankers Life segment, EBIT was $69.1 million in the fourth quarter of 2006 compared to $63.5 million in the fourth quarter of 2005. The earnings improvement reflects increased investment income and improved margins in our Medicare supplement business, including our Medicare Part D marketing and quota-share reinsurance agreements with Coventry. Results for the fourth quarter of 2006 include a $7.4 million reduction in insurance reserves for certain policies no longer in force but incorrectly carried in the reserve valuation system, offset by higher incurred claims in our long-term care business, including claim reserve strengthening of $8.4 million relating to claims incurred in previous periods.

In our Conseco Insurance Group segment, EBIT was $23.9 million in the fourth quarter of 2006, compared to $59.1 million in the fourth quarter of 2005. Earnings in the fourth quarter of 2006 were affected by an increase in specified disease active life reserves (net of related amortization of insurance intangibles) of $11.7 million arising from the correction of reserve valuation errors, and charges of $16.1 million related to the segment's life insurance results in connection with changes in management's intent regarding the administration of certain policies. Results in the fourth quarter of 2005 reflect lower operating expenses due to an $8.8 million gain related to the termination of a postretirement plan.

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Our Colonial Penn segment achieved pre-tax operating earnings of $5.4 million in the fourth quarter of 2006 compared to $3.3 million in the fourth quarter of 2005, principally reflecting improved mortality experience and increased investment income.

In our Other Business in Run-off segment, EBIT was $(57.3) million in the fourth quarter of 2006, compared to $17.9 million in the fourth quarter of 2005. Results in the fourth quarter of 2006 were affected by the following items:

1) Claim reserve strengthening of approximately $54.1 million resulting from adverse claim experience on claims incurred in previous periods, including $24.5 million related to the first three quarters of 2006;

2) Increases in long-term care insurance reserves of $7.1 million related to data refinements in calculating claim reserves on certain policies with inflation riders, with coverages for two insureds, and that are paying benefits subject to a non-forfeiture option; and

3) Year-end adjustments to expense and premium accruals and an unusually high level of policyholders electing non-forfeiture benefits favorably impacted operating results by approximately $8.2 million.

The Corporate Operations segment includes our investment advisory subsidiary and corporate expenses. Results for the fourth quarter of 2005 included an increase in litigation reserves of $6.9 million.

Sales results
At Conseco Insurance Group (independent distribution), total sales of traditional products in 4Q06 were $24.0 million, up 13% over 4Q05. Expanded product offerings, revitalized marketing efforts, increased agent productivity and improved recruiting efforts contributed to the increase. For the year, sales rose 37% over 2005, to $94.0 million.

At Bankers Life (career distribution), total sales of traditional products in 4Q06 were $55.7 million, down 9% from 4Q05, reflecting strong growth in our life product line, and lower annuity, medicare supplement and long-term care sales. For the year, sales fell 3% from 2005, to $226.4 million.

At Colonial Penn (direct distribution), total 4Q06 sales were $7.5 million, up 4% over 4Q05 as we continued the investment in our marketing efforts. For the year, sales rose 10% over 2005, to $33.3 million.

In addition to the sales of traditional products, Bankers Life and Conseco Insurance Group, through a partnership with Coventry Health Care (Coventry), distribute and risk-share Medicare prescription drug plans (PDP) through their career and independent agents, respectively. After taking into account the 50% quota share with Coventry, new annualized premium was $85.6 million for 2006, substantially all of which was sold during the open enrollment period in the first half of the year.

Internal Controls over Financial Reporting We expect to file our annual report on Form 10-K on or about March 9, 2007. As a result of certain adjustments identified by management and made during our year-end closing process, we have concluded that, as of December 31, 2006, we did not maintain effective control over certain actuarial financial reporting processes. The related control deficiencies, taken in the aggregate, constitute a material weakness. None of the adjustments were material individually, or in the aggregate, to our current year or prior period financial statements taken as a whole. We have taken steps to address the control deficiencies which will not be considered fully remediated until the revised control processes have been operating for a sufficient period of time to provide reasonable assurance as to their effectiveness.

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Outlook
The significant losses recently incurred in our run-off block of long-term care insurance have led to corrective action plans involving accelerated premium increase activity, enhanced care management and claim adjudication practices, upgrading of management talent and focused accountability, and improved technology based tools. However, more time is necessary to achieve the necessary visibility to improving trends in operating results in order to provide any commentary on outlook. As these results are significant to our overall operating performance, we cannot comment on overall outlook at this time. See note on forward-looking statements below.

Conference Call
The company will host a conference call to discuss results at 10:00 a.m. Eastern Standard Time on March 7, 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 Thursday 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 tables on page 2 and 8.
(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) the effects of the 2005 issuance of convertible debentures and amendments of our credit facility in 2006 and 2005; 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 tables on page 2 and 8.
(3) 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 $26.58, respectively, at December 31, 2006, and 15.9% and $25.42, respectively, at December 31, 2005.
(4) Measured by new annualized premium, which Includes 6% of annuity and 10% of single premium whole life deposits and 100% of all other premiums.

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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 continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (ix) 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; (x) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xi) 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; (xii) 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 (xiii) 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)

	2006	2005
ASSETS		
Investments:		
Actively managed fixed maturities at fair value (amortized cost: December 31, 2006 - $22,946.9; December 31, 2005 - $22,380.2)	$22,802.9	$22,494.2
Equity securities at fair value (cost: December 31, 2006 - $23.9; December 31, 2005 - $25.6)	24.8	27.1
Mortgage loans	1,642.2	1,264.2
Policy loans	412.5	429.8
Trading securities	675.2	716.3
Other invested assets	178.8	109.6
Total investments	25,736.4	25,041.2
Cash and cash equivalents:		
Unrestricted	385.9	237.8
Restricted	24.0	35.2
Accrued investment income	344.5	315.4
Value of policies inforce at the Effective Date	2,137.2	2,382.0
Cost of policies produced	1,106.7	758.8
Reinsurance receivables	850.8	887.5
Income tax assets, net	1,786.9	1,496.6
Assets held in separate accounts	28.9	29.8
Other assets	316.0	341.0
Total assets	$32,717.3	$31,525.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Interest-sensitive products	$13,018.0	$12,686.8
Traditional products	12,094.1	11,840.2
Claims payable and other policyholder funds	832.3	842.1
Liabilities related to separate accounts	28.9	29.8
Other liabilities	611.8	440.0
Investment borrowings	418.3	315.1
Notes payable - direct corporate obligations	1,000.8	851.5
Total liabilities	28,004.2	27,005.5
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: December 31, 2006 - 152,165,108; December 31, 2005 - 151,513,434)	1.5	1.5
Additional paid-in capital	3,473.2	3,194.1
Accumulated other comprehensive income (loss)	(72.6)	71.7
Retained earnings	643.2	584.7
Total shareholders' equity	4,713.1	4,519.8
Total liabilities and shareholders' equity	$32,717.3	$31,525.3

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

	Three months ended December 31, 2006	Three months ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2005
Revenues:				
Insurance policy income	$ 746.1	$ 728.2	$2,989.0	$2,930.1
Net investment income (loss):				
General account assets	366.0	347.7	1,435.2	1,390.4
Policyholder and reinsurer accounts	44.6	3.7	71.2	(15.8)
Net realized investment losses	(18.6)	(6.0)	(47.2)	(2.9)
Fee revenue and other income	5.2	4.7	19.2	24.7
Total revenues	1,143.3	1,078.3	4,467.4	4,326.5
Benefits and expenses:				
Insurance policy benefits	863.8	701.0	3,068.4	2,800.6
Interest expense	22.2	14.6	73.5	58.3
Amortization	103.0	100.7	423.4	388.4
Loss on extinguishment of debt	.7	-	.7	3.7
Costs related to the tentative litigation settlement	-	9.9	174.7	18.3
Other operating costs and expenses	144.2	137.2	574.4	553.8
Total benefits and expenses	1,133.9	963.4	4,315.1	3,823.1
Income before income taxes	9.4	114.9	152.3	503.4
Income tax expense on period income	3.6	37.8	55.8	178.5
Net income	5.8	77.1	96.5	324.9
Preferred stock dividends	9.5	9.5	38.0	38.0
Net income (loss) applicable to common stock	$ (3.7)	$ 67.6	$ 58.5	$ 286.9
Earnings per common share:				
Basic:				
Weighted average shares outstanding	152,062,000	151,410,000	151,690,000	151,160,000
Net income (loss)	$(.02)	$.45	$.39	$1.90
Diluted:				
Weighted average shares outstanding	152,062,000	183,217,000	152,509,000	185,040,000
Net income (loss)	$(.02)	$.42	$.38	$1.76

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CONSECO, INC. AND SUBSIDIARIES
OPERATING RESULTS

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

	Year Ended December 31, 2006	Year Ended December 31, 2005
EBIT (2), excluding the costs related to the tentative litigation settlement:		
Bankers Life	$ 258.4	$234.4
Conseco Insurance Group	189.0	256.7
Colonial Penn	21.6	20.0
Other Business in Run-off	(41.9)	77.2
Corporate Operations, excluding corporate interest expense	(27.1)	(33.0)
EBIT, excluding the costs related to the tentative litigation settlement	400.0	555.3
Costs related to the tentative litigation settlement	(157.0)	-
Total EBIT	243.0	555.3
Corporate interest expense	(52.9)	(48.1)
Loss on extinguishment of debt	(.7)	(3.7)
Income before net realized investment gains (losses) and taxes	189.4	503.5
Tax expense	68.8	178.6
Net income before net realized investment gains (losses)	120.6	324.9
Preferred stock dividends:		
5.50% Class B mandatorily convertible preferred stock	38.0	38.0
Net operating income	82.6	286.9
Net realized investment gains (losses), net of related amortization and taxes	(24.1)	-
Net income applicable to common stock	$ 58.5	$286.9
Per diluted share:		
Net operating income	$ .54	$1.76
Net realized investment gains (losses), net of related amortization and taxes	(.16)	-
Net income applicable to common stock	$ .38	$1.76

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

	Three months ended December 31, 2006	Three months ended December 31, 2005
Bankers Life segment:		
Annuity	$247.6	$264.1
Supplemental health	327.7	303.2
Life	46.6	42.7
Total collected premiums	$621.9	$610.0
Conseco Insurance Group segment:		
Annuity	$121.9	$ 65.0
Supplemental health	153.2	160.7
Life	73.9	76.3
Total collected premiums	$349.0	$302.0
Colonial Penn segment:		
Supplemental health	$ 2.9	$ 3.3
Life	26.8	24.4
Total collected premiums	$29.7	$27.7
Other Business in Run-off segment:		
Long-term care	$75.9	$82.7
Major medical	.7	.8
Total collected premiums	$76.6	$83.5

BENEFIT RATIOS ON MAJOR SUPPLEMENTAL HEALTH LINES OF BUSINESS

	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005
Bankers Life segment:		
Medicare Supplement:		
Earned premium	$160 million	$160 million
Benefit ratio(a)	65.4%	70.5%
Long-Term Care:		
Earned premium	$153 million	$143 million
Benefit ratio(a)	106.7%	96.1%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	76.9%	67.0%
Conseco Insurance Group (CIG) segment:		
Medicare Supplement:		
Earned premium	$62 million	$70 million
Benefit ratio(a)	64.1%	58.6%
Specified Disease:		
Earned premium	$90 million	$90 million
Benefit ratio(a)	84.9%	79.6%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	52.5%	48.1%
Other Business in Run-off segment:		
Earned premium	$82 million	$87 million
Benefit ratio(a)	198.2%	99.5%
Interest-adjusted benefit ratio (a non-GAAP measure)(b)	143.5%	49.4%

(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®

Fourth Quarter 2006

Financial and Operating Results

For the period ended December 31, 2006

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 continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives; (ix) 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; (x) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission; (xi) 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; (xii) 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 (xiii) 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.

Financial Highlights CNO

- Pre-tax operating earnings from Bankers Life: $69.1 million, up from Q3 2006 and Q4 2005
- Pre-tax operating earnings from Colonial Penn: $5.4 million, up from Q3 2006 and Q4 2005
- Results from the LTC Closed Block continue to be volatile: loss of $57.3 million in Q4 2006
- Pre-tax operating earnings from Conseco Insurance Group (CIG): $23.9 million, down from Q3 2006 and Q4 2005
- Unusual items decreasing (increasing) income:

Specified disease (CIG)	$11.7 million
Life reserve and VOBA changes (CIG)	$16.1 million
Annuity reserves (Bankers)	($7.4) million
Experience-related (Bankers)	$8.4 million
LTC data refinements (LTC Closed Block)	$7.1 million
Experience-related (LTC Closed Block)	$54.1 million

Management's Actions in Q4 CNO

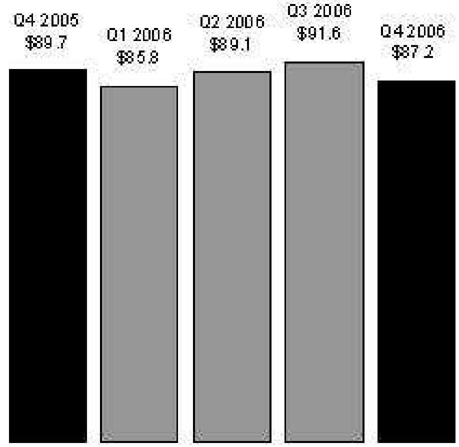
- In December, announced plans to consolidate certain back-office operations from Chicago to Carmel
  - Expect to complete consolidation in 2007, reducing expense run rate by $25 million
  - Management changes to support reorganization: new company-wide operations leader, new LTC leader
- In December, announced plans to purchase up to $150 million of common equity
  - 1.24 million shares purchased to date (approximate cost: $25 million)

New Business Volumes (NAP)

CNO Consolidated

(in millions)

- Decrease from Q4 2005 due to decline in Medicare supplement sales, due primarily to competition from Med Advantage and private fee for service plans, partially offset by increased annuity sales
- Decrease from Q3 2006 due to decline in annuity sales
  - Q3 2006 was strongest annuity sales quarter of year



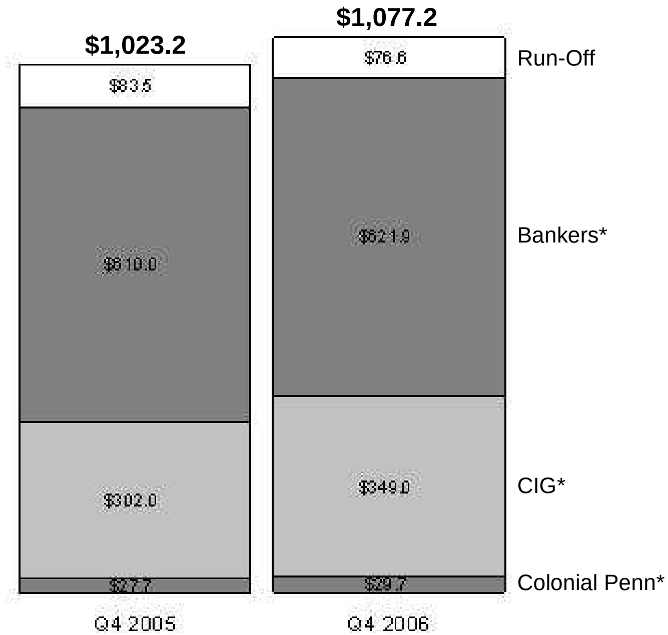
*New business volumes are measured by new annualized premium, which includes 6% of annuity premiums, 10% of single-premium whole life deposits, and 100% of all other premiums. Excludes prescription drug sales (PDP).

Collected Premium Growth

CNO Consolidated

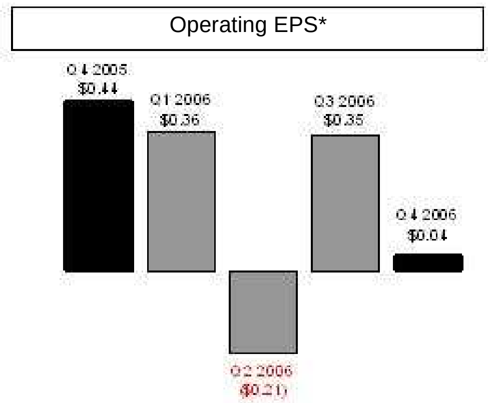
($ millions)

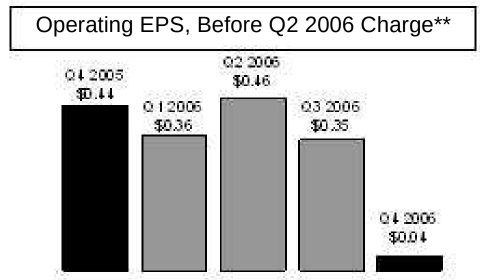
- **Consolidated premiums up $54 million (5%) vs. Q4 2005**
- **Growth in all core businesses**



	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Trailing 4 Qtrs. Collected Premium-Core Businesses*:	$3,574.0	$3,606.3	$3,706.6	$3,897.8	$3,958.7

Operating EPS (Diluted) CNO





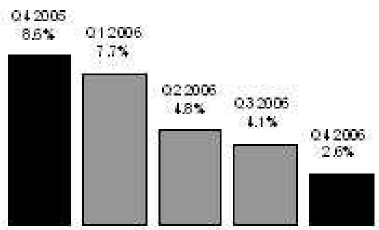
*Operating earnings per share exclude net realized investment gains (losses). See Appendix for corresponding GAAP measure.

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

Operating ROE

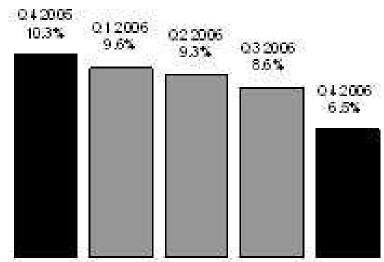
CNO

Operating ROE*, Trailing 4 Quarters



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

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



**Operating return before Q2 2006 charge related to the tentative litigation settlement. Equity also excludes the value of net operating loss carryforwards. See Appendix for corresponding GAAP measure.

Q4 Earnings CNO Consolidated

($ millions)	Q4 2005	Q4 2006
Bankers Life	$63.5	$69.1
Conseco Insurance Group	59.1	23.9
Colonial Penn	3.3	5.4
Other Business in Run-Off	17.9	(57.3)
Corporate operations, excluding interest expense	(13.6)	(0.4)
Total EBIT*	130.2	40.7
Corporate interest expense and loss on extinguishment of debt	(10.9)	(16.7)
Income before net realized investment losses and taxes	119.3	24.0
Tax expense	39.4	8.8
Net income before net realized losses	79.9	15.2
Preferred stock dividends	9.5	9.5
Net operating income	70.4	5.7
Net realized investment losses, net of related amortization and taxes	(2.8)	(9.4)
Net income (loss) applicable to common stock	$67.6	($3.7)

*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 the effects of the 2005 issuance of convertible debentures and the amendment of our credit facility; 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.

Q4 Earnings

Bankers

($ millions)

	Q4 2005	Q4 2006
Insurance policy income	$357.8	$387.8
Net investment income	118.3	145.3
Fee revenue and other income	0.9	1.2
Total revenues	477.0	534.3
Insurance policy benefits	285.3	309.8
Amounts added to policyholder account balances	43.2	56.4
Amortization related to operations	49.9	57.2
Other operating costs and expenses	35.1	41.8
Total benefits and expenses	413.5	465.2
Income before net realized investment losses, net of related amortization and income taxes	$63.5	$69.1

2006 Return on Equity (before realized investment gains/(losses): 11.4%

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 10 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.

Q4 Earnings CIG

($ millions)

	Q4 2005	Q4 2006
Insurance policy income	$255.2	$245.1
Net investment income	175.9	200.7
Fee revenue and other income	0.3	(0.1)
Total revenues	431.4	445.7
Insurance policy benefits	189.9	209.8
Amounts added to policyholder account balances	68.9	98.4
Amortization related to operations	44.1	40.0
Other operating costs and expenses	69.4	73.6
Total benefits and expenses	372.3	421.8
Income before net realized investment gains (losses), net of related amortization and income taxes	$59.1	$23.9

2006 Return on Equity (before realized investment gains/(losses): 6.0%

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 10 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.

Q4 Earnings

Colonial Penn

($ millions)

	Q4 2005	Q4 2006
Insurance policy income	$28.5	$31.0
Net investment income	9.7	10.2
Fee revenue and other income	0.2	0.2
Total revenues	38.4	41.4
Insurance policy benefits	27.1	26.4
Amounts added to policyholder account balances	0.3	0.3
Amortization related to operations	3.6	4.6
Other operating costs and expenses	4.1	4.7
Total benefits and expenses	35.1	36.0
Income before net realized investment losses and income taxes	$3.3	$5.4

2006 Return on Equity (before realized investment gains/(losses): 12.0%

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 10 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.

Q4 Earnings Other Business in Run-off

($ millions)

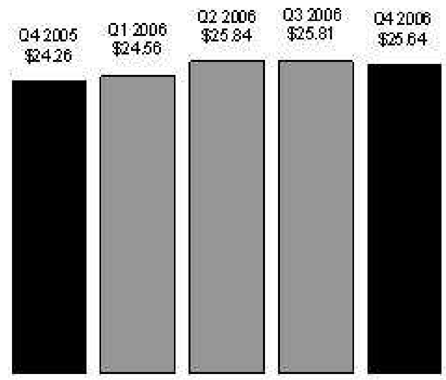
	Q4 2005	Q4 2006
Insurance policy income	$86.7	$82.2
Net investment income	44.2	45.6
Fee revenue and other income	0.1	0.1
Total revenues	131.0	127.9
Insurance policy benefits	86.3	162.7
Amortization related to operations	4.7	5.3
Other operating costs and expenses	22.1	17.2
Total benefits and expenses	113.1	185.2
Income (loss) before net realized investment losses and income taxes	$17.9	($57.3)

2006 Return on Equity (before realized investment gains/(losses): (11.9%)

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 10 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.

Book Value Per Diluted Share * CNO

- **Reflects dilution as if our preferred stock had converted**
- **Change in Q4 2006 reflects:**
  - **Q4 net loss**
  - **Slight increase in diluted shares outstanding**

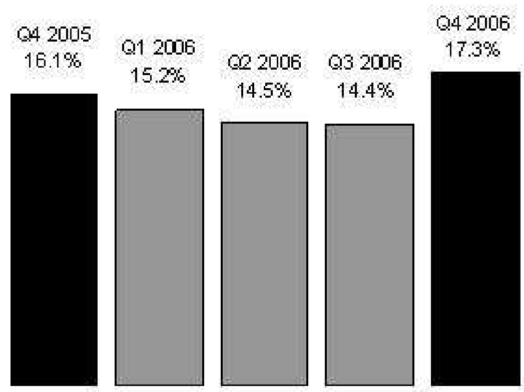


*Book value excludes accumulated other comprehensive income (loss). Shares outstanding assumes: (1) conversion of convertible securities; and (2) the exercise of outstanding stock options and vesting of restricted stock (each calculated using the treasury stock method). See Appendix for corresponding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

Debt to Total Capital Ratio *

CNO

- **Increase in Q4 2006 reflects refinancing completed in October**

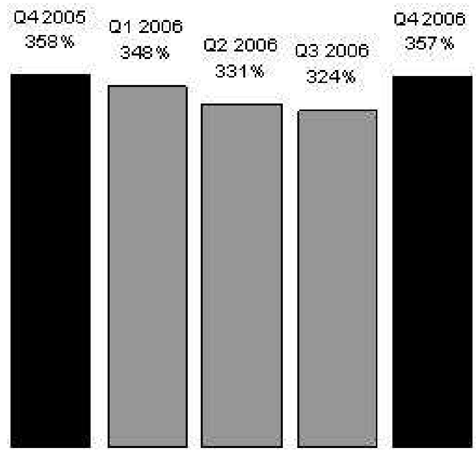


*Excludes accumulated other comprehensive income (loss). See Appendix for corresponding GAAP measure.

Consolidated RBC Ratio*

CNO

- Ratio remains strong
- Increase in Q4 2006 reflects contribution of proceeds from October refinancing



*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.

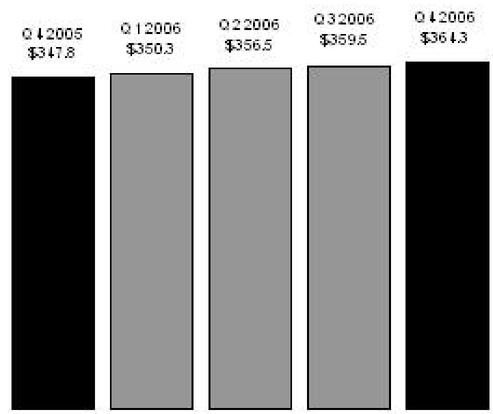
Net Investment Income

CNO

($ millions)

- **Yields increased by 7 bps despite low market rate environment**

General Account Investment Income, Excluding Corporate Segment



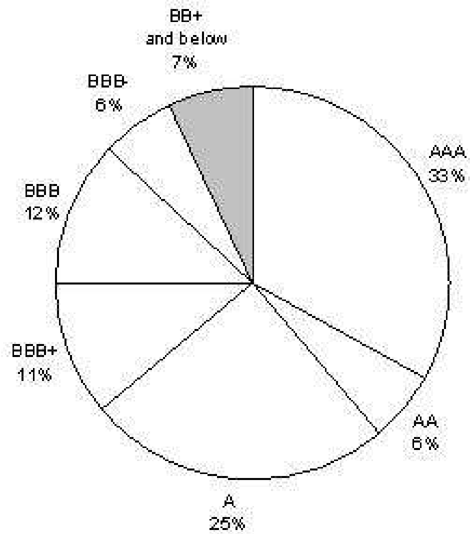
Net investment income from the prepayment of securities:	$5.2	$1.2	$5.3	$0.5	$1.0
Yield:	5.65%	5.64%	5.71%	5.72%	5.72%

High-Quality Assets

CNO

- **Portfolio quality remains high**
- **Less than 7% of portfolio is below investment grade**

Actively Managed Fixed Maturities by Rating at 12/31/06 (Market Value)



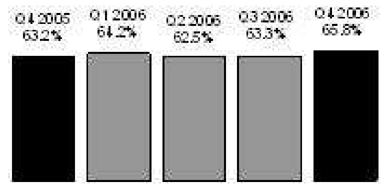
	12/31/05	3/31/06	6/30/06	9/30/06	12/31/06
% of Bonds which are Investment Grade:	96%	95%	95%	95%	93%

Aggregate Interest-Adjusted Health Benefit Ratio*

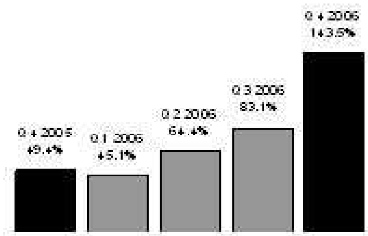
CNO

- **Loss ratios in our core businesses increased to 65.8%**
  - **Primarily driven by claim reserve deficiencies of $8.9 million in the Bankers Life segment and $11.7 million arising from the correction of specified disease reserve valuation errors in the Conseco Insurance Group segment**
- **Loss ratio in non-core LTC Closed Block increased to 143.5%**

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



Aggregate Health Benefit Ratio – By Quarter
Run-Off Business



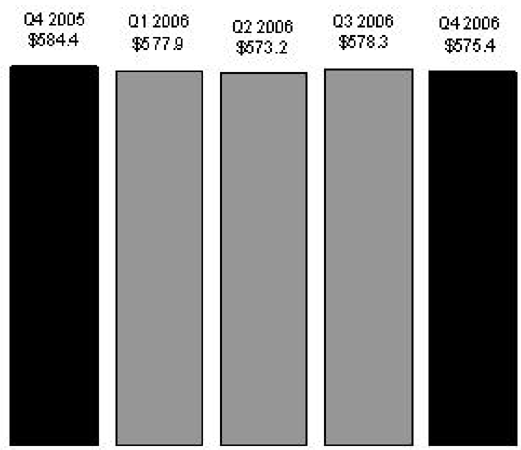
*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits, less interest income on the accumulated assets backing the insurance liabilities, by insurance policy income.

Expenses

CNO

($ millions)

Gross Operating Expenses*, Trailing 4 Quarters

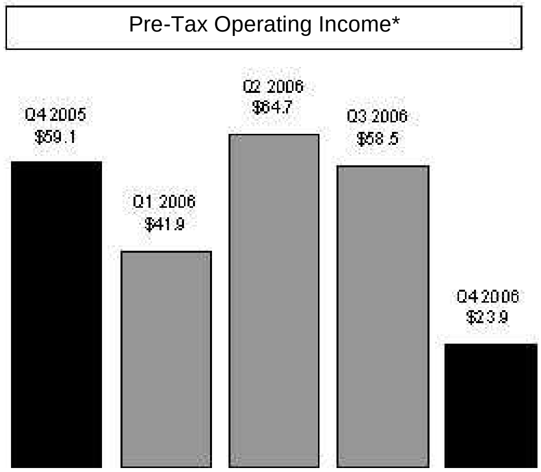


*Gross operating expenses before capitalization of cost of policies produced, capitalization of software development costs and other adjustments. Costs related to the tentative litigation settlement are not included in our gross operating expenses. This measure is used by the Company to evaluate its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

Segment Performance CIG

($ millions)

- **Q4 2006 includes:**
  - Correction of specified disease valuation errors ($11.7 million, net of amortization)
  - $16.1 million related to reserves and VOBA on life insurance policies
- **Q4 2005 included:**
  - $8.8 million pre-tax gain on termination of post-retirement benefit plan



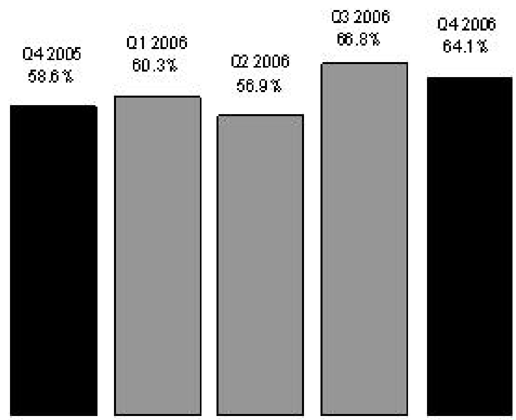
PTOI-Trailing 4 Quarters:	$256.7	$234.2	$232.8	$224.2	$189.0
Revenues-Quarterly:	$431.4	$438.8	$408.6	$436.0	$445.7
Revenues-Tr. 4 Quarters:	$1,767.9	$1,772.0	$1,736.6	$1,714.8	$1,729.1

*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 2005 and first half of 2006 benefited from release of policy benefit reserves related to increase in policyholder lapses**
- **Persistency improved in Q3 and Q4 2006**

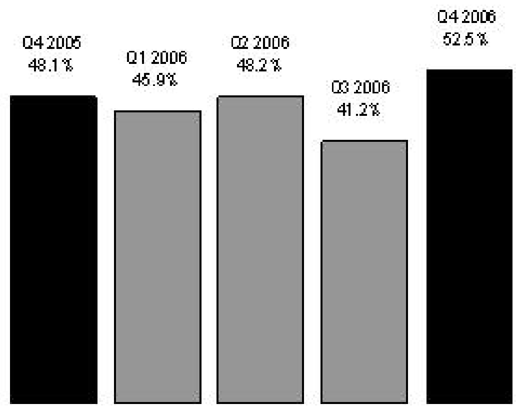


Trailing 4 Quarter Avg.:	59.4%	60.8%	59.3%	60.6%	61.9%

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

Interest-Adjusted Benefit Ratio* – Specified Disease CIG

- **Benefit ratio in Q4 2005 and first half of 2006 reflected higher-than-expected incurred claims, driven primarily by continued incidence of paid claims with old initial incurred dates**
- **Paid base claims in Q4 2006 were lowest we have seen since 2004**
- **However, correction of valuation errors resulted in higher benefit ratio in Q4 2006 (Q4 benefit ratio would compare favorably to prior quarters without this adjustment)**



Trailing 4 Quarter Avg.:	45.1%	45.4%	46.7%	45.9%	47.0%
Qtrly. non-int. adjusted:	79.6%	77.5%	79.9%	73.6%	84.9%

*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.

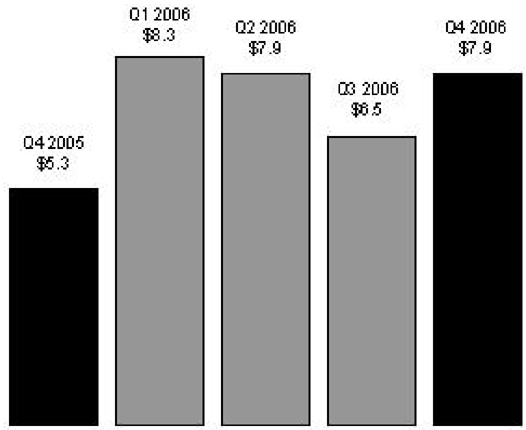
Premiums -
Medicare Supplement

CIG

($ millions)

- **49% increase in first-year premiums vs. Q4 2005**
- **94% increase in 2006 first-year premiums vs. 2005**

Medicare Supplement – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$15.8	$21.0	$25.6	$28.0	$30.6
Total Premiums-Quarterly:	$68.4	$65.9	$61.9	$54.6	$61.8
NAP-Quarterly:	$8.2	$10.5	$9.0	$6.2	$6.4
NAP-Trailing 4 Quarters:	$22.5	$29.5	$34.3	$33.9	$32.1

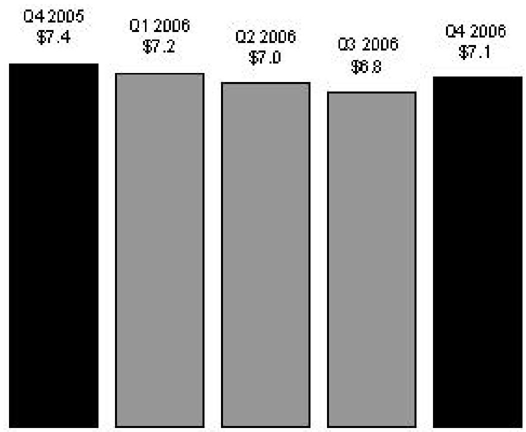
Premiums – Specified Disease

CIG

($ millions)

- **NAP at PMA (wholly owned distribution subsidiary) gaining momentum**

Specified Disease – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$30.6	$29.7	$28.8	$28.4	$28.1
Total Premiums-Quarterly:	$88.5	$91.4	$88.8	$88.1	$89.4
NAP-Quarterly:	$7.3	$6.2	$7.3	$7.7	$8.6
NAP-Trailing 4 Quarters:	$31.5	$29.5	$27.9	$28.5	$29.8

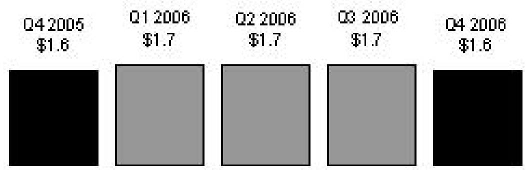
Premiums –
Life Insurance

CIG

($ millions)

- **Line being revitalized**
  - New channel leader hired in May
  - 3 field VPs added

Life – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$8.2	$7.1	$6.7	$6.7	$6.7
Total Premiums-Quarterly:	$76.3	$84.1	$78.3	$78.3	$73.9
NAP-Quarterly:	$2.2	$1.7	$1.1	$1.0	$1.8
NAP-Trailing 4 Quarters:	$5.7	$6.5	$6.5	$6.0	$5.6

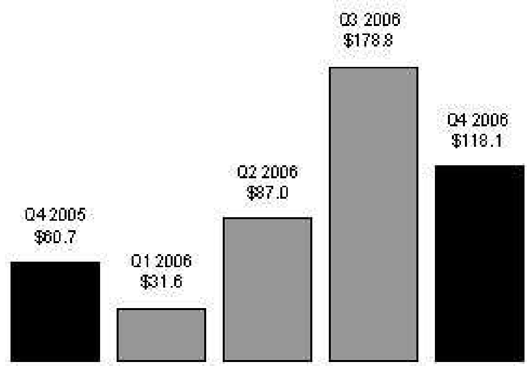
Premiums – Annuity

CIG

($ millions)

- **Continued strength**
  - First-year premiums up 95% for quarter, 193% for year
  - TSA and IMO channels gaining momentum
  - Significant contributions from our national partners

Annuity – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$141.9	$153.3	$218.6	$358.1	$415.5
Total Premiums-Quarterly:	$65.0	$36.2	$92.4	$182.8	$121.9

Segment Summary CIG

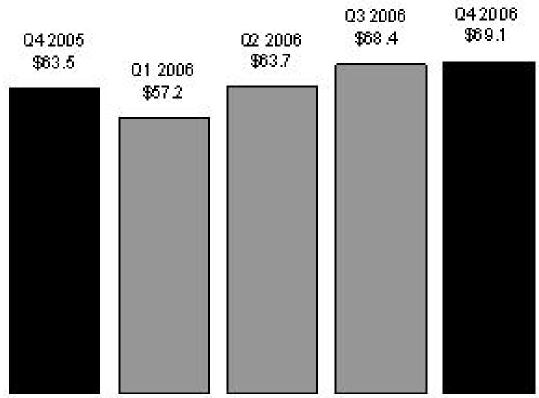
- **Continued focus on:**
  - Executing our Worksite strategy
  - Building our Life Insurance strategy
  - Establishing national partner relationships
  - Product development
  - Health Insurance producer recruiting

Segment Performance Bankers

($ millions)

- **Q4 2005-Q4 2006 earnings improvement driven by:**
  - Improving Medicare Supplement benefit ratio
  - Higher investment income
  - Coventry quota share/distribution fee
  - Offset by worsening loss experience on LTC business

Pre-Tax Operating Income*



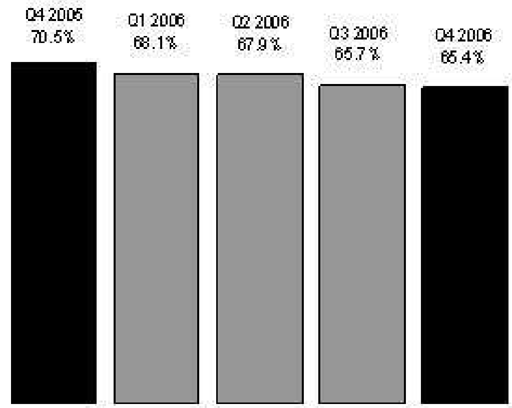
PTOI-Trailing 4 Quarters:	$234.4	$238.9	$239.4	$252.8	$258.4
Revenues-Quarterly:	$477.0	$507.9	$509.0	$525.9	$534.3
Revenues -Tr. 4 Quarters:	$1,854.8	$1,922.3	$1,970.3	$2,019.8	$2,077.1

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

Benefit Ratio* –
Medicare Supplement

Bankers

- **Improving benefit ratio reflects:**
  - Pricing action taken early in 2006
  - Claim redundancies for 2005 and prior incurred claims
  - Claim experience continues to be favorable



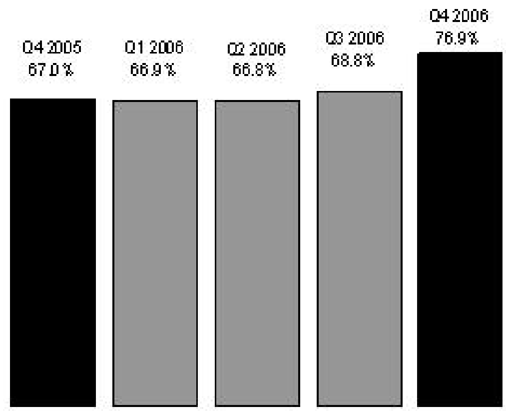
Trailing 4 Quarter Avg.:	71.7%	70.7%	69.6%	68.1%	66.8%

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

Interest-Adjusted Benefit Ratio* – Long Term Care

Bankers

- **Increase in Q4 2006 ratio reflects:**
  - Higher initial claims, particularly in more expense-comprehensive policies
  - Higher persistency
  - Approximately $8.4 million of claim reserve deficiencies in prior periods recognized in Q4



Trailing 4 Quarter Avg.:	65.1%	65.8%	66.4%	67.4%	69.9%
Qtrly. non-int. adjusted:	96.1%	96.5%	96.2%	98.2%	106.7%

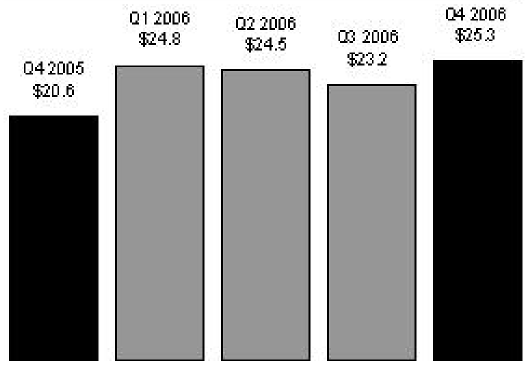
*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits less interest income on the accumulated assets backing the insurance liabilities by insurance policy income.

Premiums – Medicare Supplement/PDP Bankers

($ millions)

- **Strong sales**
  - Q4 2006 first-year premiums up 23% vs. Q4 2005
  - 2006 first-year premiums up 32% vs. 2005
  - $77 million of PDP collected premium in 2006

Medicare Supplement – First-Year Premiums



Med. Supp. First-Year Prems.-Tr. 4 Qtrs:	$74.1	$81.2	$88.1	$93.1	$97.8
Med. Supp. Total Premiums-Quarterly:	$159.5	$168.5	$156.7	$146.7	$157.2
Med. Supp. NAP-Quarterly:	$21.8	$20.7	$18.4	$15.3	$18.4
Med. Supp. NAP-Trailing 4 Quarters:	$71.9	$75.3	$76.7	$76.2	$72.8
PDP Premiums-Quarterly*:	--	$6.0	$32.1	$20.8	$17.8

*Excluded from amounts presented above.

New Product Rollout –
Medicare Advantage Private Fee Bankers

- **Partnering with Coventry Health Care**
  - Fee-based distribution agreement
  - Quota share reinsurance
- **Strong early indications**
  - Enrolled 14,000 members through 12/31/06
  - 66% of sales are new households
  - 15% of sales replace an existing Bankers Medicare Supplement plan
  - Per policy profits expected to be substantially higher than Medicare Supplement
- **Activity will first be reflected in 2007 financials**

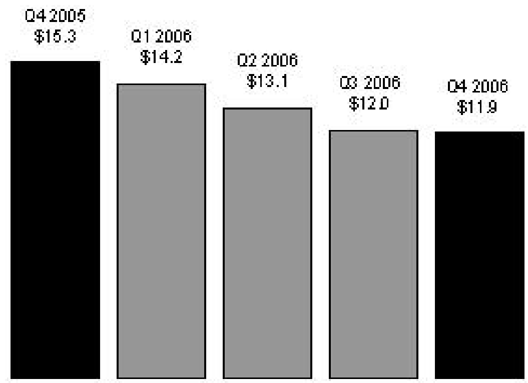
Premiums –
Long-Term Care

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:	$65.4	$62.5	$58.5	$54.6	$51.2
Total Premiums-Quarterly:	$141.1	$145.7	$151.5	$145.0	$150.2
NAP-Quarterly:	$13.8	$11.4	$12.7	$12.5	$11.0
NAP-Trailing 4 Quarters:	$63.4	$57.1	$52.5	$50.4	$47.6

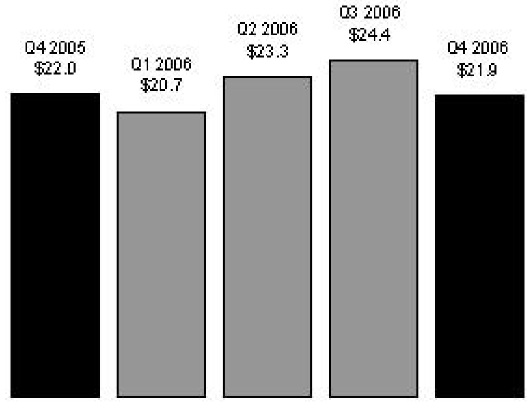
Premiums – Life Insurance

Bankers

($ millions)

- **Growth driven by:**
  - Continued focus on new agent training
  - Expanded advanced life insurance training for veteran agents
  - 2006 first-year premiums up 22% vs. 2005

Life – First-Year Premiums



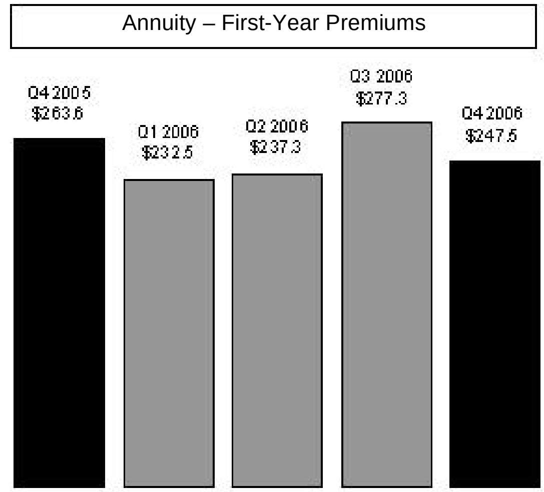
First-Year Prems.-Tr. 4 Qtrs:	$74.1	$84.2	$88.4	$90.4	$90.3
Total Premiums-Quarterly:	$42.7	$43.2	$46.6	$47.8	$46.6
NAP-Quarterly:	$9.8	$10.9	$11.1	$12.9	$11.4
NAP-Trailing 4 Quarters:	$41.4	$42.9	$42.8	$44.7	$46.3

Premiums – Annuity

Bankers

($ millions)

- Q4 2006 first-year premiums down 6% vs. Q4 2005
- 2006 first-year premiums up 5% over 2005



First-Year Prems.-Tr. 4 Qtrs:	$948.3	$960.5	$960.1	$1,010.7	$994.6
Total Premiums-Quarterly:	$264.1	$233.4	$238.3	$278.2	$247.6

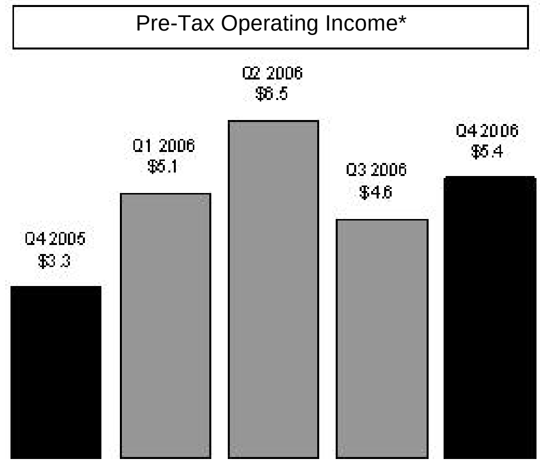
Segment Summary Bankers

- **Improving fundamentals in the business**
  - 65.4% Medicare Supplement benefit ratio
  - Execution of LTC inforce re-rate actions
- **First-year collected premium**
  - Q4 2006 - $325 million, up 1% over Q4 2005
  - FY 2006 - $1,312 million, up 13% over 2005

Segment Performance Colonial Penn

($ millions)

- **Earnings improvement driven by:**
  - Premium growth
  - Favorable benefit ratios



PTOI-Trailing 4 Quarters:	$20.0	$19.0	$20.3	$19.5	$21.6
Revenues-Quarterly:	$38.4	$36.2	$34.9	$38.4	$41.4
Revenues -Tr. 4 Quarters:	$140.2	$143.4	$145.9	$147.9	$150.9

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

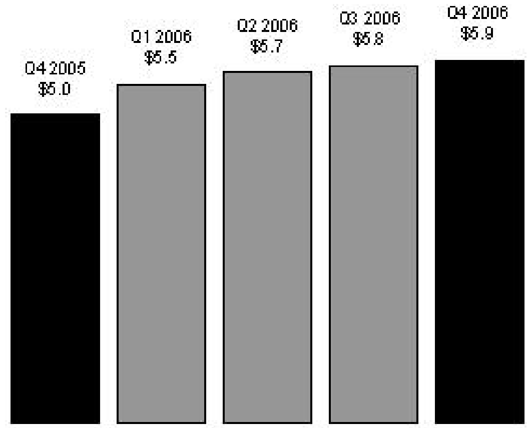
Premiums –
Life Insurance

Colonial Penn

($ millions)

- **Growth driven by:**
  - Increased but focused ad spend
  - Expanding breadth of lead sources
  - Improving direct mail productivity
  - Expanding product offerings
  - Improving telemarketing productivity

Life – First-Year Premiums



First-Year Prems.-Tr. 4 Qtrs:	$19.4	$20.2	$21.2	$22.0	$22.9
Total Premiums-Quarterly:	$24.4	$23.4	$21.6	$25.4	$26.8
NAP-Quarterly:	$7.2	$8.4	$9.1	$8.3	$7.5
NAP-Trailing 4 Quarters:	$30.2	$30.4	$32.2	$33.0	$33.3

Segment Summary Colonial Penn

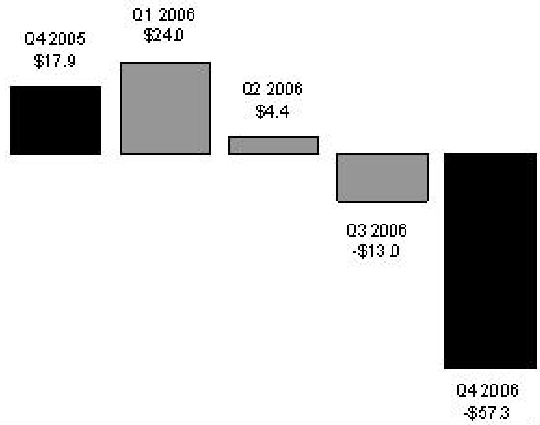
- **Focus on business fundamentals delivers profitable growth**
  - At the core, a fact-based, financially disciplined approach
  - Fact-based management of the profit drivers of our business
  - Seek continuous improvement in marketing campaigns
  - Provide quality customer service experience
  - Treat every contact as a sales opportunity
  - Maintain rigorous expense discipline
  - Achieve organic growth at an acceptable ROE

Segment Performance LTC Closed Block

($ millions)

- **Results adversely affected by:**
  - $54.1 million from adverse claims experience on claims incurred in previous periods of which $24.5 million related to the first three quarters of 2006
  - $7.1 million related to data refinements
- **Results favorably affected by:**
  - $8.2 million for year-end adjustments to expense and premium accruals

Pre-Tax Operating Income*



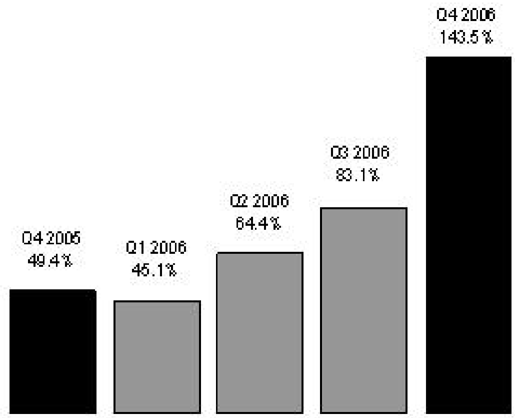
PTOI-Trailing 4 Quarters:	$77.2	$79.7	$62.7	$33.3	($41.9)
Revenues-Quarterly:	$131.0	$133.7	$126.8	$128.1	$127.9
Revenues -Tr. 4 Quarters:	$537.2	$536.1	$528.1	$519.6	$516.5
Collected Premiums-Quarterly:	$83.5	$88.4	$82.4	$80.4	$76.6

*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 has risen for past three quarters**



Trailing 4 Quarter Avg.:	49.2%	48.4%	52.1%	60.1%	83.2%
Qtrly. non-int. adjusted:	99.5%	94.8%	118.0%	136.0%	198.2%

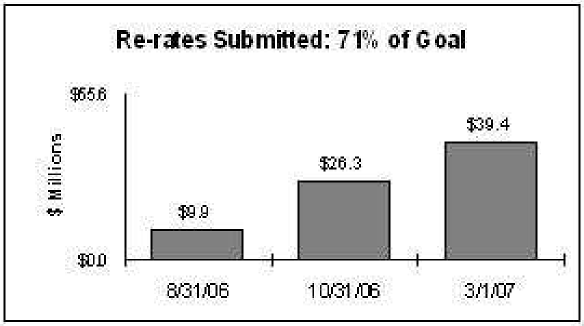
*We calculate interest-adjusted benefit ratios by dividing insurance policy benefits less interest income on the accumulated assets backing the insurance liabilities by insurance policy income.

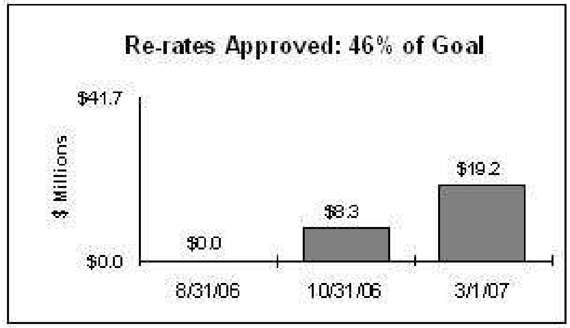
Program for Improvement — LTC Closed Block

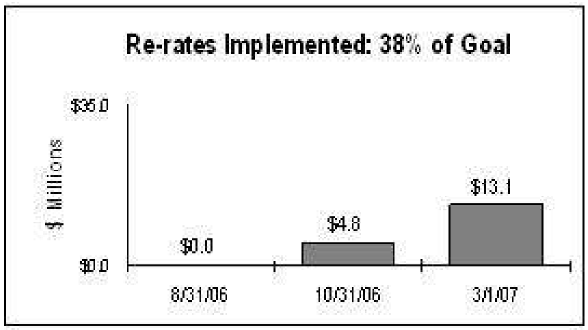
- **Progress continues on initiatives**
  - Premium re-rates
  - Claims management
  - Technology
  - Talent and organizational design

Premium Re-rates

LTC Closed Block

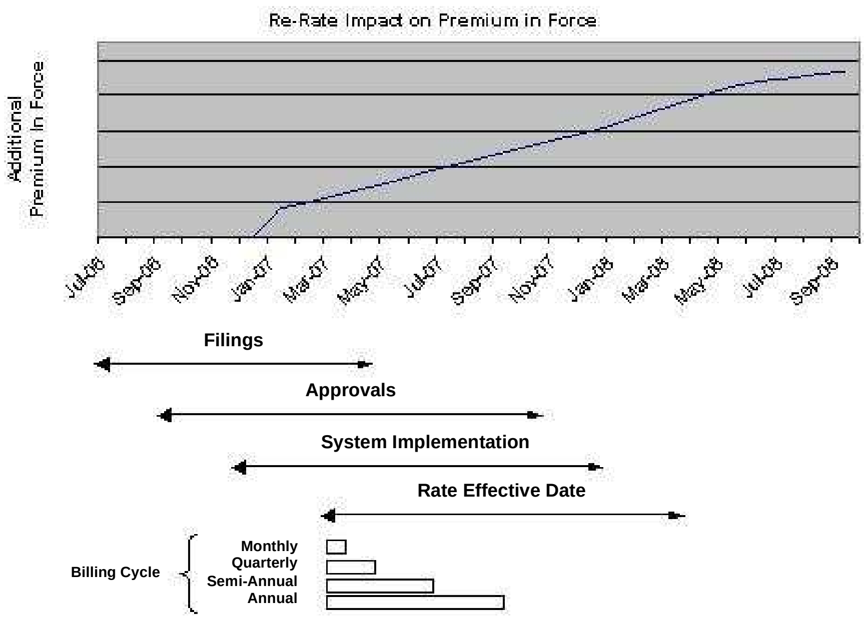






Premium Re-rates LTC Closed Block

Re-rate revenue will build through 2007 and 2008; not fully reflected until early 2009



Program for Improvement LTC Closed Block

- **Claims management**
  - Engaged two leading LTC administration companies to study our current practices
  - Implemented significant changes to claim eligibility and care management practices
  - Expect to reduce claims costs throughout 2007 and into 2008 as result of more accurately paying claims according to policy provisions

Program for Improvement LTC Closed Block

- **Technology**
  - Installed workflow system to better monitor incoming work and inventories
  - Progressing on development of improved policy/benefit repository and accumulator tool
  - Finalizing evaluation of strategic LTC system
  - Evaluating opportunities to automate manually-intensive processes

Program for Improvement — LTC Closed Block

- **Talent and organizational design**
  - Increased specialization of claim adjudication teams
  - Realigned training and audit areas with claim processing function
  - Continued focus on compliance has led to improved complaint-handling process

Segment Summary LTC Closed Block

- **Disappointing financial results for the quarter**
- **However, significant progress in:**
  - $35 million premium re-rate program
  - Improved claims management practices
  - Implementation of system tools

CNO Summary

- **A messy quarter – significant one-time items**
- **Ongoing volatility in LTC Run-off Block**
- **Steps to improve earnings:**
  - LTC Run-off: reduction in claims leakage of $10 million per quarter by year-end
  - LTC Re-rates: re-rates adding in excess of $30 million per year by year-end
  - Reorganization: $25 million per year in annual savings by year-end
- **Continued growth of core business at Bankers, Colonial Penn and CIG**

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Questions and Answers

Appendix:
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.

Appendix:
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):

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net income (loss) applicable to common stock	$ 67.6	$ 55.1	$ (31.8)	$ 38.9	$ (3.7)
Net realized investment losses, net of related amortization and taxes	2.8	0.7	0.1	13.9	9.4
Net operating income (loss) (a non-GAAP financial measure)	70.4	55.8	(31.7)	52.8	5.7
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)	$ 70.4	$ 55.8	$ 70.4	$ 52.8	$ 5.7
Per diluted share:					
Net income (loss)	$ 0.42	$ 0.35	$ (0.21)	$ 0.26	$ (0.02)
Net realized investment losses, net of related amortization and taxes	0.02	0.01	-	0.09	0.06
Net operating income (loss) (a non-GAAP financial measure)	0.44	0.36	(0.21)	0.35	0.04
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)	$ 0.44	$ 0.36	$ 0.46	$ 0.35	$ 0.04

Appendix:
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.

Appendix:
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):

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Total shareholders' equity	$ 4,519.8	$ 4,283.3	$ 4,296.6	$ 4,712.7	$ 4,713.1
Less accumulated other comprehensive income (loss)	71.7	(224.2)	(445.6)	(71.8)	(72.6)
Total shareholders' equity excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	$ 4,448.1	$ 4,507.5	$ 4,742.2	$ 4,784.5	$ 4,785.7
Diluted shares outstanding for the period	183,319,806	183,532,954	183,554,073	185,354,251	186,665,776
Book value per diluted share	$ 24.66	$ 23.34	$ 23.41	$ 25.43	$ 25.25
Less accumulated other comprehensive income (loss)	0.40	(1.22)	(2.43)	(0.38)	(0.39)
Book value, excluding accumulated other comprehensive income (loss), per diluted share (a non-GAAP financial measure)	$ 24.26	$ 24.56	$ 25.84	$ 25.81	$ 25.64

Appendix:
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.

Appendix:
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):

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net income (loss) applicable to common stock	$ 67.6	$ 55.1	$ (31.8)	$ 38.9	$ (3.7)
Net realized investment (gains) losses, net of related amortization and taxes	2.8	0.7	0.1	13.9	9.4
Net operating income (loss) (a non-GAAP financial measure)	70.4	55.8	(31.7)	52.8	5.7
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)	$ 79.9	$ 65.3	$ 79.9	$ 62.3	$ 15.2
Total shareholders' equity	$ 4,519.8	$ 4,283.3	$ 4,296.6	$ 4,712.7	$ 4,713.1
Less preferred stock	667.8	667.8	667.8	667.8	667.8
Common shareholders' equity	3,852.0	3,615.5	3,628.8	4,044.9	4,045.3
Add preferred stock, assuming conversion	667.8	667.8	667.8	667.8	667.8
Less accumulated other comprehensive income (loss)	71.7	(224.2)	(445.6)	(71.8)	(72.6)
Common shareholder's equity, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	4,448.1	4,507.5	4,742.2	4,784.5	4,785.7
Less net operating loss carryforwards	1,118.3	1,112.1	1,346.6	1,346.7	1,340.0
Common shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	$ 3,329.8	$ 3,395.4	$ 3,395.6	$ 3,437.8	$ 3,445.7

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Appendix:
Information Related to Certain Non-GAAP Financial Measures

(continued from previous page)

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Average common shareholders' equity	3,569.2	3,733.8	3,622.2	3,836.9	4,045.1
Average common shareholder's equity, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	4,119.8	4,477.8	4,624.9	4,763.4	4,785.1
Average common shareholders' equity, excluding accumulated other comprehensive income (loss) and net operating loss carryforwards (a non-GAAP financial measure)	3,250.3	3,362.6	3,395.5	3,416.7	3,441.8
Return on equity ratios:					
Return on common equity	7.6%	5.9%	-3.5%	4.1%	-0.4%
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)	7.8%	5.8%	6.9%	5.2%	1.3%
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)	9.8%	7.8%	9.4%	7.3%	1.8%

Appendix:
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 year ended December 31, 2006, 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)	$ 32.0	$ 258.4	$ 21.6	$ (41.9)	$ (80.7)	$ 189.4
2Q2006 charge related to the tentative litigation settlement	157.0	-	-	-	-	157.0
Allocation of interest expense, excess capital and corporate expenses	(44.7)	(36.9)	(3.0)	(8.4)	93.0	-
Income tax (expense) benefit	(52.8)	(81.1)	(6.8)	18.4	(1.4)	(123.7)
Segment operating income (loss)	$ 91.5	$ 140.4	$ 11.8	$ (31.9)	$ 10.9	222.7
2Q2006 charge related to the tentative litigation settlement, net of taxes						(102.1)
Net realized investment losses, net of related amortization and taxes						(24.1)
Net income						$ 96.5

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Appendix:
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, 2005						
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)	$ 1,518.8	$ 1,194.2	$ 92.6	$ 246.4	$ 277.8	$ 3,329.8
Net operating loss carryforwards	1,118.3	-	-	-	-	1,118.3
Accumulated other comprehensive income (loss)	44.1	(2.2)	2.6	23.8	3.4	71.7
Allocation of capital	506.3	398.1	30.9	82.1	(1,017.4)	-
Total shareholders' equity	$ 3,187.5	$ 1,590.1	$ 126.1	$ 352.3	$ (736.2)	4,519.8
Less preferred stock						667.8
Common shareholders' equity						$ 3,852.0
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

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Appendix:
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 December 31, 2006, 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)	$ 1,532.7	$ 1,234.3	$ 98.1	$ 268.4	$ 254.3	$ 3,387.8
Average net operating loss carryforwards						1,229.2
Average accumulated other comprehensive income (loss)						(0.5)
Average total shareholders' equity						4,616.5
Average preferred stock						667.8
Average common shareholders' equity						3,948.7
Return on equity ratios:						
Return on equity						2.4%
Operating return on equity (less 2Q2006 charge related to the tentative litigation settlement), 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)	6.0%	11.4%	12.0%	-11.9%	4.3%	6.5%

Appendix:
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.

Appendix:
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):

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Corporate notes payable	$ 851.5	$ 805.3	$ 805.5	$ 805.6	$ 1,000.8
Total shareholders' equity	4,519.8	4,283.3	4,296.6	4,712.7	4,713.1
Total capital	5,371.3	5,088.6	5,102.1	5,518.3	5,713.9
Less accumulated other comprehensive income (loss)	(71.7)	224.2	445.6	71.8	72.6
Total capital, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	$ 5,299.6	$ 5,312.8	$ 5,547.7	$ 5,590.1	$ 5,786.5
Corporate notes payable to capital ratios:					
Corporate debt to total capital	15.9%	15.8%	15.8%	14.6%	17.5%
Corporate debt to total capital, excluding accumulated other comprehensive income (loss) (a non-GAAP financial measure)	16.1%	15.2%	14.5%	14.4%	17.3%