

# CNO FINANCIAL GROUP, INC.

## FORM 8-K (Current report filing)

Filed 11/13/09 for the Period Ending 11/13/09

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
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Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): November 13, 2009**

**CONSECO, INC.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other  
Jurisdiction of Incorporation)

**001-31792**  
(Commission File Number)

**75-3108137**  
(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))
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**Introduction.**

On November 13, 2009, Consecro, Inc. (the “Company”) announced the completion of its previously-announced private sale of 16.4 million shares (the “Shares”) of the Company’s common stock, par value \$0.01 per share (the “Common Stock”) and warrants to purchase, upon exercise, an aggregate of 5.0 million shares of Common Stock at an exercise price of \$6.50 per share (subject to adjustment for certain events) (the “Warrants”, and together with the Shares, the “Securities” and such transaction, the “Private Placement”) to Paulson & Co. Inc. on behalf of the several investment funds and accounts managed by it (“Paulson”). Pursuant to the Stock and Warrant Purchase Agreement between the Company and Paulson, dated as of October 13, 2009, Paulson paid an aggregate purchase price of \$77.9 million for the Securities.

In addition, on November 13, 2009, the Company issued approximately \$176.5 million of aggregate principal amount of 7.0% Convertible Senior Debentures due 2016 (the “New Debentures”) in connection with the first closing of the previously-announced private offering of up to \$293.0 million aggregate principal amount of New Debentures.

Finally, on November 13, 2009, the Company settled its tender offer for any and all of its 3.50% Convertible Debentures due September 30, 2035 that it launched on October 15, 2009 and expired at midnight, New York City time, on November 12, 2009 (the “Tender Offer”).

**Item 1.01. Entry into a Material Definitive Agreement.**

In connection with the Private Placement, the Company and Paulson entered into an Investor Rights Agreement (the “Investor Rights Agreement”). Further information regarding the Investor Rights Agreement is set forth in Item 1.01 of the Company’s Current Report on Form 8-K that was filed with the Securities and Exchange Commission (the “SEC”) on October 13, 2009, which is incorporated herein by reference.

In addition, further information regarding the New Debentures is set forth in Item 1.01 of the Company’s Current Report on Form 8-K that was filed with the SEC on October 19, 2009, which is also incorporated herein by reference.

**Item 3.02. Unregistered Sales of Equity Securities**

Further information regarding the sales of the Securities and the New Debentures, which were not registered under the Securities Act of 1933, as amended, is set forth in Item 3.02 of the Company’s Current Reports on Form 8-K that were filed with the SEC on October 13, 2009 and October 19, 2009, respectively, which is incorporated herein by reference.

**Item 8.01. Other Events.**

On November 13, 2009, the Company issued press releases announcing (i) the expiration of the Tender Offer and the acceptance of all of the Existing Debentures tendered and not withdrawn; (ii) the completion of the Private Placement and (iii) the first closing of the Company’s previously-announced private offering of up to \$293.0 million aggregate principal amount of its

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New Debentures. The press releases are attached hereto as Exhibits 99.1, 99.2 and 99.3 and are incorporated herein by reference.

Further information regarding the Company's New Debentures is set forth in the Company's Current Report on Form 8-K that was filed with the SEC on October 19, 2009, which is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits .**

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated November 13, 2009.
99.2	Press Release, dated November 13, 2009.
99.3	Press Release, dated November 13, 2009.

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SIGNATURE

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.

DATED: November 13, 2009

By: /s/ John R. Kline

Name: John R. Kline

Title: Senior Vice President and Chief  
Accounting Officer

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INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated November 13, 2009.
99.2	Press Release, dated November 13, 2009.
99.3	Press Release, dated November 13, 2009.

**CONSECO ANNOUNCES FINAL RESULTS OF TENDER OFFER FOR 3.50%  
CONVERTIBLE DEBENTURES DUE 2035**

CARMEL, Ind., November 13, 2009 — Consecoco, Inc. (NYSE: CNO) announced today the final results of its tender offer for any and all of Consecoco's outstanding 3.50% Convertible Debentures due September 30, 2035 (CUSIP Nos. 208464BH9 and 208464BG1) (the "Existing Convertible Debentures"). In accordance with the terms and conditions of the tender offer, and based on the final tabulation by D.F. King & Co., Inc., the depository for the tender offer, a total of \$176,490,761 aggregate principal amount of Existing Convertible Debentures, representing approximately 60.2% of the outstanding Existing Convertible Debentures, were validly tendered and not withdrawn as of 12:00 midnight, New York City time (the "Expiration Time"), on November 12, 2009 (the "Expiration Date").

Consecoco further announced that it accepts for purchase all such Existing Convertible Debentures that were validly tendered and not withdrawn as of the Expiration Time on the Expiration Date and expects to settle the tender offer today (the "Settlement Date"). Consecoco will fund a substantial portion of the tender offer consideration with the net proceeds from the initial closing of Consecoco's previously announced private offering of its 7.0% Convertible Senior Debentures due 2016, and will fund the balance of the tender offer consideration with the proceeds from the closing of Consecoco's previously announced private placement of 16.4 million shares of common stock and warrants to purchase 5.0 million shares of common stock to certain investment funds managed by Paulson & Co. Inc. Holders who validly tendered (and did not withdraw) their Existing Convertible Debentures on or prior to the Expiration Time on the Expiration Date will receive an amount in cash equal to \$1,000 for each

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\$1,000 principal amount of Existing Convertible Debentures tendered. In addition, such holders will receive accrued and unpaid interest to, but not including, the Settlement Date.

After giving effect to the purchase of the tendered Existing Convertible Debentures, Conseco will have outstanding \$116.5 million aggregate principal amount of Existing Convertible Debentures. Holders of Existing Convertible Debentures that remain outstanding after the settlement of the tender offer will continue to hold such Existing Convertible Debentures pursuant to the terms of the indenture governing the Existing Convertible Debentures, including the right to require Conseco to repurchase such outstanding Existing Convertible Debentures on September 30, 2010 (the "Repurchase Date") at a price in cash equal to 100% of the principal amount of such Existing Convertible Debentures, plus any accrued and unpaid interest to, but not including, the Repurchase Date.

### **About Conseco**

Conseco, Inc.'s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, critical illness and accident policies protect people against major unplanned expenses; annuities and life insurance products help people plan for their financial futures.



**CONSECO ANNOUNCES CLOSING OF SALE OF  
COMMON STOCK AND WARRANTS TO PAULSON**

Carmel, Ind., November 13, 2009 — Conseco, Inc. (NYSE: CNO) announced today that it has closed its previously-announced private sale of 16.4 million shares of common stock and warrants to purchase 5.0 million shares of common stock to Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it (“Paulson”) for an aggregate purchase price of \$77.9 million.

Paulson has informed Conseco that, after giving effect to the closing of the private sale of common stock, it owns approximately 9.9% of Conseco’s outstanding shares, including shares Paulson previously acquired in open market transactions. Conseco granted certain registration rights to Paulson in connection with its acquisition of the common stock and warrants. Conseco used \$36.8 million, one-half of the net proceeds from the issuance of these shares and warrants, to repay indebtedness under its credit agreement. The remaining net proceeds have been or will be used, as applicable:

- to pay the portion of the purchase price of Conseco’s existing 3.50% Convertible Debentures due September 30, 2035 (the “existing convertible debentures”) that were tendered and accepted in the cash tender offer for such existing convertible debentures that expired at midnight, New York City time, on November 12, 2009 (or any subsequent issuer tender offer that expires prior to October 5, 2010) that is not funded by the issuance of its 7.0% Convertible Senior Debentures due 2016 (the “new convertible debentures”);
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- to pay the portion of the repurchase price of the existing convertible debentures on September 30, 2010 that Conseco is required by the holders thereof to repurchase that is not funded by the issuance of its new convertible debentures, if any;
- to pay the portion of the redemption price of existing convertible debentures on October 5, 2010 that is not funded by the issuance of its new convertible debentures, if any existing convertible debentures remain outstanding at that time and Conseco elects to redeem such existing convertible debentures; and
- for general corporate purposes.

The warrants that Paulson received have an exercise price of \$6.50 per share of common stock, subject to customary anti-dilution adjustments. The warrants are not exercisable prior to June 30, 2013, except under limited circumstances. Commencing on June 30, 2013, the warrants will be exercisable for shares of Conseco's common stock at the option of the holder at any time, subject to certain exceptions. The warrants expire on December 30, 2016.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities. The common stock and warrants sold to Paulson have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

#### **About Conseco**

Conseco, Inc.'s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, critical illness

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 Consecos website at [www.conseco.com](http://www.conseco.com).

### **Cautionary Statement Regarding Forward-Looking Statements**

The statements, trend analyses and other information contained in this press release and elsewhere (such as in filings by Consecos with the SEC, presentations by Consecos or its management or oral statements) relative to markets for Consecos products and trends in Consecos 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. Statements that contain these words should be considered carefully because they describe Consecos expectations, plans, strategies and goals and Consecos beliefs concerning future business conditions, Consecos results of operations, financial position, and Consecos business outlook or they state other “forward-looking” information based on currently available information. The “Risk Factors” section of Consecos Annual Report on Form 10-K and Quarterly Reports on Form 10-Q provides examples of risks, uncertainties and events that could cause Consecos actual results to differ materially from the expectations expressed in forward-looking statements.

All written or oral forward-looking statements attributable to Consecro are expressly qualified in their entirety by the foregoing cautionary statement. The forward-looking statements speak only as of the date made. Consecro assumes no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

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**CONSECO ANNOUNCES FIRST CLOSING OF  
7.0% CONVERTIBLE SENIOR DEBENTURES DUE 2016**

CARMEL, Ind., November 13, 2009 — Conseco, Inc. (NYSE: CNO) announced today that it has completed the first closing of its previously-announced private offering of up to \$293.0 million aggregate principal amount of its 7.0% Convertible Senior Debentures due 2016 (the “new convertible debentures”). In connection with the first closing, Conseco issued to the initial purchaser \$176,490,000 aggregate principal amount of new convertible debentures, which equals the aggregate principal amount of Conseco’s existing 3.50% Convertible Debentures due September 30, 2035 (the “existing convertible debentures”) that were tendered and accepted in Conseco’s cash tender offer that expired at 12:00 midnight, New York City time, on November 12, 2009. In connection with the first closing, Conseco received aggregate net proceeds of approximately \$172.0 million (after taking into account the discounted offering price less initial purchaser’s discounts and commissions, but before expenses), which it used to fund a substantial portion of the purchase price of its existing convertible debentures that were tendered and accepted in Conseco’s cash tender offer.

Interest on the new convertible debentures issued in connection with the first closing will be payable semi-annually on June 30 and December 30, beginning on December 30, 2009, at a rate of 7.0% per year, and the new convertible debentures will mature on December 30, 2016. The new convertible debentures will not be convertible prior to June 30, 2013, except under limited circumstances. Commencing on June 30, 2013, the new convertible debentures will be convertible into common stock at the option of the holder at any time, subject to certain exceptions, based on an initial conversion rate of 182.1494 shares of common stock per \$1,000

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principal amount of new convertible debentures, which is equivalent to an initial conversion price of approximately \$5.49 per share of common stock. In addition, holders of the new convertible debentures will under certain circumstances have the right to convert the new convertible debentures at an increased conversion rate.

Conseco may issue up to \$116,510,000 additional aggregate principal amount of new convertible debentures, which the initial purchaser has agreed to buy, subject to certain conditions. The aggregate principal amount actually issued will be equal to the sum of (1) the aggregate principal amount of Conseco's existing convertible debentures tendered in any tender offer by Conseco for its existing convertible debentures that expires on or prior to October 5, 2010, (2) the aggregate principal amount of existing convertible debentures that Conseco is required to repurchase on September 30, 2010, if any, and (3) the aggregate principal amount of existing convertible debentures that Conseco redeems on October 5, 2010, if any, in each case to finance the repurchase or redemption, as applicable, of the existing convertible debentures.

This press release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities. The new convertible debentures and common stock issuable upon conversion of the new convertible debentures have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The new convertible debentures were resold only to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act.

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Conseco, Inc.'s insurance companies help protect working American families and seniors from financial adversity: Medicare supplement, long-term care, cancer, critical illness

and accident policies protect people against major unplanned expenses; annuities and life insurance products help people plan for their financial futures.

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All written or oral forward-looking statements attributable to Conseco are expressly qualified in their entirety by the foregoing cautionary statement. The forward-looking statements speak only as of the date made. Conseco assumes 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.