

CNO FINANCIAL GROUP, INC.

FORM SC TO-I/A (Amended tender offer statement by Issuer)

Filed 10/30/09

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Industry	Insurance (Life)
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE TO
(Amendment No. 2)

Tender Offer Statement Under Section 14(d)(1) or Section 13(e)(1)
of the Securities Exchange Act of 1934

CONSECO, INC.

(Name Of Subject Company (Issuer) and Filing Person (Offeror))

3.50% Convertible Debentures due 2035
(Title of Class of Securities)

208464BH9
208464BG1

(CUSIP Number of Class of Securities)

Karl Kindig
Corporate Counsel and Corporate Secretary
11825 N. Pennsylvania Street
Carmel, Indiana 46032
(317) 817-6100

(Name, address and telephone number of person authorized to receive notices
and communications on behalf of filing person)

With copies to:

Gary I. Horowitz
Roxane F. Reardon
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425 Lexington Avenue
New York, New York 10017
(212) 455-2000

Calculation of Filing Fee

Transaction valuation (1)	Amount of filing fee (2)
\$294,196,417	\$16,417

(1) Calculated solely for purposes of determining the amount of the filing fee. The transaction valuation was calculated based on the purchase of all of the outstanding \$293,000,000 aggregate principal amount of the issuer's 3.50% Convertible Debentures due September 30, 2035 at the purchase price of \$1,000 per \$1,000 principal amount of such debentures plus accrued and unpaid interest to, but not including, November 13, 2009.

(2) The amount of the filing fee was calculated at a rate of \$55.80 per \$1,000,000 of transaction value.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$16,417
Form or Registration No.: Schedule TO-I

Filing Party: Consecro, Inc.
Date Filed: October 15, 2009

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer. Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

* If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

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SIGNATURE

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EX-99.(A)(1)(III)

INTRODUCTION

This Amendment No. 2 (this “*Amendment No. 2*”) amends the Tender Offer Statement on Schedule TO originally filed on October 15, 2009 by Conseco, Inc., a Delaware corporation (the “*Company*,” “*Conseco*,” “*we*” or “*us*”), as amended by Amendment No. 1 to the Schedule TO filed on October 19, 2009 (as amended, the “*Schedule TO*”), in connection with Conseco’s offer to purchase for cash, upon the terms and subject to the conditions set forth in the Offer to Purchase dated October 15, 2009 (as it may be amended or supplemented from time to time, the “*Offer to Purchase*”) and in the related Letter of Transmittal (the “*Letter of Transmittal*”), any and all of its outstanding 3.50% Convertible Debentures due September 30, 2035 (the “*Debentures*”).

This Amendment is being filed to reflect the fact that the Company is delivering to holders of the Debentures a supplement (the “*Supplement*”) to the Offer to Purchase, dated October 30, 2009. The full text of the Supplement is filed herewith as Exhibit (a)(1)(iii). Corresponding amendments to the Letter of Transmittal reflecting the terms set forth in the Supplement are set forth below.

The Schedule TO is amended by the information contained in this Amendment No. 2. Only those items amended are reported herein. Except as specifically provided herein, this Amendment No. 2 does not modify any of the information previously reported in the Schedule TO. The information in the Offer to Purchase and the Letter of Transmittal is incorporated by reference herein.

Item 1. Summary Term Sheet

The information set forth in Item 1 of the Schedule TO is hereby amended and supplemented by the information set forth in the Supplement under “Summary Term Sheet,” which is incorporated herein by reference.

Item 4. Terms of the Transaction.

(a) Material Terms .

The Offer to Purchase is amended and supplemented as provided in the Supplement. The information set forth in Item 4(a) of the Schedule TO is hereby amended and supplemented by the information set forth in the Supplement under “Important Information,” “Summary Term Sheet,” “The Offer,” “Expiration Date; Extension; Waivers and Amendments; Termination” and “Certain United States Federal Income Tax Consequences,” which is incorporated herein by reference.

The Letter of Transmittal is amended and supplemented by deleting the penultimate sentence of the last paragraph on page 2 and the first sentence of Paragraph 4 (Partial Tenders) on page 13 and replacing each such sentence with the following text: “Valid tenders of Debentures pursuant to the Offer by any holder in any principal amount will be accepted.”

Item 7. Source and Amount of Funds or Other Consideration.

(a) and (d). The information set forth in Item 7(a) and 7(c) of the Schedule TO is hereby amended and supplemented by the information set forth in the Supplement under “Concurrent Transactions—Private Placement of New Debentures,” which is incorporated herein by reference.

Item 10. Financial Statements.

(c) *Summary Information* . The information set forth in Item 10 of the Schedule TO is hereby amended and supplemented by the information set forth in the Supplement under “Summary Historical Consolidated Financial Data,” which is incorporated herein by reference.

Item 12. Exhibits.

Item 12 of the Schedule TO is amended and supplemented to include the following exhibits.

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)(iii)	Supplement to Offer to Purchase, dated October 30, 2009, filed herewith.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 30, 2009

CONSECO, INC.

By: /s/ John R. Kline
Name: John R. Kline
Title: Senior Vice President and Chief
Accounting Officer

EXHIBIT INDEX

Exhibits filed as a part of the Schedule TO, as amended, are listed below.

Exhibit Number	Description
(a)(1)(i)	Offer to Purchase, dated October 15, 2009.*
(a)(1)(ii)	Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).*
(a)(1)(iii)	Supplement to Offer to Purchase, dated October 30, 2009, filed herewith.
(a)(2)	None.
(a)(3)	None.
(a)(4)	None.
(a)(5)(i)	Press Release, issued October 13, 2009, relating to the private offering of new convertible debentures (incorporated by reference to Exhibit (a)(5)(i) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(ii)	Press Release, issued October 13, 2009, relating to the proposed registered offering of common stock (incorporated by reference to Exhibit (a)(5)(ii) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(iii)	Press Release, issued October 13, 2009, relating to the private placement of our common stock and warrants (incorporated by reference to Exhibit (a)(5)(iii) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(iv)	Recent Developments from Preliminary Offering Memorandum dated October 13, 2009 (incorporated by reference to Exhibit (a)(5)(iv) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(v)	Risk Factors from Preliminary Offering Memorandum dated October 13, 2009 (incorporated by reference to Exhibit (a)(5)(v) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(vi)	Capitalization from Preliminary Offering Memorandum dated October 13, 2009 (incorporated by reference to Exhibit (a)(5)(vi) to the Schedule TO-C (first filing) filed with the Commission on October 14, 2009).*
(a)(5)(vii)	Press Release, dated October 14, 2009 (incorporated by reference to Exhibit (a)(5) to the Schedule TO-C (second filing) filed with the Commission on October 14, 2009).*

Exhibit Number	Description
(a)(5)(viii)	Press Release, dated October 15, 2009.*
(b)(1)	Purchase Agreement, dated as of October 14, 2009, by and between Conseco and Morgan Stanley & Co. Incorporated.*
(b)(2)	Indenture, dated as of October 16, 2009, between Conseco, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on October 19, 2009).*
(b)(3)	Form of 7.0% Convertible Senior Debentures due 2016 (included in the Indenture filed as Exhibit (b)(2) hereto).*
(d)(1)	Indenture, dated as of August 15, 2005, between Conseco and The Bank of New York Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K filed on August 16, 2005).*
(d)(2)	Registration Rights Agreement dated as of August 15, 2005 among Conseco and Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated and J.P. Morgan Securities, Inc., as representatives of several purchasers of the Debentures (incorporated by reference to Exhibit 4.5 to our Current Report on Form 8-K filed on August 16, 2005).*
(d)(3)	Conseco, Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Annex B to our Proxy Statement filed on April 23, 2009).*
(d)(4)	Form of performance unit award agreement under the Conseco, Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.22 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).*
(d)(5)	Form of executive stock option agreement under Conseco, Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.14 of our Annual Report on Form 10-K for the year ended December 31, 2005).*
(d)(6)	Form of executive restricted stock agreement under Conseco, Inc. Amended and Restated Long-Term Incentive Plan (incorporated by reference to Exhibit 10.15 of our Annual Report on Form 10-K for the year ended December 31, 2004).*
(d)(7)	Section 382 Rights Agreement, dated as of January 20, 2009, between Conseco and American Stock Transfer & Trust Company, LLC, as Rights Agent (incorporated by reference to Exhibit 1 of our registration statement on Form 8-A filed on January 20, 2009).*

Exhibit Number	Description
(d)(8)	Stock and Warrant Purchase Agreement, dated as of October 13, 2009, by and between Consecoco and Paulson (incorporated by reference to Exhibit 10.1 of the Paulson 8-K filed on October 13, 2009).*
(d)(9)	Form of Investor Rights Agreement by and among Consecoco and Paulson (incorporated by reference to Exhibit 10.2 of the Paulson 8-K filed on October 13, 2009).*
(d)(10)	Form of Warrant Certificate (incorporated by reference to Exhibit 10.3 of the Paulson 8-K filed on October 13, 2009).*
(g)	None.
(h)	None.

* Previously filed

**Supplement to Conseco, Inc.
Offer to Purchase dated October 15, 2009**

Supplement Date: October 30, 2009

Conseco, Inc. (the “Company,” “Conseco,” “we” or “us”) hereby amends and supplements its offer to purchase for cash any and all of its outstanding 3.50% Convertible Debentures due September 30, 2035 (the “Debentures”), upon the terms and conditions set forth in the Offer to Purchase, dated October 15, 2009 (as amended and supplemented from time to time, the “Offer to Purchase”), and in the related Letter of Transmittal (the “Letter of Transmittal”). We refer to our offer to purchase the Debentures as the “Offer.” Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Offer to Purchase.

The Offer to Purchase is hereby revised as follows:

Important Information

The first sentence of the third paragraph under the heading “Important Information” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Subject to applicable law, we reserve the right to (1) extend the Offer; (2) waive any and all conditions to, or amend, the Offer in any respect; or (3) terminate the Offer (if any of the conditions listed in “The Offer—Conditions to the Offer” occur, or the occurrence thereof has not been waived by us in our sole discretion).”

Summary Term Sheet

The first sentence in the row entitled “Extensions; Waivers and Amendments; Termination” under the heading Summary Term Sheet is deleted in its entirety and replaced with the following text: “Subject to applicable law, we reserve the right to (1) extend the Offer; (2) waive any and all conditions to, or amend, the Offer in any respect; or (3) terminate the Offer (if any of the conditions listed in “The Offer—Conditions to the Offer” occur, or the occurrence thereof has not been waived by us in our sole discretion).”

Summary Historical Consolidated Financial Data

The Offer to Purchase is hereby amended and supplemented by inserting the following disclosure after the section entitled “About the Company”:

The following table sets forth summary financial data for Conseco, Inc. as of and for the six months ended June 30, 2009 and 2008, and as of and for the years ended December 31, 2008, 2007 and 2006. We derived the historical financial data as of June 30, 2009 and 2008 and for the six-month periods ended June 30, 2009 and 2008 from our unaudited interim consolidated financial statements incorporated by reference herein which, in the opinion of our management, have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of our results of operations and financial position for such periods. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year. Historical results are not necessarily indicative of future performance. The data should be read in conjunction with our consolidated financial statements and related notes incorporated by reference in this Offer to Purchase.

We have prepared the summary financial data, other than statutory data, in conformity with generally accepted accounting principles ("GAAP"). We have derived the statutory data from the statements filed by our insurance subsidiaries with regulatory authorities and have prepared the statutory data in accordance with statutory accounting practices, which vary in certain respects from GAAP.

	Six Months Ended		Year Ended December 31,		
	June 30,		2008	2007	2006
	2009	2008	2008	2007	2006
	(amounts in millions, except per share data)				
Statement of Operations Data(a)					
Insurance policy income	\$ 1,574.1	\$ 1,615.1	\$ 3,253.6	\$ 2,895.7	\$ 2,696.4
Net investment income	608.1	574.3	1,178.8	1,369.8	1,350.8
Net realized investment gains (losses)	(23.2)	(76.1)	(262.4)	(158.0)	(46.6)
Total revenues	2,165.1	2,122.2	4,189.7	4,131.3	4,019.8
Interest expense	55.9	55.9	106.5	125.3	81.0
Total benefits and expenses	2,073.3	2,118.0	4,186.0	4,149.3	3,860.6
Income (loss) before income taxes, minority interest, discontinued operations and cumulative effect of accounting change	91.8	4.2	3.7	(18.0)	159.2
Income tax expense	39.7	302.1	413.3	61.1	58.3
Income (loss) before discontinued operations	52.1	(297.9)	(409.6)	(79.1)	100.9
Discontinued operations, net of income taxes	—	(197.8)	(722.7)	(105.9)	.3
Net income (loss)	52.1	(495.7)	(1,132.3)	(185.0)	101.2
Preferred stock dividends	—	—	—	14.1	38.0
Net income (loss) applicable to common stock	52.1	(495.7)	(1,132.3)	(199.1)	63.2
Per Share Data					
Income (loss) before discontinued operations, basic	\$.28	\$ (1.61)	\$ (2.22)	\$ (.54)	\$.42
Income (loss) before discontinued operations, diluted	\$.28	\$ (1.61)	(2.22)	(.54)	.41
Net income, basic	\$.28	\$ (2.68)	(6.13)	(1.15)	.42
Net income, diluted	\$.28	\$ (2.68)	(6.13)	(1.15)	.41
Book value per common share outstanding	\$ 13.06	\$ 18.38	8.82	23.03	26.64
Weighted average shares outstanding for basic earnings	184.8	184.7	184.7	173.4	151.7
Weighted average shares outstanding for diluted earnings	185.0	184.7	184.7	173.4	152.5
Shares outstanding at period-end	184.9	184.7	184.8	184.7	152.2
Balance Sheet Data — at Period End(a)					
Total investments	\$20,014.9	\$20,576.0	\$18,647.5	\$21,324.5	\$23,768.8
Total assets	29,433.5	33,001.5	28,763.3	33,961.5	33,580.2
Corporate notes payable	1,259.3	1,167.9	1,311.5	1,167.6	966.4
Total liabilities	27,018.5	29,605.8	27,133.3	29,709.2	28,858.6
Shareholders' equity	2,415.0	3,395.7	1,630.0	4,252.3	4,721.6
Statutory Data — at Period End(b)					
Statutory capital and surplus	\$ 1,254.0	\$ 1,310.2	\$ 1,311.5	\$ 1,336.2	\$ 1,554.5
Asset valuation reserve ("AVR")	24.9	155.7	55.0	161.3	179.1
Total statutory capital and surplus and AVR	1,278.9	1,465.9	1,366.5	1,497.5	1,733.6
Other Data					
Ratio of earnings to fixed charges	1.40x	1.02x	1.01x	(c)	1.31x

- (a) Our financial condition and results of operations have been significantly affected during the periods presented by our discontinued operations. Please refer to the notes to the consolidated financial statements incorporated herein by reference.
- (b) We have derived the statutory data from statements filed by our insurance subsidiaries with regulatory authorities which are prepared in accordance with statutory accounting principles, which vary in certain respects from GAAP, and include amounts related to our discontinued operations in the first six months of 2008, and the years ended December 31, 2007 and 2006.
- (c) For such ratio earnings were \$18.0 million less than fixed charges.

Forward-Looking Statements

The last sentence of the last paragraph under the heading “Forward-Looking Statements” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Except as required by law, we do not undertake any obligation to update our forward-looking statements to reflect future events or circumstances.”

Concurrent Transactions

The first paragraph under the heading “Concurrent Transactions—Private Placement of New Debentures” in the Offer to Purchase is hereby amended to add the following text as the final sentence of such paragraph: “We have been informed by the initial purchaser that four investment funds managed by Paulson & Co. Inc. have entered into agreements with the initial purchaser to purchase up to a total of \$200.0 million aggregate principal amount of the New Debentures.”

The Offer

The last paragraph under the heading “The Offer—Principal Terms of the Offer” in the Offer to Purchase is deleted in its entirety.

The first sentence of the fourth paragraph under the heading “The Offer—Principal Terms of the Offer” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Subject to applicable law, we reserve the right to (1) extend the Offer; (2) waive any and all conditions to, or amend, the Offer in any respect; or (3) terminate the Offer (if any of the conditions listed in “The Offer—Conditions to the Offer” occur, or the occurrence thereof has not been waived by us in our sole discretion).”

The third paragraph under the heading “The Offer—Acceptance of Debentures; Payment for Debentures” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Valid tenders of Debentures pursuant to the Offer by any holder in any principal amount will be accepted.”

The lead-in to the second paragraph under the heading “The Offer—Conditions to the Offer” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Notwithstanding any other provision of the Offer, we may amend the Offer or postpone the acceptance for purchase of and payment for, Debentures tendered, subject to the applicable rules under the Exchange Act. We may terminate the Offer if any of the following have occurred and the occurrence thereof has not been waived by us in our sole discretion:”

Expiration Date; Extension; Waivers and Amendments; Termination

The second paragraph under the heading “Expiration Date; Extension; Waivers and Amendments; Termination” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “Subject to applicable law, we reserve the right to (1) extend the Offer; (2) waive any and all conditions to, or amend, the Offer in any respect; or (3) terminate the Offer (if any of the conditions listed in “The Offer—Conditions to the Offer” occur, or the occurrence thereof has not been waived by us in our sole discretion), in each case as described in more detail below.”

The first sentence in the first paragraph under the heading “Expiration Date; Extension; Waivers and Amendments; Termination—Termination” in the Offer to Purchase is deleted in its

entirety and replaced with the following text: “We further reserve the right to terminate the Offer, if any conditions applicable to the Offer set out under “The Offer—Conditions to the Offer” have not been satisfied or waived by us.”

Certain United States Federal Income Tax Considerations

The first paragraph under the heading “Certain United States Federal Income Tax Considerations” in the Offer to Purchase is deleted in its entirety.

Where You Can Find Additional Information

The lead-in to the third paragraph under the heading “Where You Can Find Additional Information” in the Offer to Purchase is deleted in its entirety and replaced with the following text: “In this document, we “incorporate by reference” the information that we file with the Commission, which means that we are disclosing important information to you by referring you to a document we filed with the Commission. We are not, however, incorporating any documents or information that has been deemed furnished and not filed in accordance with Commission rules. The information incorporated by reference is considered to be a part of this Offer to Purchase. We will amend the Offer Documents to disclose material changes to the information published, sent or given to holders of the Debentures, to the extent required by law. We incorporate by reference the documents listed below:”