CNO FINANCIAL GROUP, INC.

FORM SC TO-I
(Tender offer statement by Issuer)

Filed 10/15/09

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

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE TO

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
Simpson Thacher & Bartlett LLP
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: Not applicable. Filing Party: Not applicable.
Form or Registration No.: Not applicable. Date Filed: Not applicable.

☐ 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)

TABLE OF CONTENTS

INTRODUCTION

This Tender Offer Statement on Schedule TO (the " *Schedule TO* ") relates to the offer (the " *Offer* ") by Conseco, Inc., a Delaware corporation (the " *Company* ," " *Conseco* ," " *we* " or " *us* "), 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* "). The Offer to Purchase and the Letter of Transmittal are attached hereto as Exhibits (a)(1)(i) and Exhibit (a)(1)(ii), respectively.

This Schedule TO is intended to satisfy the reporting requirements under Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the " *Exchange Act* "). The information in the Offer to Purchase and the Letter of Transmittal is incorporated by reference as set forth below.

Item 1. Summary Term Sheet.

The information set forth in the Offer to Purchase under "Summary Term Sheet" is incorporated herein by reference.

Item 2. Subject Company Information.

(a) *Name and Address* . The name of the issuer is Conseco, Inc. Conseco's principal executive offices are located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032, and its telephone number is (317) 817-6100.

(b) *Securities.* This Schedule TO relates to the offer by Conseco to purchase any and all of its outstanding Debentures. As of October 14, 2009, there was outstanding $293,000,000 in aggregate principal amount of Debentures.

(c) *Trading Markets and Price* . There is no established trading market for the Debentures. The information set forth in the Offer to Purchase under "Considerations Concerning the Offer" and "Market Price Information" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) *Name and Address* . Conseco is the filing person and the issuer. The information set forth above under Item 2(a) is incorporated herein by reference.

Pursuant to General Instruction C to Schedule TO, the following persons are directors and/or executive officers of Conseco:

Name	Office(s)
R. Glenn Hilliard	Chairman of the Board
Donna A. James	Director
R. Keith Long	Director

Name	Office(s)
Debra J. Perry	Director
C. James Prieur	Director and Chief Executive Officer
Neal C. Schneider	Director
Michael T. Tokarz	Director
John G. Turner	Director
Doreen A. Wright	Director
Edward J. Bonach	Executive Vice President and Chief Financial Officer
Russell M. Bostick	Executive Vice President, Technology and Operations
Eric R. Johnson	Executive Vice President, Investments
Susan L. Menzel	Executive Vice President, Human Resources
Christopher J. Nickele	Executive Vice President, Product Management
Matthew J. Zimpfer	Executive Vice President, General Counsel and Assistant Secretary
Thomas D. Barta	Senior Vice President, Financial Planning and Analysis
William D. Fritts, Jr.	Senior Vice President, Government Relations
Todd M. Hacker	Senior Vice President and Treasurer
John R. Kline	Senior Vice President and Chief Accounting Officer
Anthony B. Zehnder	Senior Vice President, Corporate Communications
Tricia L. Borcherding	Vice President, Internal Audit
David D. Humm	Vice President, Corporate Taxes
Karl W. Kindig	Secretary

The business address of each person set forth above is c/o Conseco, Inc., 11825 N. Pennsylvania Street, Carmel, Indiana 46032, and the telephone number of each such person is (317) 817-6100.

Item 4. Terms of the Transaction.

(a) *Material Terms* . The information set forth in the Offer to Purchase under “Summary Term Sheet,” “The Offer,” “Expiration Date; Extension; Waivers and Amendments; Termination,” “Considerations Concerning the Offer” and “Certain United States Federal Income Tax Consequences” is incorporated herein by reference.

(b) *Purchases* . The information set forth in the Offer to Purchase under “Miscellaneous” is incorporated herein by reference.

Item 5. Past Contracts, Transactions, Negotiations and Agreements.

(e) *Agreements Involving the Subject Company’s Securities* . The information set forth in the Offer to Purchase under “Concurrent Transactions,” “Sources and Amount of Funds,” “The Offer,” “Miscellaneous” and “Where You Can Find Additional Information” is incorporated herein by reference.

a. Conseco is party to the following agreements relating to the Debentures:

(1) Indenture, dated as of August 15, 2005 (the “ *Indenture* ”), between Conseco and The Bank of New York Trust Company, N.A., as trustee, which is filed as Exhibit (d)(1) to this Schedule TO and is incorporated herein by reference. The form of Debenture is included in the Indenture.

(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, which is filed as Exhibit (d)(2) to this Schedule TO and is incorporated herein by reference.

A description of the Indenture and the Registration Rights Agreement is contained in Conseco's Current Report on Form 8-K filed with the Securities and Exchange Commission (the " *Commission* ") on August 16, 2005 and is incorporated by reference herein.

b. Conseco is a party to the following equity compensation plans:

(1) Conseco, Inc. Amended and Restated Long-Term Incentive Plan, which is filed as Exhibit (d)(3) to this Schedule TO and is incorporated herein by reference.

(2) Form of performance unit award agreement under the Conseco, Inc. Amended and Restated Long-Term Incentive Plan, which is filed as Exhibit (d)(4) to this Schedule TO and is incorporated herein by reference.

(3) Form of executive stock option agreement under Conseco, Inc. Amended and Restated Long-Term Incentive Plan, which is filed as Exhibit (d)(5) to this Schedule TO and is incorporated herein by reference.

(4) Form of executive restricted stock agreement under Conseco, Inc. Amended and Restated Long-Term Incentive Plan, which is filed as Exhibit (d)(6) to this Schedule TO and is incorporated herein by reference.

A description of the Conseco, Inc. Amended and Restated Long-Term Incentive Plan is contained in the section entitled "Proposal 3—Approval of Amended and Restated Long-Term Incentive Plan" in Conseco's proxy statement filed with the Commission on April 23, 2009 and is incorporated by reference herein.

c. Conseco is a party to the following agreements relating to its rights plan:

(1) Section 382 Rights Agreement, dated as of January 20, 2009, between Conseco and American Stock Transfer & Trust Company, LLC, as Rights Agent, which is filed as Exhibit (d)(7) to this Schedule TO and is incorporated herein by reference.

A description of the Section 382 Rights Agreement is contained in Conseco's Registration Statement on Form 8-A filed with the Commission on January 20, 2009 and is incorporated by reference herein.

d. Conseco is a party to the following agreements relating to certain concurrent transactions to the Offer as described in the Offer to Purchase in the section entitled "Concurrent Transactions":

(1) Stock and Warrant Purchase Agreement, dated as of October 13, 2009 (the " *Stock and Warrant Purchase Agreement* "), by and between Conseco and Paulson & Co. Inc., a Delaware

corporation, on behalf of the several investment funds and accounts managed by it (" *Paulson* "), which is filed as Exhibit (d)(8) to this Schedule TO and is incorporated herein by reference.

(2) Form of Investor Rights Agreement (the " *Investor Rights Agreement* ") by and among Conseco and Paulson and any other investors agreeing in writing to be bound by its terms, which is filed as Exhibit (d)(9) to this Schedule TO and is incorporated herein by reference.

(3) Form of Warrant Certificate, filed as Exhibit (d)(10) to this Schedule TO and is incorporated herein by reference.

(4) Purchase Agreement, dated as of October 14, 2009, by and between Conseco and Morgan Stanley & Co. Incorporated, which is filed as Exhibit (b)(1) to this Schedule TO and is incorporated herein by reference.

Descriptions of the above agreements related to the Concurrent Transactions are contained in the Offer to Purchase in the section entitled "Concurrent Transactions" and are incorporated by reference herein. In addition, Conseco's Current Report on Form 8-K filed with the Commission on October 13, 2009 describing the Paulson transaction (the " *Paulson 8-K* ") is incorporated by reference herein.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) *Purposes* . The information set forth in the Offer to Purchase under "Purpose of the Offer" and "Concurrent Transactions" is incorporated herein by reference.

(b) *Use of Securities Acquired* . Any Debentures validly tendered and accepted for payment will be cancelled and retired.

(c) *Plans* .

Except as may be otherwise disclosed in the Offer to Purchase under "Concurrent Transactions," we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of our assets or any of our subsidiaries;
- any material change in our present dividend rate or policy or indebtedness or capitalization;
- any change in our present board or management, including any plans or proposals to change the number or the term of directors (although we may fill vacancies arising on our board) or to change any material term of the employment contract of any executive officer;

- any other material change in our corporate structure or business;
- any class of our equity securities being delisted from or ceasing to be authorized to be quoted on the New York Stock Exchange;
- any class of our equity securities becoming eligible for termination of registration under Section 12(g)(4) of the Exchange Act;
- the suspension of our obligation to file reports under Section 15(d) of the Exchange Act;
- the acquisition or disposition by any person of our securities; or
- any changes in our charter, bylaws or other governing instruments or other actions that could impede the acquisition or control of us.

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

(a) *Source of Funds* . The information set forth in the Offer to Purchase under "Sources and Amount of Funds" and "Concurrent Transactions" is incorporated herein by reference.

(b) *Conditions* . The information set forth in the Offer to Purchase under "Sources and Amount of Funds" and "Concurrent Transactions" is incorporated herein by reference.

(d) *Borrowed Funds* . The information set forth in the Offer to Purchase under "Sources and Amount of Funds" and "Concurrent Transactions" is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company.

(a) *Securities Ownership* . The information set forth in the Offer to Purchase under "Miscellaneous—Securities Ownership" is incorporated herein by reference.

(b) *Securities Transactions* . The information set forth in the Offer to Purchase under "Miscellaneous—Recent Securities Transactions" is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or Recommendations* . The information set forth in the Offer to Purchase under "Dealer Manager; Information Agent and Depositary" and "Solicitation and Expenses" is incorporated herein by reference.

Item 10. Financial Statements.

(a) *Financial Information* . The information set forth under "Item 8. Consolidated Financial Statements and Supplementary Data" in Exhibit 99.1 to our Current Report on Form 8-K filed with the Commission on October 13, 2009 (containing our audited consolidated

financial statements for the years ended December 2008, 2007 and 2006 and as of December 2008 and 2007) (the " *APB 14-1 8-K* ") and under "Item 1. Financial Statements" in our Quarterly Report on Form 10-Q for the six months ended June 30, 2009 is incorporated herein by reference.

As of June 30, 2009, the book value per share of Common Stock was $13.06.

Our ratio of earnings to fixed charges (or our deficiency of earnings to fixed changes, as applicable) for the last two fiscal years can be found in Exhibit 12.1 to the APB 14-1 8-K filed with the Commission on October 13, 2009 and our ratio of earnings to fixed charges (or our deficiency of earnings to fixed changes, as applicable) for the six month period ended June 30, 2009 can be found in our Quarterly Report on Form 10-Q for the six month period ended June 30, 2009 under the sections entitled "Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operation."

(b) *Pro Forma Information* . Not applicable.

Item 11. Additional Information.

(a) *Agreements, Regulatory Requirements and Legal Proceedings* .

(1) Not applicable.

(2) The information set forth in the Offer to Purchase under "Concurrent Transactions—Shareholder Vote Exception" is incorporated herein by reference. The only other regulatory requirements that must be met are those imposed by applicable securities laws.

(3)—(5) Not applicable

(b) *Other Material Information* . The information set forth in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference.

Item 12. Exhibits.

Exhibits filed as a part of this Schedule TO are listed below.

Exhibit Number	Description
(a)(1)(i)	Offer to Purchase, dated October 15, 2009, filed herewith.
(a)(1)(ii)	Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9), filed herewith.
(a)(2)	None.
(a)(3)	None.

Exhibit Number	Description
(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, issued October 14, 2009, relating to the pricing of the private offering of new convertible debentures (incorporated by reference to Exhibit (a)(5) to the Schedule TO-C (second filing) filed with the Commission on October 14, 2009).
(a)(5)(viii)	Press Release, issued October 15, 2009, filed herewith.
(b)(1)	Purchase Agreement, dated as of October 14, 2009, by and between Conseco and Morgan Stanley & Co. Incorporated, filed herewith.
(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).

Exhibit Number	Description
(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).
(d)(8)	Stock and Warrant Purchase Agreement, dated as of October 13, 2009, by and between Conseco 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 Conseco and Paulson and any other investors agreeing in writing to be bound by its terms (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.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

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 15, 2009

CONSECO, INC.

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

EXHIBIT INDEX

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(a)(1)(ii)	Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9), 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, issued October 14, 2009, relating to the pricing of the private offering of new convertible debentures (incorporated by reference to Exhibit (a)(5) to the Schedule TO-C (second filing) filed with the Commission on October 14, 2009).
(a)(5)(viii)	Press Release, issued October 15, 2009, filed herewith.

Exhibit Number	Description
(b)(1)	Purchase Agreement, dated as of October 14, 2009, by and between Conseco and Morgan Stanley & Co. Incorporated, filed herewith.
(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).
(d)(8)	Stock and Warrant Purchase Agreement, dated as of October 13, 2009, by and between Conseco 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 Conseco and Paulson and any other investors agreeing in writing to be bound by its terms (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).

Exhibit Number	Description
(g)	None.
(h)	None.

Conseco, Inc.

OFFER TO PURCHASE

Offer to Purchase for Cash
Any and All Outstanding
3.50% Convertible Debentures due September 30, 2035
(CUSIP Nos. 208464BH9 and 208464BG1)

The Offer (as defined below) will expire at 12:00 midnight, New York City time, on November 12, 2009, unless extended or earlier terminated (such time and date, as the same may be modified, the " *Expiration Date* "). Holders must validly tender their Debentures (as defined below) on or prior to the Expiration Date to be eligible to receive the Tender Consideration (as defined below). Tenders of Debentures may be withdrawn at any time on or prior to the Expiration Date.

Conseco, Inc. (the " *Company* ," " *Conseco* ," " *we* " or " *us* ") is offering to purchase for cash, upon the terms and subject to the conditions set forth in this Offer to Purchase (as it may be amended or supplemented from time to time, this " *Offer to Purchase* ") and in the related Letter of Transmittal (the " *Letter of Transmittal* " and together with this Offer to Purchase, the " *Offer Documents* "), any and all of its outstanding 3.50% Convertible Debentures due September 30, 2035 (the " *Debentures* "). We refer to our offer to purchase the Debentures as the " *Offer* ."

The purchase price for Debentures tendered and accepted by us for purchase pursuant to the Offer will be an amount in cash equal to $1,000 per $1,000 principal amount of the Debentures (the " *Tender Consideration* "). The Tender Consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 if they were to exercise their put right on such date. In addition, holders whose Debentures are purchased in the Offer will receive accrued and unpaid interest to, but not including, the settlement date of the Offer.

The Offer is subject to the satisfaction of certain conditions, including (1) our receipt, on the settlement date of the Offer, of net proceeds from (i) the private placement of our 7.0% convertible senior debentures due 2016 (the " *New Debentures* ") and (ii) the private placement of our common stock and warrants to purchase shares of our common stock, together in an aggregate amount at least equal to the aggregate Tender Consideration payable for Debentures accepted for purchase by us pursuant to the Offer and (2) the satisfaction of the other conditions to the Offer set forth herein. We may, in our sole discretion, waive any of the conditions of the Offer, in whole or in part, at any time and from time to time, prior to the Expiration Date. For additional information, see the section entitled "The Offer—Conditions to the Offer."

OUR BOARD OF DIRECTORS HAS APPROVED THE OFFER. HOWEVER, NONE OF CONSECO, THE DEALER MANAGER, THE INFORMATION AGENT, THE DEPOSITARY (EACH AS DEFINED HEREIN) OR ANY OF THEIR RESPECTIVE AFFILIATES MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT HOLDERS SHOULD TENDER THEIR DEBENTURES PURSUANT TO THE OFFER, AND NONE OF THEM HAS AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. EACH HOLDER MUST MAKE ITS OWN DECISION WHETHER TO TENDER ITS DEBENTURES, AND, IF SO, THE PRINCIPAL AMOUNT OF DEBENTURES TO TENDER, OR TO REFRAIN FROM TAKING ANY ACTION IN THE OFFER WITH RESPECT TO ANY AND ALL OF SUCH HOLDER'S DEBENTURES.

Neither the Securities and Exchange Commission (the " *Commission* ") nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in the Offer Documents or any related documents. Any representation to the contrary is a criminal offense.

See "Considerations Concerning the Offer" and "Certain United States Federal Income Tax Considerations" for discussions of certain factors that should be considered carefully in evaluating the Offer.

The Dealer Manager for the Offer is:

Morgan Stanley

October 15, 2009

IMPORTANT INFORMATION

The Offer Documents, including information incorporated by reference herein, contain important information and should be carefully read before any decision is made with respect to the Offer.

Debentures validly tendered may be withdrawn at any time on or prior to the Expiration Date. If we have not accepted for payment the tendered Debentures by 12:00 midnight, New York City time, on December 11, 2009, holders may also withdraw their Debentures after such time. Our obligation to accept for purchase and pay the Tender Consideration for Debentures validly tendered and not validly withdrawn on or prior to the Expiration Date is conditioned upon the conditions to the Offer discussed under "The Offer—Conditions to the Offer" being satisfied or waived by us. We may, in our sole discretion, waive any of the conditions of the Offer in whole or in part, at any time and from time to time, prior to the Expiration Date.

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. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date.

Any holders desiring to tender their Debentures should either (1) in the case of a holder who holds physical certificates evidencing such Debentures, complete and sign the Letter of Transmittal, in accordance with the instructions set forth therein and mail or deliver it or a facsimile copy thereof, together with the certificates evidencing the Debentures and any other documents required by the Letter of Transmittal to the depositary or (2) in the case of a beneficial owner who holds Debentures in book-entry form, request its broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such holder of Debentures.

Participants in The Depository Trust Company (" *DTC* ") that hold Debentures on behalf of beneficial owners of Debentures must tender such Debentures through the DTC Automated Tender Offer Program (" *ATOP* ") by following the procedures set forth under "The Offer—Procedures for Tendering Debentures." Beneficial owners whose Debentures are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact their broker, dealer, commercial bank, trust company or other nominee if they desire to tender their Debentures so registered. See "The Offer—Procedures for Tendering Debentures." Please note that if Debentures are held by a custodian, the custodian may have an earlier deadline to allow it to timely tender the Debentures pursuant to the Offer.

There are no guaranteed delivery provisions provided for by us. Holders must tender their Debentures on or prior to the Expiration Date in accordance with the procedures set forth above and herein. See "The Offer—Procedures for Tendering Debentures."

Holders who do not validly tender their Debentures pursuant to the Offer or who validly withdraw their Debentures on or prior to the Expiration Date will continue to hold Debentures pursuant to the terms of the Indenture (as defined below). Debentures that remain outstanding after the completion of the Offers will continue to be convertible, upon the occurrence of certain specified events, as described in the Indenture.

We and our affiliates, including our executive officers and directors, will be prohibited by Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the " *Exchange Act* "), from

purchasing any of the Debentures outside of the Offer until at least the tenth business day after the expiration or termination of the Offer. Following that time, we reserve the absolute right, in our sole discretion from time to time in the future, to purchase any of the Debentures, whether or not any Debentures are purchased pursuant to the Offer, through repurchase or redemption of the Debentures pursuant to their terms, or through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as we may determine, which may be more or less than the price to be paid pursuant to the Offer and could be for cash or other consideration. Alternatively, we may, subject to certain conditions, redeem any or all of the Debentures not purchased pursuant to the Offer at any time that we are permitted to do so under the Indenture. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we or our affiliates will choose to pursue in the future.

This Offer to Purchase does not constitute an offer to purchase Debentures in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make an offer under applicable laws. The delivery of this Offer to Purchase shall not under any circumstances create any implication that the information contained herein or the information incorporated herein by reference is correct as of any time subsequent to the date hereof or their respective filing dates, or that there has been no change in the information set forth herein (or information incorporated herein by reference) or in any attachments hereto or in the affairs of Conseco or any of its subsidiaries or affiliates since the date hereof (or, in the case of information incorporated by reference, their respective filing dates).

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offer to Purchase and, if given or made, that information or representation may not be relied upon as having been authorized by us, the dealer manager, the information agent or the depositary.

Our board of directors has approved the Offer. However, none of Conseco, the dealer manager, the information agent, the depositary or any of their respective affiliates makes any recommendation as to whether or not you should tender your Debentures pursuant to the Offer, and none of them has authorized any person to make any such recommendation. You must make your own decision as to whether to tender your Debentures and, if so, the principal amount of the Debentures to tender, or to refrain from taking any action in the Offer with respect to any and all of your Debentures. You should consult your own financial and tax advisors in making your decision.

See "Considerations Concerning the Offer" and "Certain United States Federal Income Tax Considerations" for discussions of certain factors that should be considered carefully in evaluating the Offer.

Questions and requests for assistance or for additional copies of the Offer Documents may be directed to D.F. King & Co., Inc., the information agent for the Offer. Any questions concerning the terms of the Offer or requests for assistance may be directed to Morgan Stanley & Co. Incorporated, the dealer manager for the Offer, at the address and telephone number set forth on the back cover of this Offer to Purchase. Beneficial owners of Debentures may also contact their brokers, dealers, commercial banks or trust companies through which they hold the Debentures with questions and requests for assistance concerning the Offer. Any holder or beneficial owner who has questions concerning the procedures for tendering Debentures should contact D.F. King & Co., Inc., the

depositary for the Offer, at the address or telephone number set forth on the back cover of this Offer to Purchase.

Table of Contents

SUMMARY TERM SHEET

The following summary is provided solely for the convenience of the holders of Debentures. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specified details contained elsewhere, or incorporated by reference, in this Offer to Purchase and the Letter of Transmittal. Holders are urged to read this Offer to Purchase, including information incorporated herein by reference, and the Letter of Transmittal in their entirety. Each of the capitalized terms used in this Summary Term Sheet and not defined herein has the meaning set forth elsewhere in this Offer to Purchase.

Issuer	Conseco, Inc., a Delaware corporation.
The Debentures	3.50% Convertible Debentures due September 30, 2035 (CUSIP Nos. 208464BH9 and 208464BG1). As of October 14, 2009, there was outstanding $293,000,000 in aggregate principal amount of Debentures.
The Indenture	The Indenture, dated as of August 15, 2005 (the " *Indenture* "), between Conseco and The Bank of New York Trust Company, N.A., as trustee.
The Offer	We are offering to purchase any and all of the outstanding Debentures for the Tender Consideration, upon the terms and subject to the conditions described in the Offer Documents. See "The Offer—Principal Terms of the Offer."
Tender Consideration	The Tender Consideration for each $1,000 principal amount of Debentures tendered and accepted by us for purchase pursuant to the Offer will be an amount in cash equal to $1,000. The Tender Consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 if they were to exercise their put right on such date. Upon the terms and subject to the conditions of the Offer, we will pay the Tender Consideration, and accrued and unpaid interest, to each holder of Debentures who validly tenders and does not validly withdraw its Debentures in the Offer on or prior to the Expiration Date. See "The Offer—Principal Terms of the Offer."
Accrued and Unpaid Interest	Holders whose Debentures are purchased in the Offer will receive accrued and unpaid interest to, but not including, the settlement date of the Offer.
The Expiration Date	The Offer will expire at 12:00 midnight, New York City time, on November 12, 2009, unless extended or earlier terminated by us. See "Expiration Date; Extension; Waivers and Amendments; Termination."
Purpose of the Offer	The purpose of the Offer is to acquire any and all of the Debentures. We will cancel the Debentures that we purchase in the Offer, and

	those Debentures will cease to be outstanding. We are offering to purchase any and all of the Debentures to refinance them because holders thereof may require us to repurchase the Debentures on September 30, 2010. If we fail to close the private placement of our New Debentures and the private placement of our common stock and Warrants, our opportunities to refinance the Debentures may be limited and, as a result, our business, results of operations and financial position may be materially adversely affected. See "Purpose of the Offer."
Sources and Amount of Funds	Assuming all of the outstanding Debentures are validly tendered pursuant to the Offer and accepted for purchase on November 13, 2009, we will need approximately $298.2 million to purchase all of the outstanding Debentures and pay all fees and expenses in connection with the Offer. We intend to finance a substantial portion of the aggregate Tender Consideration for the Debentures with the net proceeds from the private placement of our New Debentures. Pursuant to the terms of the private placement of our New Debentures, we expect that the first closing of such placement will occur on the settlement date of the Offer. We intend to finance the balance of the aggregate Tender Consideration for the Debentures with the net proceeds from the private placement of our common stock and Warrants (as defined below). Pursuant to the terms of the Stock and Warrant Purchase Agreement (as defined below), we expect that the closing of this private placement will also occur on the settlement date of the Offer. See "Concurrent Transactions" and "Sources and Amount of Funds."
Withdrawal Rights	Tenders of Debentures may be validly withdrawn at any time on or prior to the Expiration Date by following the procedures described herein. In addition, if we have not accepted for payment the tendered Debentures by 12:00 midnight, New York City time, on December 11, 2009, holders may withdraw their Debentures after such time. See "The Offer—Withdrawal of Tenders; Absence of Appraisal Rights."
Settlement Date	The Tender Consideration for Debentures validly tendered and not validly withdrawn that are accepted for purchase pursuant to the Offer is expected to be paid promptly following the Expiration Date. Payment will be made in immediately available (same-day) funds by delivery of payment to the depositary or, upon its instruction, to DTC. See "The Offer—Acceptance of Debentures; Payment for Debentures."
Conditions Precedent to the Offer	Our obligation to accept, and pay the Tender Consideration for, Debentures validly tendered and not validly withdrawn on or prior

	to the Expiration Date is conditioned upon (1) our receipt, on the settlement date of the Offer, of net proceeds from (i) the private placement of our New Debentures and (ii) the private placement of our common stock and Warrants, together in an aggregate amount at least equal to the aggregate Tender Consideration payable for Debentures accepted for payment by us pursuant to the Offer and (2) the satisfaction of the other conditions to the Offer set forth herein. See the section entitled "The Offer—Conditions to the Offer."
Certain Considerations	Holders who do not validly tender their Debentures for purchase pursuant to the Offer or who validly withdraw their Debentures on or prior to the Expiration Date will continue to hold Debentures pursuant to the terms of the Indenture. For a discussion of certain factors that should be considered in evaluating the Offer, see "Considerations Concerning the Offer."
Procedures for Tendering Debentures	See "The Offer—Procedures for Tendering Debentures." For further information, contact the information agent or the dealer manager or consult your broker, dealer or other similar nominee for assistance.
Certain United States Federal Income Tax Considerations	For a summary of certain United States federal income tax considerations relating to the Offer, see "Certain United States Federal Income Tax Considerations."
Extensions; Waivers and Amendments; Termination	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. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date. See "The Offer—Expiration Date; Extension; Waivers and Amendments; Termination."
Brokerage Commissions	No brokerage commissions are payable by holders of Debentures to the dealer manager, the information agent or the depositary. If Debentures are held through a nominee, holders should contact their nominee to determine whether any transaction costs are applicable.
Dealer Manager	Morgan Stanley & Co. Incorporated (" *Morgan Stanley* ")
Depositary and Information Agent	D.F. King & Co., Inc.
Trustee	The Bank of New York Trust Company, N.A.
Further Information	Additional copies of the Offer Documents may be obtained by contacting the information agent at its telephone number and address

set forth on the back cover of this Offer to Purchase.

FORWARD-LOOKING STATEMENTS

Our statements, trend analyses and other information contained in this Offer to Purchase, including any documents incorporated by reference herein, and elsewhere (such as in filings by Conseco with the Commission, press releases, presentations by Conseco or its management or oral statements) 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. 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. The "Risk Factors" section of our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q provides examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. 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:

- our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements;
- liquidity issues associated with the right of holders of our Debentures to require us to repurchase the Debentures on September 30, 2010;
- general economic, market and political conditions, including the performance and fluctuations of the financial markets which may affect our ability to raise capital or refinance our existing indebtedness and the cost of doing so;
- our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs;
- our ability to obtain adequate and timely rate increases on our supplemental health products, including our long-term care business;
- the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries;
- mortality, morbidity, the increased cost and 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;
- changes in our assumptions related to the cost of policies produced or the value of policies in force at the effective date of our bankruptcy reorganization;
- the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on its value;
- our assumption that the positions we take on our tax return filings, including our position that the New Debentures will not be treated as stock for purposes of Section 382 of the Code and will not trigger an ownership change, will not be successfully challenged by the Internal Revenue Service;
- changes in accounting principles and the interpretation thereof;

- 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;
- performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges);
- 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;
- the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject;
- our ability to complete the remediation of the material weakness in internal controls over our actuarial reporting process and to maintain effective controls over financial reporting;
- our ability to continue to recruit and retain productive agents and distribution partners and customer response to new products, distribution channels and marketing initiatives;
- our ability to achieve eventual upgrades of the financial strength ratings of Conseco and our insurance company subsidiaries as well as the impact of rating downgrades on our business and our ability to access capital;
- the risk factors or uncertainties listed from time to time in our filings with the Commission;
- regulatory changes or actions, including those relating to regulation of the financial affairs of our insurance companies, such as the payment of dividends and surplus debenture interest 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; and
- 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, they 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.

ABOUT THE COMPANY

We are a holding company for a group of insurance companies operating throughout the United States that develop, market and administer supplemental health insurance, annuity, individual life insurance and other insurance products. We focus on serving the senior and middle-income markets, which we believe are attractive, underserved, high growth markets. We sell our products through three distribution channels: career agents, professional independent producers (some of whom sell one or more of our product lines exclusively) and direct marketing.

We manage our business through three primary operating segments — Bankers Life, Colonial Penn and Conseco Insurance Group, which are defined on the basis of product distribution — and our corporate operations, which consists of holding company activities and certain noninsurance company businesses that are not part of our operating segments. Prior to the fourth quarter of 2008, we had a fourth operating segment comprised of other business in run-off. The other business in run-off segment had included blocks of business that we no longer market or underwrite and was managed separately from our other businesses. Such segment had consisted primarily of long-term care insurance sold in prior years through independent agents. As a result of the transfer of the stock of Senior Health Insurance Company of Pennsylvania by Conseco and CDOC, Inc., a wholly owned subsidiary of Conseco, to Senior Health Care Oversight Trust, an independent trust, in November 2008, a substantial portion of the long-term care business in the former other business in run-off segment is presented as discontinued operations in our consolidated financial statements for the periods prior to 2009.

Additional information about our business can be found in our periodic filings with the Commission, including our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. See “Where You Can Find Additional Information.”

Our principal executive offices are located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032, and our telephone number at this location is (317) 817-6100. Our website is *www.conseco.com.* Information on our website does not constitute a part of this Offer to Purchase.

Our common stock is listed on the New York Stock Exchange under the symbol “CNO.”

CONCURRENT TRANSACTIONS

The following is a summary of the private placement of New Debentures, the private placement of our common stock and Warrants and the proposed registered offering of our common stock (collectively, the " *Concurrent Transactions* "). The following summary is not complete and is qualified, in its entirety, by the agreements relating to the Concurrent Transactions that are filed as exhibits to the Schedule TO (as defined herein), each of which is incorporated herein by reference in its entirety.

Private Placement of New Debentures

On October 14, 2009, we announced that we entered into a purchase agreement (the "New Debenture Purchase Agreement") with respect to the issuance and sale of up to $293.0 million aggregate principal amount of New Debentures in a private offering to qualified institutional buyers that is exempt from the registration requirements of the Securities Act of 1933, as amended (the " *Securities Act* ").

Prior to June 30, 2013, the New Debentures will not be convertible, except under limited circumstances. Commencing on June 30, 2013, the New Debentures will be convertible into shares of our common stock at the option of the holder at any time, subject to certain exceptions and subject to our right to terminate such conversion rights under certain circumstances relating to the sale price of our common stock. If the holders elect to convert their New Debentures upon the occurrence of certain changes of control of Conseco or certain other events, we will be required, under certain circumstances, to increase the conversion rate for such holders of the New Debentures who convert in connection with such transaction. Initially, the New Debentures will be convertible into 182.1494 shares of our common stock for each $1,000 principal amount of New Debentures, which conversion rate is subject to adjustment in accordance with the terms of the indenture governing the New Debentures following the occurrence of certain events.

Pursuant to the New Debenture Purchase Agreement, we expect to issue New Debentures on the following dates: (i) the settlement date of the Offer and any subsequent tender offers we make for outstanding Debentures that expire before October 5, 2010, (ii) September 30, 2010, the date on which the holders of outstanding Debentures may exercise their right to require us to repurchase such Debentures, and (iii) October 5, 2010, if we elect to redeem any Debentures outstanding on such date. The net proceeds from the private placement of New Debentures will be used to fund a substantial portion of the aggregate Tender Consideration payable for Debentures tendered and accepted by us for payment pursuant to the Offer, and any and all Debentures that we repurchase thereafter, as described above.

In order to satisfy the our obligations under our Second Amended and Restated Credit Agreement, dated October 10, 2006, as amended (the " *Credit Agreement* "), we will issue the New Debentures only to the extent we need cash to finance the repurchases of Debentures pursuant to the Offer or any other transaction contemplated by the New Debenture Purchase Agreement.

Pursuant to the terms of the New Debenture Purchase Agreement, the initial purchaser's commitment to purchase the New Debentures from us pursuant to the terms of the New Debenture Purchase Agreement shall become effective two business days after execution and delivery of the New Debenture Purchase Agreement subject to approval by its counsel of certain legal matters and the satisfaction of certain conditions to effectiveness.

The New Debentures to be issued on each closing date shall constitute one or more series under the indenture governing the New Debentures. The obligation of the initial purchaser to purchase New Debentures on each closing date for the New Debentures is subject to the following conditions:

- there shall not have occurred and be continuing an Event of Default (as defined under the Credit Agreement) under the Credit Agreement;
- there shall not have occurred and be continuing an Event of Default (as defined in the indenture governing the New Debentures) under any previously issued New Debentures (for the avoidance of doubt, an Event of Default that has occurred and is continuing prior to the closing date of the first series of New Debentures shall not be a condition to closing on such date);
- the closing of the first series of New Debentures shall have occurred simultaneously with the closing of the private placement of common stock and Warrants to Paulson described in more detail below;
- on or prior to the closing of the first series of New Debentures, we shall have (1) received approval from the New York Stock Exchange (*" NYSE "*) under Section 312.05 of the NYSE Listed Company Manual to issue 16.4 million shares of our common stock and warrants to purchase 5.0 million shares of our common stock to Paulson and up to $293.0 million aggregate principal amount of debentures without obtaining shareholder approval and (2) notified all of our shareholders by mail no later than 10 days prior to the settlement date of the Offer of our reliance on the exception to shareholder approval in accordance with Section 312.05 of the NYSE Listed Company Manual and of our audit committee's approval of our reliance on such shareholder approval exception;
- no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the consummation of any transaction contemplated by the New Debenture Purchase Agreement;
- the initial purchaser has received an opinion from our counsel substantially to the effect set forth in the New Debenture Purchase Agreement; and
- (i) prior to the closing date for the first series of New Debentures, we shall have filed with the Commission a quarterly report on Form 10-Q for our fiscal quarter ended September 30, 2009 on or before November 19, 2009; such Form 10-Q shall have included the financial statements required by Form 10-Q and such financial statements shall have been subject to a completed SAS 100 review by our independent registered public accountants; and our management shall not have concluded, in connection with such filing, that there is substantial doubt regarding our ability to continue as a going concern, and (ii) prior to any subsequent closing date, we shall have filed with the Commission a quarterly report on Form 10-Q or an annual report on Form 10-K, as the case may be, within the deadline for such filing specified in such Form, for the immediately preceding fiscal period for which the deadline for the filing of such Form shall have passed prior to such closing date, and such Form filed by us shall have included the financial statements required by such

Form, and such financial statements shall have been subject to a completed SAS 100 review or an audit report issued by our independent registered public accountants, and neither our management nor our independent registered public accountants shall have concluded, in connection with such filing, that there is substantial doubt regarding our ability to continue as a going concern, *provided, however*, that filing any Form 10-Q or Form 10-K, as the case may be, referred to in clause (2) above within the deadline for such filing shall not be a condition to the initial purchaser's obligations if, on the business day following the date any such Form 10-Q or Form 10-K, as the case may be, was required to be filed, we provide the initial purchaser with an officer's certificate stating that our failure to file such Form 10-Q or Form 10-K, as the case may be, within the Commission's deadline does not result from a conclusion on the part of our management or our independent registered public accountants that there is substantial doubt regarding our ability to continue as a going concern.

If on a closing date, any of the conditions in the preceding paragraph have not been satisfied, we are under no obligation to sell and the initial purchaser is under no obligation to buy any New Debentures on such closing date or any future closing date, and the New Debenture Purchase Agreement shall immediately terminate pursuant to the terms therein. In addition, at any time prior to the closing date for the first series of New Debentures, if we fail to file with the Commission a quarterly report on Form 10-Q for our fiscal quarter ended September 30, 2009, on or before November 19, 2009, the initial purchaser may, by prior written notice, elect to terminate the New Debenture Purchase Agreement; furthermore after the closing date for the first series of New Debentures offered hereby, if we fail to file any Form 10-Q or Form 10-K, as the case may be, within the Commission's deadlines and we fail to deliver the officer's certificate contemplated by the bullet point immediately preceding this paragraph, the initial purchaser may, by prior written notice, elect to terminate the New Debenture Purchase Agreement prior to any subsequent closing date. As such, even if we are able to complete this Offer, there can be no assurance that we will be able to satisfy such conditions at the time of any subsequent closing.

Private Placement of Common Stock and Warrants

On October 13, 2009, we announced that we entered into a stock and warrant purchase agreement (the " *Stock and Warrant Purchase Agreement* ") with Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it (" *Paulson* "), to sell Paulson 16.4 million shares of our common stock and warrants to purchase 5.0 million shares of our common stock (the " *Warrants* ") for an aggregate purchase price of $77.9 million. Upon closing of the private placement of common stock, Paulson will own approximately 9.9% of our outstanding shares of common stock, including shares that Paulson previously acquired in open market transactions. The Warrants will have an exercise price of $6.50 per share of common stock, subject to customary anti-dilution adjustments. Prior to June 30, 2013, the Warrants will not be exercisable, except under limited circumstances. Commencing on June 30, 2013, the Warrants will be exercisable for shares of our common stock at the option of the holder at any time, subject to certain exceptions. The Warrants will expire on December 30, 2016. The closing of the common stock and Warrant private placement is subject to satisfaction of certain conditions described below and is expected to occur on the settlement date of the Offer.

Half of the net proceeds from the issuance of the shares of common stock and Warrants to Paulson will be used to repay indebtedness under the Credit Agreement. The remaining net proceeds will be used:

- to pay the portion of the purchase price of the Debentures that are tendered in the Offer (or any subsequent issuer tender offer for the Debenture) that is not funded by the private placement of New Debentures;
- to pay the portion of the repurchase price of the Debentures on September 30, 2010 that we are required by the holders thereof to repurchase that is not funded by the private placement of New Debentures, if any;
- to pay the portion of the redemption price of the Debentures on October 5, 2010 that is not funded by the private placement of New Debentures, if any Debentures remain outstanding at that time and we elect to redeem such Debentures; and
- for general corporate purposes.

The closing of the private placement of our common stock and Warrants is expected to occur on the settlement date of the Offer. The obligation of Paulson to purchase the common stock and Warrants is subject to satisfaction (or waiver) of various conditions to closing, including, among other things, the following:

- the New Debenture Purchase Agreement remains in effect;
- the Offer has been consummated simultaneously with the closing of the first series of New Debentures;
- the NYSE has granted us an exception from the shareholder approval requirement pursuant to Section 312 of the NYSE Listed Company Manual (see "—Shareholder Vote Exception" below) and such exception remains in effect on the closing date;
- our common stock has not been delisted by the NYSE and trading of our common stock has not been suspended on the NYSE;
- the parties have received all required governmental approvals;
- no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits the closing of the private placement of our common stock and Warrants;
- the parties have entered into the investor rights agreement referred to below;
- the representations and warranties made by the parties in the Stock and Warrant Purchase Agreement are true and correct as of the closing date;
- the parties have performed or complied in all material respects with all of their covenants and agreements;
- Paulson has received an opinion from our counsel substantially to the effect set forth in the Stock and Warrant Purchase Agreement; and

- our repayment obligations under our Credit Agreement have not been accelerated; there shall not have occurred and be continuing a "Default" or "Event of Default" under the Credit Agreement; and, pro forma for the Offer and the Concurrent Transactions, as of September 30, 2009, we shall be in compliance with our Credit Agreement's financial covenants.

On the closing date of the private placement of our common stock and Warrants, we will enter into an investor rights agreement with Paulson, pursuant to which we will, among other things, grant to Paulson certain registration rights with respect to certain securities and certain preemptive rights, and Paulson will agree to, among other things, certain restrictions on transfer of certain securities, certain voting limitations and certain standstill provisions.

Prior to our entering into the Stock and Warrant Purchase Agreement with Paulson, our board of directors deemed Paulson an "Exempted Entity" and therefore not an "Acquiring Person" (each as defined in our Section 382 rights agreement) for purposes of our Section 382 rights agreement, with respect to our common stock and common stock issued upon exercise of the Warrants Paulson will acquire pursuant to the Stock and Warrant Purchase Agreement and with respect to any common stock issued upon conversion of the New Debentures, if Paulson acquires any of the New Debentures in the private placement of New Debentures described above or thereafter, as well as with respect to our common stock Paulson owned as of the date of the Stock and Warrant Purchase Agreement.

If we fail to close the private placement of our New Debentures and the private placement of our common stock and Warrants, our opportunities to refinance the Debentures, which the holders thereof may require us to repurchase on September 30, 2010, may be limited and, as a result, our business, results of operations and financial position may be materially adversely affected. See "Purpose of the Offer."

Shareholder Vote Exception

The issuance of the 16.4 million shares of our common stock and Warrants to Paulson together with the issuance of the New Debentures will in the aggregate result in the issuance of common stock in excess of the 20% threshold set forth in Section 312.03 of the NYSE Listed Company Manual. While the rules of the NYSE generally require stockholder approval prior to the issuance of securities in excess of the 20% threshold, the NYSE's shareholder approval policy provides an exception in cases where the delay involved in securing stockholder approval for the issuance would seriously jeopardize the financial viability of the listed company. In accordance with the NYSE rule providing that exception, the audit committee of our board of directors has expressly approved our reliance on the exception in connection with our private placement of common stock and Warrants to Paulson and the private placement of New Debentures. The NYSE has approved our reliance on the exception and, in accordance with such exception, we will not consummate the transactions until at least 10 days after the mailing of a letter to stockholders describing the transactions and our reliance on the exception.

Proposed Registered Offering of Common Stock

We also announced plans to file a registration statement with the Commission relating to a proposed registered offering of such number of shares of common stock that would generate not less than $200 million in gross proceeds to us, to the extent such offering of our common stock does not jeopardize our ability to use our existing net operating loss carry-forwards (" *NOLs* "). In connection with the private placement of our common stock and Warrants, we have agreed that, to the extent such offering of our common stock does not jeopardize our ability to use our existing NOLs, we will use

our reasonable best efforts to consummate the proposed registered offering no later than 120 days after the settlement date of the Offer (which 120 th day we currently expect to be March 13, 2010). There can be no assurance that we will be able to complete the proposed registered offering by the 120 th day after the settlement date of the Offer, in such amount, or at all. We are currently required to use 50% of the net proceeds of any such issuance to repay indebtedness under our Credit Agreement. The remaining net proceeds would be used for general corporate purposes.

PURPOSE OF THE OFFER

We are making the Offer in order to acquire any or all of the outstanding Debentures. We will cancel the Debentures that we purchase in the Offer, and those Debentures will cease to be outstanding. Any Debentures that remain outstanding after the Offer will continue to be our obligations. Holders of any outstanding Debentures will continue to hold those Debentures pursuant to the terms of the Indenture. We are not seeking the approval of holders of the Debentures for any amendment to the Indenture or the Debentures.

On September 30, 2010, holders of our outstanding Debentures may require us to repurchase all or a portion of the Debentures at a price in cash equal to 100% of the principal amount of the Debentures, plus any accrued and unpaid interest (including additional interest and contingent interest, if any) to, but not including, the repurchase date. The Tender Consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 if they were to exercise their put right on such date. As of October 14, 2009, there was outstanding $293,000,000 aggregate principal amount of Debentures.

The Offer is conditioned upon our receipt, on the settlement date of the Offer, of net proceeds from (i) the private placement of our New Debentures and (ii) the private placement of our common stock and Warrants, together in an aggregate amount at least equal to the aggregate Tender Consideration payable for Debentures accepted for payment by us pursuant to the Offer. If we are unable to satisfy this condition, we will be unable to purchase any Debentures tendered pursuant to this Offer. In addition, we do not currently have funds available and may not be able to obtain the financing necessary to pay the purchase price in cash for the Debentures in the event we are required to repurchase some or all of the Debentures upon exercise by the holders thereof of their repurchase rights on September 30, 2010.

We are required to assess our ability to continue as a going concern as part of our preparation of financial statements at each quarter-end. The assessment includes, among other things, consideration of our plans to address our liquidity and capital needs during the next twelve months. The holders of the Debentures have the right to require us to repurchase their Debentures on September 30, 2010 and we do not currently have the funds available to allow us to repurchase all of such securities. Because the repurchase right related to the Debentures arises within twelve months of September 30, 2009, doubts concerning our ability to fund the repurchase right or to refinance the Debentures could require us to conclude in connection with our financial statements for the quarter ended September 30, 2009 that there is substantial doubt regarding our ability to continue as a going concern. We are undertaking the private placement of the New Debentures, the private placement of our common stock and Warrants to Paulson and this Offer to address the repurchase right related to the Debentures. While we believe such actions will address the liquidity concerns associated with such repurchase right, consummation of such actions is subject to a number of closing conditions, will not occur for some time and could be terminated after such actions are only partially completed. As a result, there can be no assurance that they will be successful.

In addition, as part of our analysis regarding our ability to continue as a going concern, we are also required to consider our ability to comply with the future loan covenant and financial ratio requirements under the Credit Agreement. Under the Credit Agreement, several of the financial covenant and minimum ratio requirements currently in place will revert back to the requirements in place prior to the recent amendment of the Credit Agreement beginning in the third quarter of 2010. These requirements include maintaining an aggregate risk-based capital ratio of 250%, rather than the current requirement of 200%, and combined statutory capital and surplus of $1.27 billion, rather than the current requirement of $1.1 billion. Our risk-based capital ratio at June 30, 2009 was 247% and

our combined capital and surplus was $1.279 billion. We are currently preparing our financial statements for the third quarter of 2009 and as a result, we do not yet have final numbers for our risk-based capital ratio or our combined statutory capital and surplus for the quarter. We believe that our risk-based capital ratio and our combined statutory capital and surplus could be below the levels for the quarter ended June 30, 2009, primarily as a result of losses in our investment portfolio and a deterioration in the ratings of certain of the securities in the investment portfolio during the third quarter of 2009.

We believe that absent successful completion of the initiatives described herein, we may not be able to achieve compliance with the 250% level for our risk-based capital ratio or the $1.27 billion combined statutory capital and surplus that would be required under the Credit Agreement beginning in the third quarter of 2010. Accordingly, we are pursuing initiatives, such as reinsurance transactions, to improve our risk-based capital ratio and our statutory capital and surplus level. We believe that these initiatives would allow us to achieve compliance with the covenant levels that would be required under the Credit Agreement beginning in the third quarter of 2010; however, we can provide no assurance that this will be the case. In addition, the levels of margin between other future requirements, such as the debt to total capitalization ratio and interest coverage ratio, were small at June 30, 2009, and we may not be able to achieve compliance with these requirements in the future.

We may not be required to undertake the above initiatives if: (i) the calculation of our required capital for commercial mortgages based on the use of the Mortgage Experience Adjustment Factor or " *MEAF* " is modified by the National Association of Insurance Commissioners in a manner that results in a capital requirement that is the same or similar to the requirement calculated pursuant to temporary modifications effective for 2009; (ii) we successfully complete the proposed registered public offering of our common stock or other equity offering in the future; and/or (iii) we renegotiate the covenants under the Credit Agreement.

While we believe that, based on the foregoing initiatives, there is a sufficient likelihood that we will be able to increase our risk-based capital ratio and have sufficient statutory capital and surplus in order to comply with the related covenants under the Credit Agreement beginning in the third quarter of 2010, the initiatives have not been completed, may require regulatory approval and/or the agreement of counterparties, which are outside our control and, therefore, there can be no assurance that we will be successful in executing them. Moreover, any modifications to the MEAF calculations would result from a regulatory process over which we have no control and which is not required to take our specific circumstances into account. Accordingly, we can provide no assurances that the reduction in required capital we currently recognize pursuant to the temporary MEAF modifications will continue beyond 2009, or that any modifications would be determined before we are required to assess our ability to continue as a going concern in conjunction with the completion of our future financial statements, as further described below. In addition, our risk-based capital ratio may suffer future deterioration as a result of future realized losses on investments (including other-than-temporary impairments), decreases in the ratings of certain of our investments net statutory losses from the operations of our insurance subsidiaries, changes in statutory regulations with respect to risk-based capital requirements or the valuation of assets or liabilities, or for other reasons.

Accordingly, even if we successfully complete the private placement of New Debentures, the private placement of our common stock and Warrants to Paulson and the Offer in order to address the going concern issues related to the repurchase right under the Debentures, in connection with the preparation of our financial statements for the third quarter of 2009 or in connection with the preparation of financial statements for subsequent periods, we, or our independent registered public accountants, may conclude that there is not a sufficient likelihood that we will be able to comply with the risk-based capital ratio and statutory capital and surplus covenants in the Credit Agreement

beginning in the third quarter of 2010. In such event, we may be required to conclude that there is substantial doubt regarding our ability to continue as a going concern in our financial statements for the quarter ended September 30, 2009 or subsequent periods. If we were to conclude there was substantial doubt regarding our ability to continue as a going concern in our financial statements for the quarter ended September 30, 2009 or subsequent periods, we may be required to increase the valuation allowance for deferred tax assets, which could result in the violation of one or more loan covenant requirements under the Credit Agreement.

In addition, the Credit Agreement requires that our annual audited consolidated financial statements be accompanied by an opinion, from a nationally-recognized independent registered public accounting firm, which does not include an explanatory paragraph regarding our ability to continue as a going concern or similar qualification. As part of the going concern analysis, consideration must be given to, among other factors, our ability to comply with the financial covenant requirements under the Credit Agreement for at least twelve months following the date of the financial statements. If the actions we are taking do not adequately address the liquidity issues with respect to the repurchase right under the Debentures, or we do not complete the initiatives intended to increase our risk based capital ratio and maintain our statutory capital and surplus above the levels required under the Credit Agreement, with adequate margins for possible adverse developments, or we otherwise are not able to demonstrate prior to March 31, 2010 (the date by which we are required to provide audited financial statements to the lenders under the Credit Agreement) that we will be in compliance with the financial covenant requirements in the Credit Agreement for at least twelve months following the date of the financial statements, management would conclude there is substantial doubt about our ability to continue as a going concern and the audit opinion that we would receive from our independent registered public accounting firm would include an explanatory paragraph regarding our ability to continue as a going concern. Such an opinion would be in breach of the covenants in the Credit Agreement. If this was not cured within 30 days after notice from the lenders, it would be an event of default entitling the lenders to declare all outstanding borrowings, accrued interest and fees to be due and payable. If an event of default were to occur in connection with the preparation of our financial statements for the third quarter ended September 30, 2009 or the year ended December 31, 2009, it is highly probable that we would not have sufficient liquidity to repay our bank indebtedness in full or any of our other indebtedness which could also be accelerated as a result of the default.

The New Debenture Purchase Agreement would terminate if:

- our Form 10-Q for the quarter ended September 30, 2009 is not filed on or before November 19, 2009; our financial statements included in such Form 10-Q have not been subject to a completed SAS 100 review by our independent registered public accountants; or our management concluded in connection with such filing that there is substantial doubt about our ability to continue as a going concern; or
- with respect to any closing date occurring after the filing of our Form 10-Q for our quarter ended September 30, 2009, any Form 10-Q or 10-K that we are required to file with the Commission on or before the redemption closing date (or such earlier closing date by which all $293.0 million aggregate principal amount of New Debentures have been issued and delivered) is not filed on or before the date we are required to file such Form 10-Q or Form 10-K, as the case may be, with the Commission; our financial statements included in such Form 10-Q have not been subjected to a completed SAS 100 review or our independent registered public accountants have not issued an audit report on our financial statements included in such Form 10-K, as the case may be; and we fail to deliver an officer’s certificate to the initial purchaser by the business day following the deadline for filing such Form

10-Q or Form 10-K, as the case may be, stating that our failure to file such Form 10-Q or Form 10-K, as the case may be, within the Commission's deadline does not result from a conclusion on the part of our management or our independent registered public accountants that there is a substantial doubt about our ability to continue as a going concern; *provided, that* , if we fail to file such Form 10-Q or Form 10-K, as the case may be, and fail to deliver such officer's certificate, the initial purchaser may, upon prior written notice, elect to terminate the New Debenture Purchase Agreement prior to such subsequent closing date.

SOURCES AND AMOUNT OF FUNDS

Assuming all of the outstanding Debentures are validly tendered pursuant to the Offer and accepted for purchase on November 13, 2009, we will need approximately $298.2 million to purchase all of the outstanding Debentures and pay all fees and expenses in connection with the Offer. We intend to finance a substantial portion of the aggregate Tender Consideration for the Debentures with the net proceeds from the private placement of our New Debentures. Pursuant to the terms of the private placement of our New Debentures, we expect that the first closing of the private placement will occur on the settlement date of the Offer. We intend to finance the balance of the aggregate Tender Consideration for the Debentures with the net proceeds from the private placement of our common stock and Warrants. Pursuant to the terms of the Stock and Warrant Purchase Agreement, we expect that the closing of this private placement will also occur on to the settlement date of the Offer. See “Concurrent Transactions.”

THE OFFER

Principal Terms of the Offer

We are offering to purchase for cash, upon the terms and subject to the conditions set forth in the Offer Documents, any and all of the Debentures.

The Expiration Date of the Offer is 12:00 midnight, New York City time, on November 12, 2009, unless it is extended or earlier terminated by us. The purchase price for Debentures validly tendered and not validly withdrawn on or prior to the Expiration Date pursuant to the Offer will be an amount in cash equal to the Tender Consideration of $1,000 per $1,000 principal amount of the Debentures. The Tender Consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 if they were to exercise their put right on such date. In addition, holders whose Debentures are purchased in the Offer will receive accrued and unpaid interest to, but not including, the settlement date of the Offer.

Debentures validly tendered may be withdrawn at any time on or prior to the Expiration Date. If we have not accepted for payment the tendered Debentures by 12:00 midnight, New York City time, on December 11, 2009, holders may also withdraw their Debentures after such time. See "—Withdrawal of Tenders; Absence of Appraisal Rights." Our obligation to accept for purchase and pay the Tender Consideration for Debentures validly tendered and not validly withdrawn on or prior to the Expiration Date is conditioned upon the conditions to the Offer discussed under "—Conditions to the Offer" being satisfied or waived by us. We may, in our sole discretion, waive any of the conditions of the Offer, in whole or in part, at any time and from time to time, prior to the Expiration Date.

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. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date.

We reserve the right to transfer or assign, from time to time, in whole or in part, to one or more of our affiliates the right to purchase all or any of the Debentures validly tendered pursuant to the Offer. If such assignment occurs, the assignee-affiliate will purchase the Debentures validly tendered. However, any such transfer or assignment will not relieve us of our obligations under the Offer and will not prejudice any tendering holder's right to receive the Tender Consideration plus accrued and unpaid interest for such tendering holder's Debentures validly tendered and accepted for payment on the settlement date of the Offer.

Acceptance of Debentures; Payment for Debentures

Upon the terms and subject to the conditions of the Offer, we will purchase Debentures tendered pursuant to the Offer by accepting such Debentures for purchase following the Expiration Date and we will pay the Tender Consideration for all Debentures validly tendered and not validly withdrawn promptly following the date on which such Debentures are accepted for purchase.

For purposes of the Offer, we will be deemed to have accepted for purchase Debentures validly tendered and not validly withdrawn (or defectively tendered Debentures with respect to which we have waived such defect) if, as and when we give oral or written notice thereof to the depositary. Payment for Debentures accepted for purchase in the Offer will be made by us by depositing such payment, in immediately available funds, with the depositary, which will act as agent for the

tendering holders for the purpose of receiving payment of the Tender Consideration (and accrued and unpaid interest) or, upon the depositary's instructions, directly with DTC for distribution to such holders. Upon the terms and subject to the conditions of the Offer, delivery of the Tender Consideration (and accrued and unpaid interest) to the tendering holders will be made by the depositary or DTC promptly after receipt of funds for the payment of such Debentures by the depositary or DTC. Under no circumstances will any additional interest be payable by us because of any delay in the transmission of funds from the depositary or DTC to the tendering holders.

Valid tenders of Debentures pursuant to the Offer will be accepted only in principal amounts of $1,000 or integral multiples thereof (provided that no single Debenture may be purchased in part unless the principal amount of such Debenture to be outstanding after such repurchase is equal to $1,000 or an integral multiple thereof).

We reserve the right, in our sole discretion, to delay acceptance for purchase of Debentures validly tendered and not validly withdrawn from tendering holders pursuant to the Offer. We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for purchase or pay for any Debentures not theretofore accepted for purchase or paid for or, subject to applicable law, to postpone payment for Debentures upon the occurrence of any of the conditions set forth below under "—Conditions to the Offer" hereof by giving oral or written notice of such termination or delay to the depositary and making a public announcement of such termination or postponement. Our right to delay the payment for Debentures accepted for purchase is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that we pay the consideration offered or return the Debentures deposited by or on behalf of the holders of Debentures promptly after the termination or withdrawal of the Offer.

If any validly tendered Debentures are not accepted for purchase for any reason pursuant to the terms and conditions of the Offer, or if certificates are submitted evidencing more Debentures than are validly tendered, certificates evidencing unpurchased Debentures will be returned, without expense, to the tendering holder, unless otherwise requested by such tendering holder under "Special Delivery Instructions" in the Letter of Transmittal, promptly following the Expiration Date. In the case of Debentures tendered by book-entry transfer into the depositary's account at DTC pursuant to the procedures set forth under "—Procedures for Tendering Debentures—Tender of Debentures Held Through DTC; Book-Entry Transfer," Debentures validly tendered but not accepted for purchase will be credited to an account maintained at DTC, designated by the participant therein who so delivered such Debentures.

No alternative, conditional or contingent tenders of Debentures will be accepted. A tendering holder, by sending an Agent's Message (as defined below) or by timely completing and signing a Letter of Transmittal in accordance with the instructions set forth therein and mailing or delivering it, or a facsimile copy thereof, waives all right to receive notice of acceptance of such holder's Debentures for purchase.

Tendering holders whose Debentures are purchased pursuant to the Offer will be entitled to receive accrued and unpaid interest on their Debentures to, but not including, the settlement date of the Offer.

Tendering holders of Debentures purchased in the Offer will not be obligated to pay brokerage commissions or fees or to pay transfer taxes with respect to the purchase of their Debentures unless the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on the Letter of Transmittal has been completed, as described in the instructions thereto. We will pay all other charges and expenses in connection with the Offer. See

"Dealer Manager; Information Agent and Depositary" and "Solicitation and Expenses" below. In the event that the box entitled "Special Payment Instructions" and/or the box entitled "Special Delivery Instructions" on the Letter of Transmittal has been completed, our obligation to honor such instructions shall be subject to the holder providing satisfactory evidence to us that all transfer taxes payable as a result of such instructions have been paid by such holder. If Debentures are held through a nominee, holders should contact their nominee to determine whether any transaction costs are applicable.

Procedures for Tendering Debentures

Tendering Holders . Any holder desiring to validly tender its Debentures must either:

1. in the case of a holder who holds physical certificates evidencing such Debentures, complete and sign the Letter of Transmittal in accordance with the instructions set forth therein and mail or deliver it or a facsimile copy thereof, together with the certificates evidencing the Debentures and any other documents required by the Letter of Transmittal to the depositary; or

2. in the case of a beneficial owner who holds Debentures in book-entry form, request its broker, dealer, commercial bank, trust company or other nominee to effect the transaction for the holder of Debentures.

Participants in DTC that hold Debentures on behalf of beneficial owners of Debentures must tender their Debentures through ATOP by following the procedures set forth below.

The depositary will establish accounts at DTC with respect to the Debentures for the purpose of the Offer within two NYSE trading days after the date of this Offer to Purchase. Any financial institution that is a participant in DTC may make book-entry delivery of Debentures by causing DTC to transfer such Debentures into the depositary's account in accordance with DTC's procedures for such transfer.

To validly tender Debentures that are held through DTC, DTC participants must electronically transmit their acceptance through ATOP, and DTC will then verify the acceptance and send an Agent's Message to the depositary for its acceptance. The Agent's Message must be received by the depositary on or prior to the Expiration Date. Delivery of validly tendered Debentures must be made to the depositary in accordance with DTC's procedures for such transfer.

The term " *Agent's Message* " means a message transmitted by DTC and received by the depositary and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant in DTC tendering Debentures which are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the terms of the Offer and Letter of Transmittal and that we may enforce such agreement against such participant.

Tendering Holders should indicate to DTC the name and address to which payment of the Tender Consideration (and accrued and unpaid interest payable) and/or certificates evidencing Debentures not accepted for purchase, each as appropriate, are to be issued or sent, if different from the name and address of the person transmitting such acceptance through ATOP. In the case of issuance in a different name, the employer identification or Social Security number of the person named must also be indicated and a Substitute Form W-9 for such recipient must be completed. If no such instructions are given, such payment of the Tender Consideration (and accrued and unpaid

interest payable) or certificates evidencing Debentures not accepted for purchase, as the case may be, will be made or returned, as the case may be, to the holder of the tendered Debentures. Persons who are beneficial owners of Debentures but who are not holders of Debentures and who seek to tender Debentures should (a) contact the holder of such Debentures and instruct such holder to tender on their behalf or (b) effect a record transfer of such Debentures from the holder to such beneficial owner and comply with the requirements applicable to holders for validly tendering Debentures on or prior to the Expiration Date. Any Debentures validly tendered and not validly withdrawn on or prior to the Expiration Date that are accompanied by a validly transmitted Agent's Message for such Debentures will be transferred of record by the registrar as of the Expiration Date at our discretion, subject to the satisfaction or waiver of the conditions in this Offer to Purchase.

There are no guaranteed delivery provisions provided for in connection with the Offer. The method of delivery of Debentures and other documents to the depositary, including delivery through DTC and any acceptance of an Agent's Message transmitted through ATOP, is at the election and risk of the holder, and delivery will be deemed made when actually received by the depositary. Instead of effecting delivery by mail, it is recommended that holders use an overnight or hand delivery service. If such delivery is by mail, it is recommended that holders use registered mail, validly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure delivery to the depositary on or prior to the Expiration Date.

U.S. Federal Income Tax Backup Withholding . Under the U.S. federal income tax laws, the depositary may be required to withhold and remit to the United States Treasury 28% of the amount of the reportable cash consideration paid to certain holders of Debentures pursuant to the Offer. In order to avoid such backup withholding, each U.S. Holder (as defined below under "Certain United States Federal Income Tax Considerations") of Debentures electing to tender Debentures pursuant to the Offer must (1) provide the depositary with such holder's correct taxpayer identification number and certify that such holder is not subject to such backup withholding by completing the Substitute Form W-9 (included with the Letter of Transmittal) or (2) otherwise establish an exemption from backup withholding. A Non-U.S. Holder (as defined below under "Certain United States Federal Income Tax Considerations") may be required to submit the appropriate completed Internal Revenue Service Form W-8 (generally Form W-8 BEN) in order to establish an exemption from backup withholding.

Determination of Validity . All questions as to the form of all documents and the validity (including the time of receipt), eligibility, acceptance and withdrawal of tendered Debentures will be determined by us in our sole discretion. We reserve the absolute right to reject any and all tenders of Debentures, notices of withdrawal or notices of revocation not in proper form and to determine whether the acceptance of or payment by us for such tenders of Debentures, notices of withdrawal or notices of revocation would be unlawful. We also reserve the absolute right in our sole discretion, subject to applicable law, to waive or amend any of the conditions of the Offer or to waive any defect or irregularity in the tender of Debentures, any notice of withdrawal or any notice of revocation of any particular holder, whether or not similar conditions, defects or irregularities are waived in the case of other holders. A waiver of any defect or irregularity with respect to the tender of a Debenture or the treatment of a notice of withdrawal or notice of revocation shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Debenture or the treatment of any other notice of withdrawal or notice of revocation. Any determination by us as to the validity, form, eligibility and acceptance of Debentures for payment, or any interpretation by us as to the terms and conditions of the Offer, is subject to applicable law and, if challenged by holders or otherwise, to the judgment of a court of competent jurisdiction. None of Conseco, the dealer manager, the depositary, the information agent or any of their respective affiliates will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. No tender of Debentures, notices of withdrawal or notices of revocation will be

deemed to have been validly made until all defects and irregularities with respect to such Debentures, notice of withdrawal or notice of revocation have been cured or waived by us. Any Debentures received by the depositary that are not validly tendered and as to which irregularities have not been cured or waived by us will be returned by the depositary to the appropriate tendering holder as soon as practicable. Interpretation of the terms and conditions of the Offer will be made by us in our sole discretion and will be final and binding on all parties.

Withdrawal of Tenders; Absence of Appraisal Rights

Debentures validly tendered may be withdrawn at any time on or prior to the Expiration Date. In addition, if we have not accepted for payment the tendered Debentures by 12:00 midnight, New York City time, on December 11, 2009, holders may withdraw their Debentures after such time.

Debentures validly withdrawn may thereafter be validly re-tendered at any time on or prior to the Expiration Date by following the procedures described under "—Procedures for Tendering Debentures."

None of Conseco, the dealer manager, the information agent, the depositary or any of their respective affiliates will be under any duty to give notification of any defect or irregularity in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

For a withdrawal of Debentures to be valid, a holder must comply fully with the following procedures:

Withdrawal of Tenders . Holders who validly tender Debentures and who wish to exercise their right to withdrawal with respect to such Debentures must give written notice of withdrawal delivered by mail, hand delivery or facsimile transmission (or an electronic ATOP transmission notice of withdrawal in the case of DTC participants), which notice must be received by the depositary at its address set forth on the back cover of this Offer to Purchase on or prior to the Expiration Date. In order to be valid, a notice of withdrawal must (1) specify the name of the person who tendered the Debentures to be withdrawn, (2) state the name in which the Debentures are registered (or, if tendered by book-entry transfer, the name of the DTC participant whose name appears on the security position listing as the owner of such Debentures), if different than that of the person who tendered the Debentures to be withdrawn, (3) contain the description of the Debentures to be withdrawn and identify the certificate number or numbers shown on the particular certificates evidencing such Debentures (unless such Debentures were tendered by book-entry transfer) and the aggregate principal amount represented by such Debentures and (4) be signed by the holder of such Debentures in the same manner as the original signature on the Letter of Transmittal by which such Debentures were tendered (including any required signature guarantees), if any, or be accompanied by (a) documents of transfer sufficient to have the trustee register the transfer of the Debentures into the name of the person withdrawing such Debentures and (b) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such holder. Any withdrawal will be effective immediately upon receipt by the depositary of a written or facsimile notice of withdrawal even if physical release is not yet effected. Any Debentures validly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

Appraisal Rights . The Debentures are our obligations and are governed by the Indenture. There are no appraisal or other similar statutory rights available to holders of Debentures in connection with the Offer.

Conditions to the Offer

Our obligation to accept for purchase and to pay for Debentures validly tendered and not validly withdrawn in the Offer is conditioned upon the satisfaction or waiver of the conditions set forth below. At our sole discretion, we may waive any of the conditions of the Offer, in whole or in part, at any time and from time to time on or prior to the Expiration Date, in accordance with applicable law. Any determination made by us concerning an event, development or circumstance described or referred to below will be final and binding on all parties.

Subject to Rules 13e-4 and 14e-1(c) under the Exchange Act, and notwithstanding any other provision of the Offer, and in addition to (and not in limitation of) our rights to terminate, extend and/or amend the Offer in our sole discretion, we shall not be required to accept for purchase, or to pay for, any validly tendered and not validly withdrawn Debentures if any of the following have occurred:

1. we have not received, on the settlement date of the Offer, net proceeds from (i) the private placement of our New Debentures and (ii) the private placement of our common stock and Warrants, together in an aggregate amount at least equal to the aggregate Tender Consideration payable for Debentures accepted for purchase by us pursuant to the Offer; you should read the section entitled "Concurrent Transactions" for more information regarding our private placement of New Debentures and private placement of our common stock and Warrants;

2. there shall have been instituted, threatened, or be pending any action, proceeding, application or counterclaim before or by any court, government or governmental, regulatory or administrative agency, authority or instrumentality, or by any other person or tribunal, domestic or foreign, that:

    - challenges or seeks to challenge, restrain, prohibit or delay the making of the Offer or any other matter relating to the Offer, or seeks to obtain any material damages or otherwise relating to the transactions contemplated by the Offer;

    - seeks to make the purchase of, or payment for, some or all of the Debentures pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of such Debentures (including, without limitation, the satisfaction of the condition relating to the receipt of sufficient net proceeds from the private placement of the New Debentures and our common stock and Warrants);

    - otherwise could reasonably be expected to materially adversely affect the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, results of operations or prospects of us or any of our subsidiaries or affiliates; or

    - otherwise relates to the Offer or that otherwise, in our reasonable judgment, could reasonably be expected to adversely affect us or any of our subsidiaries or affiliates or the value of the Debentures;

3. an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction (preliminary, permanent or otherwise) shall have been proposed, sought, threatened, enacted, entered, issued, promulgated, enforced or deemed applicable to the Offer or us or any of our subsidiaries or affiliates by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, that:

- indicates that any approval or other action of any such any court, government or governmental agency or other regulatory or administrative authority may be required in connection with the Offer or the purchase of Debentures pursuant to the Offer;
- could reasonably be expected to prohibit, prevent, restrict or delay consummation of the Offer; or
- otherwise could reasonably be expected to materially adversely affect the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us or any of our subsidiaries or affiliates;

4. the trustee under the Indenture shall have objected in any respect to or taken any action that could, in our reasonable judgment, adversely affect the consummation of the Offer, or shall have taken any action that challenges the validity or effectiveness of the procedures used by us in the making of the Offer or the acceptance for purchase of, or payment for, the Debentures;

5. any change (or condition, event or development involving a prospective change) has occurred or been threatened in the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, results of operations or prospects of us or any of our subsidiaries or affiliates that, in our reasonable judgment, does or could reasonably be expected to have a materially adverse effect on us or any of our subsidiaries or affiliates, or we have become aware of any fact that, in our reasonable judgment, does or could reasonably be expected to have a material effect on the value of the Debentures;

6. legislation amending the Code (as defined below) has been passed by either the U.S. House of Representatives or the U.S. Senate or becomes pending before the U.S. House of Representatives or the U.S. Senate or any committee thereof, the effect of which, in our reasonable judgment, would be to change the tax consequences of the transaction contemplated by the Offer in any manner that would adversely affect us or any of our subsidiaries or affiliates;

7. there shall have occurred (a) any general suspension of, or limitation on prices for, trading in securities in the United States securities or financial markets; (b) any significant adverse change in the price of the Debentures; (c) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or other major financial markets (whether or not mandatory); (d) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in our reasonable judgment, might affect the extension of credit by banks or other lending institutions; (e) a material change in the United States or any other currency exchange rates or a suspension of or limitation on the markets therefor; (f) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States; (g) any change in the general political, market, economic or financial conditions, domestically or internationally, that could, in our reasonable judgment, materially adversely affect the business, condition (financial or otherwise), income, operations, property or prospects of us and our subsidiaries, taken as a whole, or trading in the Debentures or in shares of common stock, or on the benefits of the Offer to us; or (h) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof; or

8. a tender or exchange offer for any or all of the Debentures or of the outstanding shares of our common stock, or any merger, acquisition, business combination or other similar transaction with or involving us or any of our subsidiaries has been proposed, announced or made by any person or entity or has been publicly disclosed.

EXPIRATION DATE; EXTENSION; WAIVERS AND AMENDMENTS; TERMINATION

The Expiration Date for the Offer will be 12:00 midnight, New York City time, on November 12, 2009, unless it is extended or earlier terminated by us.

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; and (3) terminate the Offer, in each case as described in more detail below.

Extension

We reserve the right to extend the Offer on a daily basis or for such period or periods as we may determine in our sole discretion from time to time by giving written or oral notice to the depositary and by making a public announcement prior to 9:00 a.m., New York City time, on the next business day following the previously scheduled Expiration Date. During any extension of the Offer, Debentures previously validly tendered and not validly withdrawn will remain subject to the Offer and may, subject to the terms and conditions of the Offer, be accepted for purchase by us, subject to withdrawal rights and revocation rights of holders of Debentures. For purposes of the Offer, the term "business day" means any day other than a Saturday, Sunday or a U.S. federal holiday.

Waivers and Amendments

Subject to applicable law, we also reserve the right to waive any and all conditions to the Offer or amend the Offer in any respect. Any waivers or amendments to the Offer will apply to all Debentures that are validly tendered and not validly withdrawn or previously accepted for purchase regardless of when or in what order such Debentures were tendered. If we make a material change in the terms of the Offer, we will disseminate additional Offer materials and will extend the Offer, in each case, to the extent required by law. In addition, if we change either (a) the principal amount of the Debentures subject to the Offer, (b) the consideration offered in the Offer or (c) the dealer manager's fees, then the Offer will be amended to the extent required by law to ensure that the Offer remains open for at least ten business days after the date that notice of any such change is first published, given or sent to holders of Debentures by us. Any waiver or amendment will be followed as promptly as practicable by a public announcement of such waiver or amendment.

Termination

We further reserve the right to terminate the Offer, including if any conditions applicable to the Offer set out under "—Conditions to the Offer" have not been satisfied or waived by us. Any such termination will be followed as promptly as practicable by a public announcement of the termination.

In the event that the Offer is withdrawn or otherwise not completed, the Tender Consideration will not be paid or become payable to tendering holders. In any such event, any Debentures previously tendered in the Offer will be returned to the tendering holder in accordance with Rule 13e-4(f)(5) under the Exchange Act.

CONSIDERATIONS CONCERNING THE OFFER

The following considerations, in addition to the other information described elsewhere herein or incorporated by reference herein, should be carefully considered by each holder of Debentures before deciding whether it should tender its Debentures. See "Where You Can Find Additional Information."

Position of Conseco Concerning the Offer

Our board of directors has approved the Offer. However, none of Conseco, the dealer manager, the information agent, the depositary or any of their respective affiliates makes any recommendation to any holder as to whether or not such holder should tender its Debentures pursuant to the Offer, and none of them has authorized any person to make any such recommendation.

Holders are urged to evaluate carefully all information in the Offer Documents and consult their own financial and tax advisors in making their decision. Each Holder must make its own decision whether to tender its Debentures, and, if so, the principal amount of Debentures to tender, or to refrain from taking any action in the Offer with respect to any and all of such holder's Debentures.

We May Not Have Funds to Repurchase the Debentures on September 30, 2010 if Holders of the Debentures Exercise Their Put Right

On September 30, 2010, holders of our outstanding Debentures are permitted under the terms of the Indenture to require us to repurchase all or a portion of the Debentures at a price in cash equal to 100% of the principal amount of the Debentures, plus any accrued and unpaid interest (including additional interest and contingent interest, if any) to, but not including, the repurchase date. As of October 14, 2009, there was outstanding $293,000,000 aggregate principal amount of Debentures.

The purpose of the Offer is to acquire any and all of the Debentures. We will cancel the Debentures that we purchase in the Offer, and those Debentures will close to be outstanding.

We are tendering for any and all of the Debentures to refinance them because holders thereof may require us to repurchase the Debentures on September 30, 2010. If we fail to close the private placement of our New Debentures and the private placement of our common stock and Warrants, our opportunities to refinance the Debentures may be limited and, as a result, our business, results of operations and financial position may be materially adversely affected. See "Purpose of the Offer."

Limited Trading Market for Debentures Not Purchased in the Offer

The Debentures are not listed on any national or regional securities exchange or quoted on any automated quotation system. To our knowledge, the Debentures are traded infrequently in transactions arranged through brokers, and reliable market quotations for the Debentures are not available. To the extent that Debentures are tendered and accepted for purchase pursuant to the Offer, the trading market for Debentures that remain outstanding may become even more limited. A bid for a debt security with a smaller outstanding principal amount available for trading (a smaller "float") may be lower than a bid for a comparable debt security with a greater float. Therefore, the market price for Debentures that are not tendered and accepted for purchase pursuant to the Offer may be affected adversely to the extent that the Offer reduces the float for such Debentures. There is no assurance that an active trading market in the Debentures will exist or as to the prices at which the Debentures may trade after consummation of the Offer. The extent of the public market for the Debentures following consummation of the Offer would depend upon the number of holders of Debentures remaining at

such time and the interest in maintaining a market in the Debentures on the part of securities firms and other factors.

Treatment of Debentures Not Purchased in the Offer

From time to time after the tenth business day following the Expiration Date or other date of termination of the Offer, we reserve the absolute right, in our sole discretion from time to time and subject to applicable law and the terms of the Credit Agreement, to purchase any of the Debentures, whether or not any Debentures are purchased pursuant to the Offer, through repurchase or redemption of the Debentures pursuant to their terms, or through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as we may determine, which may be more or less than the price to be paid pursuant to the Offer and could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives (or combinations thereof) we or our affiliates will choose to pursue in the future.

MARKET PRICE INFORMATION

There is no established reporting system or trading market for trading in the Debentures. To the extent that the Debentures are traded, we believe such trading has been limited and sporadic and prices of the Debentures may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Holders are urged to contact their brokers to obtain the best available information as to current market prices.

As of October 14, 2009, there was $293,000,000 in aggregate principal amount of Debentures outstanding. The conversion value of each $1,000 principal amount of Debentures was $191.60 based on the average closing price of our common stock for the ten trading day period ended October 13, 2009.

Our common stock has traded on the NYSE under the symbol “CNO” since September 12, 2003. The high and low intraday sale prices of our common stock, as reported on the NYSE, for the quarterly periods beginning January 1, 2007, are set forth below. On October 13, 2009, the last reported sale price of our common stock on the NYSE was $4.99. As of October 7, 2009, there were 185,563,716 shares of our common stock outstanding held by approximately 250 record holders.

	Conseco Common Stock	
	High	**Low**
2007		
First Quarter	$20.48	$16.56
Second Quarter	21.25	16.96
Third Quarter	18.45	13.25
Fourth Quarter	16.26	12.05
2008		
First Quarter	$12.64	$ 8.70
Second Quarter	12.34	9.62
Third Quarter	10.17	3.06
Fourth Quarter	5.21	1.31
2009		
First Quarter	$ 5.18	$ 0.26
Second Quarter	3.90	0.82
Third Quarter	6.31	1.72
Fourth Quarter (through October 13)	5.50	4.40

We have not declared or paid any cash dividends on our common stock since our emergence from bankruptcy in 2003, nor do we expect to pay any cash dividends on our common stock for the foreseeable future. We currently intend to retain any additional future earnings to finance our operations and growth. Any future determination to pay cash dividends on our common stock will be at the discretion of our board of directors and will be dependent on our earnings, financial condition, operating results, capital requirements, any contractual restrictions, regulatory and other restrictions on the payment of dividends by our subsidiaries to us, and other factors that our board of directors deems relevant. In addition, our senior credit facility contains limitations on our ability to declare and pay cash dividends.

As an insurance holding company, the assets of which consist primarily of direct and indirect equity interests in our insurance company subsidiaries, our ability to pay dividends to our

stockholders and meet our other obligations, including operating expenses and debt service, depends primarily on the receipt of dividends and other payments from our insurance company subsidiaries. The payment of dividends by our insurance subsidiaries is regulated under the insurance laws of the states in which they are organized. These regulations generally permit dividends to be paid from statutory earned surplus of the relevant insurance company for any 12-month period in amounts equal to the greater of, or in a few states, the lesser of:

1. statutory net gain from operations or statutory net income for the prior year; and
2. 10% of statutory capital and surplus as of the end of the preceding year.

Any dividends in excess of these levels require the approval of the director or commissioner of the applicable state insurance department.

HOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS, IF AVAILABLE, FOR THE DEBENTURES AND SHARES OF OUR COMMON STOCK PRIOR TO MAKING ANY DECISION WITH RESPECT TO THE OFFER.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

To ensure compliance with Treasury Department Circular 230, holders of Debentures are hereby notified that: (a) any discussion of United States federal tax issues in this Offer to Purchase is not intended or written to be used, and cannot be used, by holders of Debentures for the purpose of avoiding penalties that may be imposed on holders of such Debentures under the Internal Revenue Code; (b) such discussion is being used in connection with our promotion or marketing (within the meaning of Circular 230) of the transactions or matters addressed in this Offer to Purchase; and (c) holders of Debentures should seek advice based on their particular circumstances from an independent tax advisor.

The following discussion is a summary of certain United States federal income tax consequences to a beneficial owner of the Debentures with respect to the Offer. This discussion is general in nature and does not discuss all aspects of United States federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances, or to certain types of holders subject to special treatment under United States federal income tax laws (including, without limitation, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, U.S. Holders (as defined below) that have a "functional currency" other than the U.S. dollar, persons holding Debentures as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities, commodities or currencies, traders that elect to mark-to-market their securities, certain expatriates or former long-term residents of the United States, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid United States federal income tax or tax-qualified retirement plans). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any United States tax considerations (e.g., estate or gift tax) other than United States federal income tax considerations that may be applicable to particular holders. Further, this summary assumes that holders are beneficial owners of the Debentures and hold Debentures as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the " *Code* ") (generally, property held for investment).

This discussion does not consider the United States federal income tax consequences of a sale of a Debenture held by a partnership or an entity that is treated as a partnership for United States federal income tax purposes. If a partnership holds Debentures, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A person or entity that is a partner of a partnership tendering Debentures is urged to consult its tax advisor.

This summary is based on the Code and applicable U.S. Treasury regulations, rulings, administrative pronouncements and judicial decisions thereunder as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect.

As used in this Offer to Purchase, a " *U.S. Holder* " of a Debenture means a beneficial owner of a Debenture that is for United States federal income tax purposes: (a) an individual who is a citizen or resident of the United States, (b) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state of the United States or the District of Columbia, (c) an estate the income of which is subject to United States federal income taxation regardless of its source or (d) a trust that either (i) is subject to the primary supervision of a court within the United States and has one or more U.S. persons with the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

As used in this Offer to Purchase, a " *Non-U.S. Holder* " means a beneficial owner of a Debenture that is an individual, a corporation, an estate or a trust that is not a U.S. Holder and not a partnership or entity treated as a partnership for United States federal income tax purposes.

No statutory, administrative or judicial authority directly addresses the treatment of the Debentures for United States federal income tax purposes. The Internal Revenue Service (the "IRS") has issued a revenue ruling with respect to instruments similar to the Debentures. This ruling supports certain aspects of the treatment described below. However, no rulings have been sought or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences regarding the Debentures. As a result, we cannot assure you that the IRS will agree with the tax characterizations and the tax consequences described below.

This summary is for general information purposes only and does not discuss all aspects of United States federal income taxation that may be relevant to particular holders in light of their particular circumstances. Holders are urged to consult their tax advisors as to the particular tax consequences to them of the sale of Debentures to us pursuant to the Offer, including the effect of any federal, state, local, foreign and other tax laws.

Tax Considerations for U.S. Holders

Under the Indenture, the Company has agreed, and each beneficial owner of a Debenture is deemed to have agreed, for U.S. federal income tax purposes, to treat the Debentures as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments (the "contingent debt regulations"). The remainder of this discussion assumes that the Debentures are treated as indebtedness subject to the contingent debt regulations as described above. Under the contingent debt regulations, each U.S. Holder of a Debenture has been required to accrue interest income, as original issue discount, on the Debentures at an assumed "comparable yield" and projected payment schedule determined by the Company.

Sale of Debentures Pursuant to the Offer

A sale of Debentures by a U.S. Holder pursuant to the Offer will be a taxable transaction to such U.S. Holder for United States federal income tax purposes. A U.S. Holder generally will recognize gain or loss on the sale of a Debenture in an amount equal to the difference between (a) the amount of cash received for such Debenture and (b) the U.S. Holder's "adjusted tax basis" in such Debenture at the time of sale. Generally, a U.S. Holder's adjusted tax basis in a Debenture will be equal to the cost of the Debenture to such U.S. Holder increased by any original issue discount previously accrued by the U.S. Holder (before taking into account any adjustments under the contingent debt regulations) and decreased by the amount of any payments actually received on the Debentures.

Gain recognized upon a sale of a Debenture generally will be treated as ordinary interest income; any loss will be ordinary loss to the extent of interest previously included in income, and thereafter capital loss (which will be long-term if the Debenture is held for more than one year). The deductibility of capital losses is subject to limitations.

If a U.S. Holder purchased a Debenture at a price other than the issue price or subsequent to the initial offering, such holder's adjusted tax basis in the Debenture will be further adjusted for market discount or acquisition premium, as applicable. Under the contingent debt regulations, the general rules for accrual of market discount or acquisition premium do not apply; rather, the contingent debt regulations require a holder to reasonably allocate the difference, if any, between its

tax basis at the time of acquisition and the issue price (or adjusted issue price, as the case may be) to (i) daily portions of original issue discount or (ii) projected payments over the remaining term of the Debenture, with corresponding positive or negative adjustments to income or loss and tax basis as provided by the regulations.

U.S. Holders that Do Not Tender Their Debentures Pursuant to the Offer

A U.S. Holder that does not tender its Debentures in the Offer or does not have its tender of Debentures accepted for purchase pursuant to the Offer will not recognize any gain or loss as a result of the Offer.

Information Reporting and Backup Withholding

In general, information reporting requirements apply to any consideration (including accrued but unpaid interest) paid pursuant to the Offer to U.S. Holders other than certain exempt recipients (such as corporations). U.S. Holders may be subject to backup withholding (currently at a rate of 28%) on reportable payments received with respect to the Debentures unless such U.S. Holder (a) falls within certain exempt categories (such as corporations) and demonstrates this fact when required, or (b) provides a correct U.S. taxpayer identification number, certifies that such U.S. Holder is exempt from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. Each U.S. Holder may provide such holder's correct taxpayer identification number and certify that such U.S. Holder is not subject to backup withholding by completing an IRS Form W-9.

Backup withholding is not an additional tax. A U.S. Holder subject to the backup withholding rules will be allowed a credit equal to the amount withheld against such U.S. Holder's United States federal income tax liability and, if withholding results in an overpayment of tax, such U.S. Holder may be entitled to a refund, provided that the requisite information is timely furnished to the IRS.

Tax Considerations for Non-U.S. Holders

For purposes of the discussion below, any income or gain on the sale of a Debenture pursuant to the Offer will be considered to be "U.S. trade or business income" if such income or gain is:

- effectively connected with the conduct of a Non-U.S. Holder's U.S. trade or business; and
- if required by an applicable tax treaty with the United States, attributable to a U.S. permanent establishment (or a fixed base) maintained by the Non-U.S. Holder in the United States.

Sale of Debentures Pursuant to the Offer

Any gain realized by a Non-U.S. Holder on a sale of a Debenture pursuant to the Offer will be exempt from United States federal income or withholding tax, provided that:

- the gain is not U.S. trade or business income;
- the Non-U.S. Holder (a) does not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of Section 871(h)(3) of the Code and applicable Treasury regulations, (b) is not a

"controlled foreign corporation" that is related, directly or indirectly, to us through stock ownership, and (c) is not a bank whose receipt of interest on the Debentures is described in Section 881(c)(3)(A) of the Code;

- our common stock continues to be actively traded within the meaning of Section 871(h)(4)(C)(v)(I) of the Code;
- we are not and have not been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code (which we believe to be the case); and
- either (a) the Non-U.S. Holder provides its name and address on an IRS Form W-8BEN (or other applicable form) and certifies under penalties of perjury that it is not a United States person as defined under the Code or (b) the Non-U.S. Holder holds its Debentures through certain foreign intermediaries and satisfies the certification requirements of applicable United States Treasury regulations.

If a Non-U.S. Holder cannot satisfy the requirements described above, any gain realized pursuant to the Offer will be subject to the 30% United States federal withholding tax, unless such Non-U.S. Holder provides us with a properly executed:

- IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or
- IRS Form W-8ECI (or other applicable form) stating that interest paid on the Debentures is not subject to withholding tax because it is U.S. trade or business income (as discussed in further detail below).

A Non-U.S. Holder that realizes U.S. trade or business income with respect to the sale of a Debenture pursuant to the Offer generally will be taxed on a net income basis in the same manner as a U.S. Holder (see "—Tax Considerations for U.S. Holders" above). In addition, a Non-U.S. Holder that is a foreign corporation may be subject to a branch profits tax equal to 30% (or lower applicable tax treaty rate) of the Non-U.S. Holder's U.S. trade or business income, subject to adjustments.

Non-U.S. Holders that Do Not Tender Their Debentures Pursuant to the Offer

A Non-U.S. Holder that does not tender its Debentures in the Offer or does not have its tender of Debentures accepted for purchase pursuant to the Offer will not recognize any gain or loss as a result of the Offer.

Information Reporting and Backup Withholding

Information returns will be filed with the IRS in connection with the payment of accrued interest on the Debentures. The payment of the gross proceeds from the sale of a Debenture pursuant to the Offer will be subject to information reporting and possibly to backup withholding (currently at a rate of 28%) unless the Non-U.S. Holder certifies as to its non-U.S. person status or otherwise establishes an exemption, provided that neither we nor our paying agent has actual knowledge or reason to know that the Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. Compliance with the certification procedures required to claim the exemption from withholding tax described above will satisfy the certification requirements necessary to avoid backup withholding.

Backup withholding is not an additional tax. A Non-U.S. Holder subject to the backup withholding rules will be allowed a credit equal to the amount withheld against such Non-U.S. Holder's United States federal income tax liability and, if withholding results in an overpayment of tax, such Non-U.S. Holder may be entitled to a refund, provided that the requisite information is timely furnished to the IRS.

DEALER MANAGER; INFORMATION AGENT AND DEPOSITARY

We have retained Morgan Stanley to act as the dealer manager in connection with the Offer. In its role as dealer manager, Morgan Stanley may contact brokers, dealers and similar entities and may provide information regarding the Offer to those persons that it contacts or persons that contact it. Morgan Stanley will receive reasonable and customary compensation for its services. We also have agreed to reimburse Morgan Stanley for reasonable out-of-pocket expenses incurred in connection with the Offer, including reasonable fees and expenses of counsel, and to indemnify it against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

Morgan Stanley has from time to time performed, and may in the future perform, various financial advisory and investment banking services for us, for which it has received or will receive customary fees and expenses. Morgan Stanley is the initial purchaser in our private placement of New Debentures. Morgan Stanley is also the financial adviser in connection with the private placement of our common stock and Warrants. In the ordinary course of their respective business, including in their trading and brokerage operations and in a fiduciary capacity, the dealer manager and its affiliates may hold positions, both long and short, for their own accounts and for those of their customers, in our securities.

D.F. King & Co., Inc. has been appointed the information agent for the Offer. We will pay the information agent customary fees for its services and reimburse the information agent for its reasonable out-of-pocket expenses in connection therewith. We have also agreed to indemnify the information agent for certain liabilities under U.S. federal or state law or otherwise caused by, relating to or arising out of any Offer. Requests for additional copies of the Offer Documents may be directed to the information agent at the address and telephone numbers set forth on the back cover of this Offer to Purchase.

D.F. King & Co., Inc. has been appointed the depositary for the Offer. We will pay the depositary customary fees for its services and reimburse the depositary for its reasonable out-of-pocket expenses in connection therewith. We have also agreed to indemnify the depositary for certain liabilities under U.S. federal or state law or otherwise caused by, relating to or arising out of any Offer. All deliveries and correspondence sent to the depositary should be directed to the address set forth on the back cover of this Offer to Purchase.

SOLICITATION AND EXPENSES

In connection with the Offer, our directors and officers and their respective affiliates may solicit tenders by use of the mails, personally or by telephone, facsimile, telegram, electronic communication or other similar methods. We may, if requested, pay brokerage houses and other custodians, nominees and fiduciaries the customary handling and mailing expenses incurred by them in forwarding copies of the Offer Documents and related materials to the beneficial owners of the Debentures and in handling or forwarding of tenders of Debentures by their customers.

We will not pay any fees or commissions to brokers, dealers or other persons (other than fees to the dealer manager, the information agent or the depositary as described above) for soliciting tenders pursuant to the Offer. Holders holding Debentures through banks, brokers, dealers, trust companies or other nominees are urged to consult them to determine whether transaction costs may apply if they tender the Debentures through banks, brokers, dealers, trust companies or other nominees and not directly to the depositary. We will, however, upon request, reimburse banks, brokers, dealers, trust companies or other nominees for customary mailing and handling expenses incurred by them in forwarding Offer Documents to the beneficial owners of the Debentures held by

them as a nominee or in a fiduciary capacity. No bank, broker, dealer, trust company or other nominee has been authorized to act as our agent or the agent of the dealer manager, the information agent or the depositary for purposes of the Offer. None of the dealer manager, the information agent, the depositary or any of their respective affiliates assumes any responsibility for the accuracy or completeness of the information concerning us in this Offer to Purchase, or incorporated herein by reference, or for any failure by us to disclose events that may have occurred which may affect the significance or accuracy of such information.

Tendering holders will not be obligated to pay brokerage fees or commissions to or the fees and expenses of the dealer manager, the information agent or the depositary.

MISCELLANEOUS

Securities Ownership

As of October 14, 2009, there was $293,000,000 in aggregate principal amount of Debentures outstanding. Neither we nor any of our subsidiaries beneficially own any Debentures. In addition, based on our records and on information provided by our directors and executive officers, to our knowledge, none of our directors or executive officers beneficially owns any Debentures, except that our director, R. Keith Long, is a principal at Otter Creek Partners I and certain of its affiliates (" *Otter Creek* "), which owns $19,443,000 in aggregate principal amount of Debentures, representing approximately 6.6% of the aggregate principal amount of outstanding Debentures. Mr. Long is also a director and minority shareholder of Homestead Insurance Company, which currently beneficially owns $500,000 in aggregate principal amount of Debentures, representing less than 1% of the aggregate principal amount of outstanding Debentures. Each of Otter Creek and Homestead Insurance Company is entitled to participate in the Offer on the same basis as other holders of Debentures. We expect that Otter Creek and Homestead Insurance Company will tender in the Offer all or a portion of the Debentures that they hold.

Recent Securities Transactions

None of us or, to the best of our knowledge, any of our directors or executive officers have engaged in any transactions in the Debentures during the past 60 days. However, we or our affiliates have previously acquired, and, subject to applicable law and the terms of the Credit Agreement, may continue to, from time to time, acquire Debentures, other than pursuant to the Offer, through repurchase or redemption of the Debentures pursuant to their terms, or through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as we may determine, which may be more or less than the price to be paid pursuant to the Offer and could be for cash or other consideration.

Other Material Information

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer or the acceptance of Debentures pursuant thereto is not in compliance with applicable law, we will make a good faith effort to comply with the applicable law. If, after such good faith effort, we cannot comply with the applicable law, the Offer will not be made to the holders of Debentures in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of us by the dealer manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Our executive offices are located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032, and our telephone number is (317) 817-6100. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on our website at *www.conseco.com* as soon as reasonably practicable after they are electronically filed with, or furnished to, the Commission. These filings are also available on the Commission's website at *www.sec.gov* . In addition, the public may read and copy any document we file at the Commission's Public Reference Room located at 100 F Street, NE, Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the

Commission at 1-800-SEC-0330. Copies of these filings are also available, without charge, from Conseco Investor Relations, 11825 N. Pennsylvania Street, Carmel, IN 46032.

The information on our web site does not constitute a part of the Offer Documents. The web site addresses of the Commission and us are intended to be inactive textual references only.

In this document, we "incorporate by reference" the information that we file with the Commission, which means that we can disclose 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, and information that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any filings made with the Commission under Sections 13(a), 13 (c), 14 or 15(d) of the Exchange Act after the date of this Offer to Purchase and until the settlement date of this Offer:

1. our annual report on Form 10-K for the fiscal year ended December 31, 2008 (including information specifically incorporated therein by reference from our Definitive Proxy Statement on Schedule 14A filed with the Commission on April 23, 2009);

2. our quarterly reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009; and

3. our current reports on Form 8-K filed on January 20, 2009, February 23, 2009, March 17, 2009, March 24, 2009 (Item 5.02 only), March 31, 2009 (Item 1.01 Form 8-K only), April 8, 2009, May 4, 2009, May 13, 2009 (Item 8.01 Form 8-K only), May 15, 2009, May 21, 2009 (Item 8.01 only), June 22, 2009, June 26, 2009, July 23, 2009, August 31, 2009, September 8, 2009 and October 13, 2009 (excluding Item 7.01).

You should read the information relating to us in this Offer to Purchase together with the information in the documents incorporated by reference. You should rely only upon the information provided in this Offer to Purchase or incorporated in this Offer to Purchase by reference. Conseco has not authorized anyone to provide you with different information. You should not assume that the information in this Offer to Purchase is accurate as of any date other than the date indicated on the front cover or that any document incorporated by reference herein is accurate as of any date other than its filing date.

The Schedule TO (the " *Schedule TO* ") filed by us pursuant to Section 13(e) of the Exchange Act and Rule 13e-4 promulgated thereunder, furnishing certain information with respect to the Offer, together with any exhibits or amendments thereto, may be examined and copies may be obtained at the same places and in the same manner as set forth above. Certain sections of this Offer to Purchase are incorporated by reference in, and constitute part of, the Schedule TO. The sections so incorporated are identified in the Schedule TO.

We will provide without charge to each person to whom this Offer to Purchase is delivered, upon written or oral request, copies of any or all documents and reports described above and incorporated by reference into this Offer to Purchase (other than exhibits to such documents, unless such documents are specifically incorporated by reference). Written or telephone requests for such

copies should be directed to the information agent at the address and telephone numbers set forth on the back cover of this Offer to Purchase.

The Depositary for the Offer is:

D.F. King & Co., Inc.

By Registered or Certified Mail, Hand or by Overnight Courier:

By Hand Before 5:00 p.m.:	*By Overnight Courier:*	*By Registered or Certified Mail:*
48 Wall Street 22 nd Floor New York, New York 10005	48 Wall Street 22 nd Floor New York, New York 10005	48 Wall Street 22 nd Floor New York, New York 10005

By Facsimile Transmission:
(for Eligible Institutions Only)
(212) 809-8838

Confirm by Telephone or for Information Call :
(212) 493-6996
Attn: Elton Bagley

Any questions or requests for assistance may be directed to the dealer manager or the information agent at the addresses and telephone numbers set forth below. Requests for additional copies of the Offer Documents may be directed to the information agent. Requests for copies of the documents incorporated by reference herein may also be directed to the information agent. Beneficial owners may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

D.F. King & Co., Inc.
48 Wall Street
22 nd Floor
New York, New York 10005
Banks and brokers, call collect: (212) 269-5550
All others, call toll-free: (888) 869-7406

The Dealer Manager for the Offer is:

Morgan Stanley
1585 Broadway
New York, NY 10036
Toll Free: (800) 646-1808
Telephone: (212) 761-5384
Attention: Liability Management Group

Exhibit (a)(1)(ii)

Conseco, Inc.

LETTER OF TRANSMITTAL

Offer to Purchase for Cash
Any and All Outstanding
3.50% Convertible Debentures due September 30, 2035
(CUSIP Nos. 208464BH9 and 208464BG1)

Pursuant to the Offer to Purchase (as defined below)

The Offer (as defined below) will expire at 12:00 midnight, New York City time, on November 12, 2009, unless extended or earlier terminated (such time and date, as the same may be modified, the " *Expiration Date* "). Holders must validly tender their Debentures (as defined below) on or prior to the Expiration Date to be eligible to receive the Tender Consideration (as defined below). Tenders of Debentures may be withdrawn at any time on or prior to the Expiration Date.

The Depositary for the Offer is:

D.F. King & Co., Inc.

By Registered or Certified Mail, Hand or by Overnight Courier:

By Hand Before 5:00 p.m.:	*By Overnight Courier:*	*By Registered or Certified Mail:*
48 Wall Street 22 nd Floor New York, New York 10005	48 Wall Street 22 nd Floor New York, New York 10005	48 Wall Street 22 nd Floor New York, New York 10005

By Facsimile Transmission:
(for Eligible Institutions Only)
(212) 809-8838

Confirm by Telephone or for Information Call :
(212) 493-6996
Attn: Elton Bagley

DELIVERY OF THIS LETTER OF TRANSMITTAL (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, THE " *LETTER OF TRANSMITTAL* ") TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER, OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY. THIS LETTER OF TRANSMITTAL AND THE INSTRUCTIONS HERETO SHOULD BE USED ONLY TO TENDER CONSECO'S 3.50% CONVERTIBLE DEBENTURES DUE SEPTEMBER 30, 2035 (THE " *DEBENTURES* ") PURSUANT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE DATED OCTOBER 15, 2009 (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, THE " *OFFER TO PURCHASE* ") AND THIS LETTER OF TRANSMITTAL.

The Offer to Purchase and this Letter of Transmittal should be read carefully and in their entireties before this Letter of Transmittal is completed.

All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Offer to Purchase.

This Letter of Transmittal and the instructions hereto and the Offer to Purchase constitute an offer by Conseco, Inc. (the " *Company* ," " *Conseco* ," " *we* " or " *us* ") to purchase for cash, upon the terms and subject to the conditions set forth herein and in the Offer to Purchase, any and all of its outstanding Debentures. We refer to our offer to purchase the Debentures as the " *Offer* ."

The purchase price for Debentures tendered pursuant to the Offer will be an amount in cash equal to $1,000 per $1,000 principal amount of the Debentures (the " *Tender Consideration* "). The Tender Consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 were they to exercise their put right on such date.

Our obligation to accept for purchase and pay the Tender Consideration for Debentures validly tendered and not validly withdrawn on or prior to the Expiration Date is conditioned upon the conditions to the Offer discussed under "The Offer—Conditions to the Offer" in the Offer to Purchase being satisfied or waived by us. We may, in our sole discretion, waive any of the conditions of the Offer in whole or in part, at any time and from time to time, prior to the Expiration Date. Upon the terms and subject to the conditions of the Offer, we will pay the Tender Consideration, and accrued and unpaid interest to, but not including, the settlement date of the Offer, to each tendering holder whose Debentures are purchased in the Offer.

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. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date.

Any holder desiring to validly tender its Debentures must either (i) in the case of a holder who holds physical certificates, complete and sign this Letter of Transmittal, in accordance with the instructions set forth herein and mail or deliver it or a facsimile copy thereof, together with the certificates evidencing the Debentures and any other documents required by this Letter of Transmittal to D.F. King & Co., Inc. (the " *depositary* "); or (ii) in the case of a beneficial owner who holds Debentures in book-entry form, request its broker, dealer, commercial bank, trust company or other nominee to effect the transaction for the holder of Debentures (in which case this Letter of Transmittal is being supplied only for informational purposes). Beneficial owners whose Debentures are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact their broker, dealer, commercial bank, trust company or other nominee if they desire to tender their Debentures so registered.

Participants in The Depository Trust Company (" *DTC* ") that hold Debentures on behalf of beneficial owners of Debentures must tender their Debentures through the DTC Automated Tender Offer Program (" *ATOP* ") by following the procedures set forth under "The Offer—Procedures for Tendering Debentures" in the Offer to Purchase. Please note that if Debentures are held by a custodian, the custodian may have an earlier deadline for tendering the Debentures pursuant to the Offer.

To validly tender Debentures that are held through DTC, DTC participants must electronically transmit their acceptance through ATOP, and DTC will then verify the acceptance and send an Agent's Message to the depositary for its acceptance. The Agent's Message must be received by the depositary on or prior to the Expiration Date. Delivery of validly tendered Debentures must be made to the depositary in accordance with DTC's procedures for such transfer. The term " *Agent's Message* " means a message transmitted by DTC and received by the depositary and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant in DTC tendering Debentures which are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the terms of the Offer and Letter of Transmittal and that we may enforce such agreement against such participant.

For a description of certain procedures to be followed in order to validly tender Debentures (through ATOP or otherwise), see "The Offer—Procedures for Tendering Debentures" in the Offer to Purchase and the instructions to this Letter of Transmittal.

There are no guaranteed delivery provisions in connection with the Offer. The method of delivery of Debentures and other documents to the depositary, including delivery through DTC and any acceptance of an

Agent's Message transmitted through ATOP, is at the election and risk of the holder, and delivery will be deemed made when actually received by the depositary. Instead of effecting delivery by mail, it is recommended that holders use an overnight or hand delivery service. If such delivery is by mail, it is recommended that holders use registered mail, validly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure delivery to the depositary on or prior to the Expiration Date.

Debentures validly tendered may be withdrawn at any time on or prior to the Expiration Date. If we have not accepted for payment the tendered Debentures by 12:00 midnight, New York City time, on December 11, 2009, holders may also withdraw their Debentures after such time.

Debentures validly withdrawn may thereafter be validly re-tendered at any time on or prior to the Expiration Date by following the procedures described under "The Offer—Procedures for Tendering Debentures" in the Offer to Purchase.

By tendering Debentures pursuant to the Offer, you will be deemed to have made the representations and warranties set forth herein. Tenders of Debentures pursuant to the procedures described herein, and acceptance thereof by us, will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions of the Offer, which agreement will be governed by the laws of the State of New York.

THIS LETTER OF TRANSMITTAL DOES NOT CONSTITUTE AN OFFER TO PURCHASE DEBENTURES IN ANY JURISDICTION IN WHICH, OR TO OR FROM ANY PERSON TO OR FROM WHOM, IT IS UNLAWFUL TO MAKE AN OFFER UNDER APPLICABLE LAWS. THIS FORM NEED NOT BE COMPLETED BY HOLDERS TENDERING DEBENTURES THROUGH ATOP.

TENDER OF DEBENTURES

☐ CHECK HERE IF CERTIFICATES REPRESENTING TENDERED DEBENTURES ARE BEING DELIVERED HEREWITH

☐ CHECK HERE IF TENDERED DEBENTURES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: _____

DTC Account Number: _____

Transaction Code Number: _____

Date Tendered: _____

List below the Debentures to which this Letter of Transmittal relates. If the space provided is inadequate, list the certificate numbers and principal amounts on a separately executed schedule and affix the schedule to this Letter of Transmittal. Tenders of Debentures pursuant to the Offer will be accepted only in principal amounts of $1,000 or integral multiples thereof. No alternative, conditional or contingent tenders will be accepted.

DESCRIPTION OF DEBENTURES TENDERED *

Name(s) and Address(es) of Record Holder(s) or Name of DTC Participant and Participant's DTC Account Number in which Debentures are Held (Please fill in, if blank)	Certificate Number(s)(1)	Aggregate Principal Amount of Debentures Represented by Certificate(s)(1)	Total Principal Amount Tendered (2)
	Total Principal Amount:		

* This form need not be completed by Holders tendering Debentures through ATOP.

(1) Need not be completed by holders of Debentures tendering by book-entry transfer or in accordance with ATOP procedure for transfer (see below).

(2) Unless otherwise specified in the column labeled "Total Principal Amount Tendered" and subject to the terms and conditions of the Offer to Purchase, it will be assumed that the entire principal amount represented by the Debentures described above is being tendered.

If not already printed above, the name(s) and address(es) of the registered holder(s) should be printed exactly as they appear on the certificate (s) representing Debentures tendered hereby or, if tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as the owner of the Debentures. The Debentures and the principal amount of the Debentures that the undersigned wishes to tender should be indicated in the appropriate boxes above.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to Conseco, Inc., a Delaware corporation (the " *Company* ," " *Conseco* ," " *we* " or " *us* "), the aggregate principal amount of Debentures indicated in this Letter of Transmittal in the table above under "Description of Debentures Tendered" under the column heading "Total Principal Amount Tendered" upon the terms and subject to the conditions set forth in this Letter of Transmittal and the Offer to Purchase, receipt of which is hereby acknowledged.

Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Offer to Purchase.

Debentures validly tendered may be withdrawn at any time on or prior to the Expiration Date. The undersigned further acknowledges and agrees that tendered Debentures may not be validly withdrawn after the Expiration Date, except that after the Expiration Date, such tenders of Debentures may be validly withdrawn after 12:00 midnight, New York City time, on December 11, 2009, if Conseco has not accepted for payment such tendered Debentures prior to such time. The undersigned acknowledges and agrees that the tender of Debentures made hereby may not be withdrawn except in accordance with the procedures and conditions for withdrawal set forth in the Offer to Purchase under "The Offer—Withdrawal of Tenders; Absence of Appraisal Rights."

For purposes of the Offer, the undersigned understands that Conseco will be deemed to have accepted for payment (and thereby purchased) Debentures validly tendered and not properly withdrawn (or defectively tendered Debentures with respect to which Conseco has waived such defect) if, as and when Conseco gives oral or written notice to the depositary of its acceptance for payment of such Debentures.

Subject to, and effective upon, acceptance for purchase of, and payment for, the principal amount of any Debentures tendered hereby in accordance with the terms of the Offer to Purchase (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the undersigned hereby: (i) irrevocably sells, assigns and transfers to, or upon the order of, Conseco, all right, title and interest in and to all Debentures that are being tendered hereby; (ii) waives any and all rights with respect to the Debentures (including with respect to any existing or past defaults and their consequences in respect of the Debentures and the Indenture); (iii) releases and discharges Conseco from any and all claims the undersigned may have now, or may have in the future arising out of, or related to, the Debentures (including any claims that such holder is entitled to receive additional principal or interest payments (other than any accrued and unpaid interest up to, but excluding, the settlement date of the Offer) with respect to the Debentures or to participate in any redemption or defeasance of the Debentures); and (iv) irrevocably constitutes and appoints the depositary the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the depositary also acts as the agent of Conseco) with respect to any such tendered Debentures, with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver certificates representing such Debentures, or transfer ownership of such Debentures on the account books maintained by DTC, together, in any such case, with all accompanying evidences of transfer and authenticity, to Conseco, (b) present such Debentures for transfer on the relevant security register and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Debentures (except that the depositary will have no rights to, or control over, funds from Conseco, except as agent for the undersigned as a tendering holder for the Tender Consideration plus accrued and unpaid interest to, but excluding, the settlement date of the Offer). See disclaimers at the end of this letter in respect of powers of attorneys delivered by individuals in the State of New York.

The undersigned acknowledges and agrees that, under certain circumstances and subject to the conditions specified in the Offer to Purchase and this Letter of Transmittal (each of which Conseco may waive), Conseco may not be required to accept for payment any of the Debentures validly tendered. Any Debentures not accepted for payment will be returned promptly to the undersigned at the address set forth above unless otherwise listed in the box below labeled "A. Special Delivery Instructions."

The undersigned hereby represents and warrants and covenants, in connection with any tender of Debentures effected by execution and delivery of this Letter of Transmittal, that the undersigned (i) owns the Debentures tendered and is entitled to tender such Debentures and (ii) has full power and authority to tender, sell, assign and transfer the Debentures tendered hereby and that, when the same are accepted for payment by Conseco, Conseco will acquire good, marketable and unencumberable title thereto, free and clear of all liens, restrictions, charges and encumbrances, and the same will not be subject to any adverse claims.

The undersigned will, upon request, execute and deliver any additional documents deemed by the depositary or Conseco to be necessary or desirable to complete the sale, assignment and transfer of the Debentures tendered hereby.

The undersigned understands that Conseco reserves the right to transfer or assign, from time to time, in whole or in part, to one or more of its affiliates the right to purchase all or any of the Debentures validly tendered pursuant to the Offer. If such assignment occurs, the assignee-affiliate will purchase the Debentures validly tendered. However, any such transfer or assignment will not relieve Conseco of its obligations under the Offer and will not prejudice the undersigned's right to receive the Tender Consideration plus accrued and unpaid interest for the undersigned's Debentures validly tendered and accepted for payment on the acceptance date.

No authority conferred or agreed to be conferred by this Letter of Transmittal shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned, and all obligations of the undersigned hereunder shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, administrators, trustees in bankruptcy, successors and assigns of the undersigned and any subsequent transferees of the Debentures.

The undersigned understands that the delivery and surrender of any Debentures is not effective, and the risk of loss of the Debentures does not pass to the depositary, until receipt by the depositary of this Letter of Transmittal, or a facsimile hereof, properly completed and duly executed, or a properly transmitted Agent's Message, together with all accompanying evidences of authority and any other required documents in form satisfactory to Conseco.

The undersigned, in consideration for the purchase of the Debentures pursuant to the Offer, hereby waives, releases, forever discharges and agrees not to sue Conseco or its former, current or future directors, officers, employees, agents, subsidiaries, affiliates, members, predecessors, successors, assigns or other representatives as to any and all claims, demands, causes of action and liabilities of any kind and under any theory whatsoever, whether known or unknown (excluding any liability arising under U.S. federal securities laws in connection with the Offer), by reason of any act, omission, transaction or occurrence, that the undersigned ever had, now has or hereafter may have against Conseco or the dealer manager, as the case may be, as a result of or in any manner related to any prior non-compliance with the terms of the Indenture or in any manner related to: (i) the undersigned's disposition of the Debentures pursuant to the Offer; or (ii) any decline in the value of the Debentures up to and including the Expiration Date (and thereafter, to the extent the undersigned retains Debentures after the settlement date of the Offer).

The undersigned hereby acknowledges and agrees that: (i) all questions as to the form of all documents and the validity (including the time of receipt), eligibility, acceptance and withdrawal of tendered Debentures will be determined by Conseco in its sole discretion; (ii) Conseco reserves the absolute right to reject any and all tenders of Debentures or notices of withdrawal not in proper form and to determine whether the acceptance of or payment by it for such tenders of Debentures or notices of withdrawal would be unlawful; (iii) Conseco reserves the absolute right in its sole discretion, subject to applicable law, to waive or amend any of the conditions of the Offer or to waive any defect or irregularity in the tender of Debentures or any notice of withdrawal of any particular holder, whether or not similar conditions, defects or irregularities are waived in the case of other holders; (iv) a waiver of any defect or irregularity by Conseco with respect to the tender of a Debenture or the treatment of a notice of withdrawal shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Debenture or the treatment of any other notice of withdrawal; (v) any determination by Conseco as to the validity, form, eligibility and acceptance of Debentures for payment, or any interpretation by Conseco as to the terms and conditions of the Offer, is subject to applicable law and, if challenged by holders or otherwise, to the judgment of a court of competent jurisdiction; (vi) none of Conseco, the dealer manager, the depositary, the information agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur

any liability for failure to give any such notification; (vii) no tender of Debentures or notices of withdrawal will be deemed to have been validly made until all defects and irregularities with respect to such tenders or notice of withdrawal have been cured or waived; (viii) it will comply with all applicable U.S. federal withholding tax obligations in connection with payment it receives pursuant to the Offer and subsequently remits to the beneficial owners of the Debentures; and (ix) interpretation of the terms and conditions of the Offer will be made by Conseco in its sole discretion and will be final and binding on all parties.

The undersigned acknowledges and agrees that, without limiting the generality or effect of the foregoing, upon the purchase of Debentures tendered pursuant to the Offer, Conseco shall obtain all rights relating to the undersigned's ownership of Debentures (including, without limitation, the right to all interest payable on the Debentures) and any and all claims relating thereto.

The undersigned acknowledges and agrees that tenders of Debentures pursuant to any of the procedures described under "The Offer—Procedures for Tendering Debentures" in the Offer to Purchase and in the instructions to this Letter of Transmittal will constitute a binding agreement between the undersigned and Conseco upon the terms and subject to the conditions set forth in the Offer to Purchase, including Conseco's right to amend such terms and conditions. Such agreement shall be governed by and construed in accordance with the laws of the State of New York. The undersigned by this Letter of Transmittal also irrevocably appoints the depositary to act as its agent for the purpose of receiving payment from Conseco and transmitting such payment to the undersigned.

Unless otherwise indicated herein under "A. Special Delivery Instructions," the undersigned hereby requests that any Debentures representing principal amounts not validly tendered or not accepted for purchase be issued in the name(s) of, and be delivered to, the undersigned (and, in the case of Debentures tendered by book-entry transfer, by credit to the account of DTC). Unless otherwise indicated herein under "B. Special Payment Instructions," the undersigned hereby request(s) that any checks for payment to be made in respect of the Debentures validly tendered hereby be issued to the order of, and delivered to, the undersigned.

In the event that the "A. Special Delivery Instructions" box is completed, the undersigned hereby request(s) that any Debentures representing principal amounts not tendered or not accepted for purchase be issued in the name(s) of, and be delivered to, the person(s) at the address(es) therein indicated. The undersigned recognizes that Conseco has no obligation pursuant to the "A. Special Delivery Instructions" box to transfer any Debentures from the names of the registered holder(s) thereof if Conseco does not accept for purchase any of the principal amount of such Debentures so tendered or if provision for payment of any applicable transfer taxes is not made. In the event that the "B. Special Payment Instructions" box is completed, the undersigned hereby request(s) that checks for payment to be made in respect of the Debentures validly tendered hereby be issued to the order of, and be delivered to, the person(s) at the address(es) therein indicated. In the event that the box entitled "B. Special Payment Instructions" and/or the box entitled "A. Special Delivery Instructions" on this Letter of Transmittal has been completed, Conseco's obligation to honor such instructions shall be subject to the holder providing satisfactory evidence to Conseco that all transfer taxes payable as a result of such instructions have been paid by such holder. See Instruction 5.

Disclaimers Relating to Powers of Attorney Executed by Individuals in the State of New York

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the " *principal* ," you give the person whom you choose (your " *agent* ") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record or all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that

authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

This document shall not revoke any powers of attorney previously executed by the undersigned, unless otherwise specified herein. This power of attorney shall not be revoked by any subsequent power of attorney that the undersigned may execute, unless such subsequent power of attorney specifically provides that it revokes this power of attorney by referring to the date of the undersigned's execution of this document.

INDIVIDUALS EXECUTING THIS POWER OF ATTORNEY IN THE STATE OF NEW YORK MUST OBTAIN THE FOLLOWING ACKNOWLEDGMENT FROM A NOTARY PUBLIC.

STATE OF)
) ss.:
COUNTY OF)

On the day of in the year 20 before me, the undersigned, a Notary Public in and for said State, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name (s) is/are] subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
(Signature and office of individual taking acknowledgment)

A. SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1 and 2)

To be completed **ONLY** if Debentures in a principal amount not tendered or not accepted for purchase pursuant to the Offer are to be issued in the name of someone other than the person(s) whose signature(s) appear(s) within this Letter of Transmittal or sent to an address different from that shown in the box entitled "Description of Debentures Tendered" within this Letter of Transmittal.

Name: _____
(Please Print)

Address: _____

_____
(Include Zip Code)

_____
(Tax Identification or Social Security Number) (See Substitute Form W-9 herein)

☐ Check here to direct a credit of Debentures not tendered or not accepted for purchase delivered by book-entry transfer to an account at DTC.

DTC Account No. _____

Number of Account Party: _____

B. SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 2 and 3)

To be completed **ONLY** if checks for consideration payable pursuant to the Offer are issued in the name of someone other than the person(s) whose signature(s) appear(s) within this Letter of Transmittal or sent to an address different from that shown in the box entitled "Description of Debentures Tendered" within this Letter of Transmittal.

Name: _____
(Please Print)

Address: _____

_____
(Include Zip Code)

_____
(Tax Identification or Social Security Number) (See Substitute Form W-9 herein)

IMPORTANT

HOLDER(S) OF DEBENTURES SIGN HERE
(SEE INSTRUCTIONS 1 AND 2)
(PLEASE ALSO COMPLETE SUBSTITUTE FORM W-9 INCLUDED HEREIN)

(This page is to be completed and signed by all tendering holders of Debentures except holders executing the tender through ATOP.)

By completing, executing and delivering this Letter of Transmittal, the undersigned hereby tenders Debentures in the principal amount of Debentures listed in the box above labeled "Description of Debentures Tendered" under the column heading "Total Principal Amount Tendered." If nothing is indicated under the column heading "Total Principal Amount Tendered," the undersigned will be deemed to have tendered Debentures with respect to the entire aggregate principal amount represented by the Debentures described in such box.

_____

(Signature(s) of Record Holder(s) or Authorized Signatory)

(Must be signed by the registered holder(s) exactly as the name(s) appear(s) on certificate(s) representing the tendered Debentures or, if the Debentures are tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as the owner of such Debentures. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please set forth the full title and see Instruction 1.)

Dated: _____

Name(s): _____
(Please Print)

Capacity (Full Title): _____

Address: _____
(Include Zip Code)

Area Code and Telephone Number: _____

Taxpayer Identification or Social Security Number: _____
(See Substitute Form W-9)

MEDALLION SIGNATURE GUARANTEE (ONLY IF REQUIRED—SEE INSTRUCTIONS 1 AND 2)

Authorized Signature of Guarantor: _____

Name: _____

Name of Firm: _____

Address: _____
(Include Zip Code)

Area Code and Telephone Number: _____

Dated: _____
[Place Seal Here]

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. *Signatures on Letter of Transmittal, Instruments of Transfer and Endorsements* . If this Letter of Transmittal is signed by the registered holder(s) of the Debentures tendered hereby, the signatures must correspond with the name(s) as written on the face of the certificates, without alteration, enlargement or any change whatsoever. If this Letter of Transmittal is signed by a participant in DTC whose name is shown on a security position listing as the owner of the Debentures tendered hereby, the signature must correspond with the name shown on the security position listing as the owner of such Debentures.

If any of the Debentures tendered hereby are registered in the name of two or more holders, all such holders must sign this Letter of Transmittal. If any of the Debentures tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any Debentures or instrument of transfer is signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Conseco of such person's authority to so act must be submitted with this Letter of Transmittal.

When this Letter of Transmittal is signed by the registered holders of the Debentures tendered, no endorsements of Debentures or separate instruments of transfer are required unless payment is to be made, or Debentures not tendered or purchased are to be issued, to a person other than the registered holders, in which case signatures on such Debentures or instruments of transfer must be guaranteed by a Medallion Signature Guarantor.

Unless this Letter of Transmittal is signed by the record holder(s) of the Debentures tendered hereby (or by a participant in DTC whose name appears on a security position listing as the owner of such Debentures), such Debentures must be endorsed or accompanied by appropriate instruments of transfer, and each such endorsement, instrument of transfer or proxy must be signed exactly as the name or names of the record holder(s) appear(s) on the Debentures (or as the name of such participant appears on a security position listing as the owner of such Debentures); signatures on each such endorsement, instrument of transfer or proxy must be guaranteed by a Medallion Signature Guarantor, unless the signature is that of a firm that is a member of a registered national securities exchange or Financial Industry Regulatory Authority, Inc. or is a commercial bank or trust company having an office in the United States (each, an " *Eligible Institution* ").

2. *Signature Guarantees* . Signatures on this Letter of Transmittal must be guaranteed by a Medallion Signature Guarantor, unless (a) the Debentures tendered hereby are tendered by a record holder (or by a participant in DTC whose name appears on a security position listing as the owner of such Debentures) and neither the box entitled "A. Special Delivery Instructions" or the box entitled "B. Special Payment Instructions" on this Letter of Transmittal has been completed or (b) such Debentures are tendered for the account of an Eligible Institution. See Instruction 1.

3. *Requests for Assistance or Additional Copies* . Any questions or requests for assistance or additional copies of the Offer to Purchase or this Letter of Transmittal may be directed to the information agent at its telephone number set forth on the back cover of the Offer to Purchase or this Letter of Transmittal. A holder may also contact the dealer manager at the address and telephone number set forth on the back cover of the Offer to Purchase or this Letter of Transmittal or such holder's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

4. *Partial Tenders* . Tenders of Debentures will be accepted only in integral multiples of $1,000 principal amount. If less than the entire principal amount of any Debentures held by a holder is tendered, such holder must fill in the principal amount of Debentures tendered in the fourth column of the box entitled "Description of Debentures Tendered" above. The entire principal amount of Debentures delivered to the depositary will be deemed to have been tendered therefor unless otherwise indicated. If the entire principal amount of all Debentures is not tendered or not accepted for purchase, then substitute Debentures for the principal amount of Debentures not tendered or not accepted for purchase pursuant to the Offer will be sent to the holder at his or her registered address,

unless a different address is provided in the appropriate box on this Letter of Transmittal promptly after the delivered Debentures are accepted for purchase.

5. *Special Payment and Special Delivery Instructions; Transfer Taxes* . The undersigned should indicate in the applicable box or boxes the name and address to which Debentures for principal amounts not tendered or not accepted for purchase or checks for payment of the Tender Consideration are to be sent or issued, if different from the name and address of the undersigned. In the case of payment to a different name, the taxpayer identification or social security number of the person named must also be indicated. If no instructions are given, Debentures not validly tendered or not accepted for purchase will be returned, and checks for payment of the Tender Consideration will be sent, to the undersigned.

Tendering holders of Debentures purchased in the Offer will not be obligated to pay brokerage commissions or fees or to pay transfer taxes with respect to the purchase of their Debentures unless the box entitled "B. Special Payment Instructions" or the box entitled "A. Special Delivery Instructions" on this Letter of Transmittal has been completed. In the event that the box entitled "B. Special Payment Instructions" and/or the box entitled "A. Special Delivery Instructions" on this Letter of Transmittal has been completed, Conseco's obligation to honor such instructions shall be subject to the holder providing satisfactory evidence to Conseco that all transfer taxes payable as a result of such instructions have been paid by such holder.

6. *Waiver of Conditions; Amendment; Termination* . Subject to applicable law, Conseco reserves 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.

7. *Substitute Form W-9* . Each tendering holder (or other payee) is required (i) to provide the depositary with a correct taxpayer identification number (" *TIN* "), generally the holder's Social Security or federal employer identification number, and with certain other information, on Substitute Form W-9, which is provided under "Important Tax Information" below, and to certify that the holder (or other payee) is not subject to backup withholding or (ii) to otherwise establish a basis for exemption from backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering holder (or other payee) to a $50 penalty imposed by the Internal Revenue Service (the " *IRS* ") and 28% federal income tax backup withholding on any reportable payment. If a nonexempt holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future, such holder should write "Applied For" in the space for the TIN provided on the attached Substitute Form W-9 and must also complete the attached "Certificate of Awaiting Taxpayer Identification Number" in order to prevent backup withholding. In the event that such holder fails to provide a TIN to the depositary by the time of payment, the depositary must backup withhold 28% of the reportable payments made to such holder.

8. *Irregularities* . All questions as to the form of all documents and the validity (including the time of receipt), eligibility, acceptance and withdrawal of tendered Debentures will be determined by Conseco in its sole discretion and Conseco's determination will be final and binding. Conseco reserves the absolute right to reject any and all tenders of Debentures or notices of withdrawal not in proper form and to determine whether the acceptance of or payment by it for such tenders of Debentures or notices of withdrawal would be unlawful. We also reserve the absolute right in our sole discretion, subject to applicable law, to waive or amend any of the conditions of the Offer or to waive any defect or irregularity in the tender of Debentures or any notice of withdrawal of any particular holder, whether or not similar conditions, defects or irregularities are waived in the case of other holders. A waiver of any defect or irregularity with respect to the tender of a Debenture or the treatment of a notice of withdrawal shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Debenture or the treatment of any other notice of withdrawal. Any determination by Conseco as to the validity, form, eligibility and acceptance of Debentures for payment, or any interpretation by Conseco as to the terms and conditions of the Offer, is subject to applicable law and, if challenged by holders or otherwise, to the judgment of a court of competent jurisdiction. None of Conseco, the dealer manager, the depositary, the information agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. No tender of Debentures or notice of withdrawal will be deemed to have been validly made until all defects and irregularities with respect to such tenders or notice of withdrawal have been cured or waived. Any Debentures received by the depositary that are not validly tendered and as to which irregularities have not been cured or waived will be returned by the depositary to the appropriate tendering holder as

soon as practicable. Interpretation of the terms and conditions of the Offer will be made by Conseco in its sole discretion and will be final and binding on all parties.

9. *Mutilated, Lost, Stolen or Destroyed Physical Certificates* . Any holder whose Debentures are held as physical certificates for Debentures have been mutilated, lost, stolen or destroyed shall contact the depositary for further instruction at the address or telephone number set forth on the back cover of the Offer to Purchase.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax laws, a tendering holder is required to provide the depositary (as payer) with such holder's correct taxpayer identification number (" *TIN* ") on Substitute Form W-9 below or otherwise establish a basis for exemption from a 28% backup withholding tax. Certain holders (including, among others, all corporations and certain foreign persons) are exempt from these backup withholding requirements. Exempt holders should furnish their TIN, check the "Exempt" box in Part 2 of the Substitute Form W-9, and sign, date and return the Substitute Form W-9 to the depositary. A foreign person, including entities, may qualify as an exempt recipient by submitting to the depositary a properly completed IRS Form W-8BEN (or other applicable form), signed under penalties of perjury, attesting to that holder's foreign status. The applicable Form W-8 can be obtained from the depositary or the IRS at its website: *www.irs.gov* . See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions. If such holder is an individual, the TIN is generally his or her Social Security number (" *SSN* "). If the depositary is not provided with the correct TIN, a $50 penalty may be imposed by the IRS, and reportable payments made with respect to Debentures tendered pursuant to the Offer may be subject to a 28% backup withholding tax. Failure to comply truthfully with the backup withholding requirements also may result in the imposition of severe criminal and/or civil fines and penalties.

If backup withholding applies, the depositary is required to withhold 28% of any reportable payments made to the holder or other payee. Backup withholding is not an additional federal income tax. Rather, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS, provided that the requisite information is properly provided.

Purpose of Substitute Form W-9

To prevent backup withholding on reportable payments made with respect to Debentures tendered pursuant to the Offer, the holder is required to provide the depositary with either: (i) the holder's correct TIN by completing the Substitute Form W-9, certifying that the TIN provided on Substitute Form W-9 is correct (or that such holder is awaiting a TIN), that the holder is a U.S. person and that (a) the holder has not been notified by the IRS that the holder is subject to backup withholding as a result of failure to report all interest or dividends or (b) the IRS has notified the holder that the holder is no longer subject to backup withholding, or (ii) an adequate basis for exemption.

If a nonexempt holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future, such holder should write "Applied For" in the space for the TIN provided on the attached Substitute Form W-9 and must also complete the attached "Certificate of Awaiting Taxpayer Identification Number" in order to prevent backup withholding. In the event that such holder fails to provide a TIN to the depositary by the time of payment, the depositary must backup withhold 28% of the reportable payments made to such holder.

What Number to Give the Depositary

The holder is required to give the depositary the TIN (e.g., SSN or employer identification number (" *EIN* ")) of the registered holder of the Debentures. If the Debentures are held in more than one name or are held not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

PAYER'S NAME: D.F. King & Co., Inc.

SUBSTITUTE
FORM W-9
Department of the
Treasury
Internal Revenue Service

Payer's Request for Taxpayer Identification Number ("TIN") and Certification

Name (as shown on your income tax return)

Business Name, if different from above

Check appropriate box:

☐ Individual/Sole proprietor ☐ Corporation

☐ Partnership ☐ Other _____

Address _____

City, state, and ZIP code _____

PART 1 — TAXPAYER IDENTIFICATION NUMBER—PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. IF AWAITING TIN, WRITE "APPLIED FOR."

Social Security Number

OR

Employer Identification Number

PART 2 — For Payees Exempt from Backup Withholding—Check the box if you are NOT subject to backup withholding. ☐

PART 3 — Certification—Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me),

(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and

(3) I am a U.S. person (including a U.S. resident alien).

CERTIFICATION INSTRUCTIONS. — You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Signature: _____ Date: _____, 2009

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 28% of all reportable payments made to me will be withheld.

Signature: _____ Date: _____, 2009

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines For Determining the Proper Identification Number to Give the Payer—Social Security Numbers (" *SSNs* ") have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers (" *EINs* ") have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "section" references are to the Internal Revenue Code of 1986, as amended. " *IRS* " is the Internal Revenue Service.

For this type of account:		GIVE THE NAME AND SOCIAL SECURITY NUMBER OF—	For this type of account:		GIVE THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF—
1.	Individual	The individual	6.	A valid trust, estate, or pension trust	Legal entity(4)
2.	Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7.	Corporation or LLC electing corporate status on Form 8832	The corporation
3.	Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8.	Association, club, religious, charitable, educational or other tax-exempt organization	The organization
4.	a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)	9.	Partnership or multi-member LLC	The partnership or LLC
b.	The so-called trust account that is not a legal or valid trust under State law	The actual owner(1)	10.	A broker or registered nominee	The broker or nominee
5.	Sole proprietorship or disregarded entity owned by an individual	The owner(3)	11.	Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity
			12.	Disregarded entity not owned by an individual	The owner

(1) List first and circle the name of the person whose SSN you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

(2) Circle the minor's name and furnish the minor's SSN.

(3) You must show your individual name and you may also enter your business or "doing business as" name. You may use either your SSN or EIN (if you have one) but the IRS encourages you to use your SSN.

(4) List first and circle the name of the legal trust, estate or pension trust. (Do not furnish the Taxpayer Identification Number of the personal representative or trustee unless the legal entity itself is not designated in the account title).

NOTE: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Purpose of Form

A person who is required to file an information return with the IRS must get your correct Taxpayer Identification Number (" *TIN* ") to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an individual retirement account. Use Substitute Form W-9 to give your correct TIN to the requester (the person requesting your TIN) and, when applicable, (1) to certify the TIN you are giving is correct (or you are waiting for a number to be issued), (2) to certify you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. The TIN provided must match the name given on the Substitute Form W-9.

How to Get a TIN

If you do not have a TIN, apply for one immediately. To apply for an SSN, obtain Form SS-5, Application for a Social Security Card, at the local office of the Social Security Administration or get this form on-line at www.ssa.gov/online/ss-5.pdf. You may also get this form by calling 1-800-772-1213. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer ID Numbers under Businesses. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an individual taxpayer identification number, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS web site at www.irsgov.

If you do not have a TIN, write "Applied For" in Part 1, sign and date the form, and give it to the payer. For interest and dividend payments and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the payer. If the payer does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN.

Note: Writing "Applied For" on the form means that you have already applied for a TIN OR that you intend to apply for one soon. As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the payer.

CAUTION: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Payees Exempt from Backup Withholding

Individuals (including sole proprietors) are NOT exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: If you are exempt from backup withholding, you should still complete Substitute Form W-9 to avoid possible erroneous backup withholding. If you are exempt, enter your correct TIN in Part 1, check the "Exempt" box in Part 2, and sign and date the form. If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

The following is a list of payees that may be exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except for those listed in item (9). For broker transactions, payees listed in (1) through (13) and any person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt.

Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7). However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: (i) medical and health care payments,

(ii) attorneys' fees, and (iii) payments for services paid by a federal executive agency. Only payees described in items (1) through (5) are exempt from backup withholding for barter exchange transactions and patronage dividends.

(1) An organization exempt from tax under section 501(a), or an individual retirement account (" *IRA* "), or a custodial account under section 403(b)(7), if the account satisfies the requirements of section 401(f)(2).

(2) The United States or any of its agencies or instrumentalities.

(3) A state, the District of Columbia, a possession of the United States, or any of their subdivisions or instrumentalities.

(4) A foreign government, a political subdivision of a foreign government, or any of their agencies or instrumentalities.

(5) An international organization or any of its agencies or instrumentalities.

(6) A corporation.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities registered in the United States, the District of Columbia, or a possession of the United States.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or custodian.

(15) A trust exempt from tax under section 664 or described in section 4947.

Exempt payees described above should file the Substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, CHECK THE "EXEMPT" BOX IN PART 2 ON THE FACE OF THE FORM IN THE SPACE PROVIDED, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Certain payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N, and their regulations.

Privacy Act Notice. Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividends, and certain other payments to a payee who does not give a TIN to a payer. The penalties described below may also apply.

Penalties

Failure to Furnish TIN. If you fail to furnish your correct TIN to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding. If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

Criminal Penalty for Falsifying Information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the payer discloses or uses TINs in violation of federal law, the payer may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION, CONTACT YOUR TAX ADVISOR OR THE INTERNAL REVENUE SERVICE.

In order to validly tender Debentures, a holder should send or deliver a properly completed and signed Letter of Transmittal, certificates for Debentures and any other required documents to the depositary at the address set forth below or tender through ATOP.

Any questions or requests for assistance or for additional copies of the Offer to Purchase, this Letter of Transmittal or any the other related materials may be directed to the information agent at its telephone number below. A holder of Debentures may also contact the dealer manager at its telephone number set forth below or such holder's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

D.F. King & Co., Inc.

48 Wall Street
22 nd Floor
New York, New York 10005
Banks and brokers, call collect: (212) 269-5550
All others, call toll-free: (888) 869-7406

The Dealer Manager for the Offer is:

Morgan Stanley

1585 Broadway
New York, NY 10036
Toll Free: (800) 646-1808
Telephone: (212) 761-5384
Attention: Liability Management Group

Exhibit (a)(5)(viii)

CONSECO ANNOUNCES CASH TENDER OFFER FOR ANY AND ALL OF ITS 3.50% CONVERTIBLE DEBENTURES DUE SEPTEMBER 30, 2035 AT PAR

CARMEL, Ind., Oct. 15 /PRNewswire-FirstCall/ — Conseco, Inc. (NYSE: CNO) announced today that it is commencing a cash tender offer to repurchase any and all of its outstanding 3.50% Convertible Debentures due September 30, 2035 (CUSIP Nos. 208464BH9 and 208464BG1) (the "Debentures"). As of the date hereof, there are $293.0 million aggregate principal amount of Debentures outstanding.

The tender offer will expire at 12:00 midnight, New York City time, on November 12, 2009, unless extended or earlier terminated by Conseco. Tendered Debentures may be withdrawn at any time prior to the expiration date.

Holders who validly tender and do not validly withdraw their Debentures on or prior to the expiration date will be eligible to receive an amount in cash equal to $1,000 for each $1,000 principal amount of Debentures tendered and accepted for payment. This consideration is equal to the repurchase price holders would be entitled to receive for their Debentures on September 30, 2010 if they exercise their put right on such date. In addition, holders whose Debentures are purchased in the tender offer will receive accrued and unpaid interest to, but not including, the settlement date of the tender offer. Conseco expects to pay the consideration for Debentures that have been tendered and accepted for purchase promptly following the expiration date.

The tender offer is made upon the terms and conditions set forth in the Offer to Purchase dated October 15, 2009 (the "Offer to Purchase") and the related Letter of Transmittal. The tender offer is conditioned on the satisfaction or waiver of certain conditions, including, but not limited to, Conseco's receipt, on the settlement date of the tender offer, of net proceeds from

Conseco's previously announced private sales of 7.0% Convertible Senior Debentures due 2016 and common stock and warrants to purchase common stock in an aggregate amount at least equal to the aggregate consideration payable for Debentures accepted for purchase pursuant to the tender offer.

Conseco has retained Morgan Stanley & Co. Incorporated to act as the dealer manager for the tender offer. Persons with questions regarding the tender offer should contact Morgan Stanley at (800) 624-1808 (toll-free). Requests for documentation may be directed to D.F. King & Co., Inc., the information agent, which can be contacted at (212) 269-5550 (for banks and brokers only) or (888) 869-7406 (for all others toll free).

This press release is for informational purposes only and is neither an offer to purchase nor a solicitation to buy the Debentures, nor is it a solicitation for acceptance of the tender offer. The tender offer to purchase the Debentures is only being made by, and pursuant to the terms of the tender offer documents, including the Offer to Purchase and the related Letter of Transmittal that Conseco is distributing to holders of Debentures. The Offer to Purchase and the related Letter of Transmittal have also been filed today with the Securities and Exchange Commission (the "SEC") as an exhibit to Conseco's Schedule TO.

Conseco's board of directors has approved the tender offer. However, none of Conseco, the dealer manager, the information agent, the depositary, the trustee for the indenture governing the Debentures or any of their respective affiliates is making any recommendation as to whether holders should tender their Debentures for purchase pursuant to the tender offer, and none of them has authorized any person to make any such recommendation. Holders must make their own decision as to whether to tender their Debentures and, if so, the principal amount of the Debentures to tender, or refrain from taking any action in the tender offer with respect to any or

all of such holders' Debentures. Holders should consult their own financial and tax advisors regarding whether to tender any Debentures.

The tender offer is not being made in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

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.

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 Conseco with the SEC, presentations by Conseco or its management or oral statements) relative to markets for Conseco's products and trends in the 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. Statements that contain these words should be considered carefully because they describe the Conseco's expectations, plans, strategies and goals and the Conseco's beliefs concerning future business conditions, the Conseco's results of

operations, financial position, and the Conseco's business outlook or they state other "forward-looking" information based on currently available information. The "Risk Factors" section of Conseco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q provides examples of risks, uncertainties and events that could cause the Conseco's actual results to differ materially from the expectations expressed in forward-looking statements.

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.

Exhibit (b)(1)

CONSECO, INC.

UP TO $293,000,000 AGGREGATE PRINCIPAL AMOUNT

7.0% CONVERTIBLE SENIOR DEBENTURES DUE 2016

PURCHASE AGREEMENT

October 14, 2009

October 14, 2009

Morgan Stanley & Co. Incorporated
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Ladies and Gentlemen:

Conseco, Inc., a Delaware corporation (the " **Company** "), proposes to issue and sell to Morgan Stanley & Co. Incorporated (" **Morgan Stanley** " or the " **Initial Purchaser** ") up to $293.0 million aggregate principal amount of its 7.0% Convertible Senior Debentures due 2016, in one or more series (collectively, the " **Securities** ") to be issued pursuant to the provisions of an Indenture to be dated as of October 16, 2009 (the " **Indenture** "), between the Company and The Bank of New York Mellon Trust Company, N. A., as trustee. The Securities are to be sold by the Initial Purchaser to Buyers (as defined below) pursuant to forward purchase agreements entered into by the Initial Purchaser and each such Buyer (as defined below) on the date hereof (each, a " **Forward Purchase Agreement** ") in a manner exempt from the registration requirements of the Securities Act of 1933, as amended (the " **Securities Act** "). The Securities will be convertible into shares of common stock, par value $0.01, of the Company (the " **Underlying Securities** ").

As described in Section 2, the Company will, upon receipt of payment therefor, issue Securities as follows: (x) on the closing date for the cash tender offer for any and all of its outstanding 3.50% Convertible Debentures due September 30, 2035 (the " **Existing Convertibles** ") that it intends to commence soon after the execution of this Agreement and, if any Existing Convertibles remain outstanding, on the closing date for any subsequent issuer tender offer for the Existing Convertibles that expires before October 5, 2010, (each, a " **Tender Offer** " and collectively, the " **Tender Offers** "), (y) if any Existing Convertibles remain outstanding, on September 30, 2010, the date the holders of the Existing Convertibles are entitled to require the Company to repurchase such securities pursuant to their terms (if such holders exercise their repurchase right), and (z) if any Existing Convertibles remain outstanding, on October 5, 2010, the date the Company is entitled to redeem from the holders thereof the Existing Convertibles pursuant to their terms (if the Company exercises its redemption right).

The Company has entered into a stock and warrant purchase agreement, dated October 13, 2009 (the " **Private Placement Agreement** "), with Paulson & Co. Inc. (" **Paulson** ") pursuant to which it has agreed to issue and sell to Paulson and Paulson has agreed to purchase pursuant to the exemption from registration provided by Section 4(2) of the Securities Act (the " **Private Placement** "),

16,400,000 shares of the Company's common stock and warrants to purchase 5,000,000 shares of the Company's common stock (collectively, the " **Private Placement Securities** "), subject to the conditions and terms contained therein. Morgan Stanley and the Company have entered into an engagement letter dated as of June 9, 2009, as amended on October 14, 2009 (together with that certain indemnity letter entered into between the Company and Morgan Stanley on June 9, 2009, the " **Engagement Letter** ") relating to Morgan Stanley's services to the Company as described therein, including acting as financial advisor in connection with the Private Placement. In addition, prior to the date hereof, the New York Stock Exchange, Inc. (the " **NYSE** ") has informed the Company that it would approve the Company's application to rely on the exception to the shareholder approval requirements of Section 312.05 of the NYSE Rules in connection with the Company's issuance of the Private Placement Securities and the Securities (which approval it will officially provide to the Company in connection with its approval of the Company's supplemental listing application with respect to the common stock issued to Paulson, the common stock issuable upon exercise of the warrants issued to Paulson and the common stock issuable upon conversion of the Securities).

The Private Placement, the Tender Offers and the offer and sale of the Securities are hereinafter referred to as the " **Transactions** ". The Indenture and this Agreement are hereinafter referred to as the " **Transaction Agreements** ." Except where the context expressly provides for the contrary, the representations, warranties and other provisions of this Agreement should not be interpreted as referring to the Tender Offers or the Private Placement.

The Securities will be offered and sold to the Initial Purchaser without registration under the Securities Act in reliance on an exemption from registration pursuant to Section 4(2) thereunder. The Securities will be offered and resold by the Initial Purchaser without being registered under the Securities Act to "qualified institutional buyers" within the meaning of Rule 144A of the Securities Act (each such buyer, a " **Buyer** " and collectively, " **Buyers** ") in reliance on an exemption from registration under the Securities Act.

1. *Representations and Warranties* . The Company represents and warrants to, and agrees with, you that:

(a) In connection with the offering of the Securities, the Company has prepared a preliminary offering memorandum, dated October 13, 2009 (the " **Preliminary Memorandum** "), and will prepare a final offering memorandum, to be dated October 14, 2009 (the " **Final Memorandum** "), including or incorporating by reference a description of the terms of the Securities and the Underlying Securities, the terms of the offering and a description of the Company. For purposes of this

Agreement, " **Additional Written Offering Communication** " means any written communication (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or a solicitation of an offer to buy the Securities other than the Preliminary Memorandum or the Final Memorandum, and " **Time of Sale Memorandum** " means the Preliminary Memorandum together with the Additional Written Offering Communications, if any, each identified in Schedule I hereto. Any reference to the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum shall be deemed to refer to and include the Company's most recent Annual Report on Form 10-K and all subsequent documents filed with the United States Securities and Exchange Commission (the " **Commission** ") pursuant to Section 13(a), 13 (c) or 15(d) of the Securities Exchange Act of 1934, as amended (the " **Exchange Act** ") on or prior to the date of the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, as the case may be, and any reference to the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, as the case may be, as amended or supplemented, as of any date referred to herein, shall be deemed to include (i) any documents filed with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act after the date of the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, as the case may be, and prior to such specified date; and all documents filed under the Exchange Act and so deemed to be included in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, as the case may be, or any amendment or supplement thereto are hereinafter called the " **Exchange Act Reports** ". The Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all material respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder. The Time of Sale Memorandum does not, as of its date and as of the time of each sale of the Securities in connection with the offering when the Final Memorandum is not yet available to prospective purchasers, and will not, on the Effectiveness Date (as defined below), as then amended or supplemented by the Company if applicable, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Preliminary Memorandum does not contain and the Final Memorandum, in the form used by the Initial Purchaser to confirm sales prior to the Effectiveness Date, if applicable, and on the Effectiveness Date (as defined below), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; the Company's road show (including any electronic version

thereof, the **"Road Show** "), when taken together with the Time of Sale Memorandum, does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties set forth in this paragraph shall not apply to any statements or omissions in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum made in reliance upon and in conformity with information furnished in writing to the Company by you expressly for use therein; provided that the parties agree that the only information provided by you to the Company for inclusion in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum is set forth in Section 9(a).

(b) Except for the Additional Written Offering Communications, if any, identified in Schedule I hereto, and the Road Show, if any, furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any Additional Written Offering Communication.

(c) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included in the Time of Sale Memorandum any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, except to the extent that any such loss or interference would not, individually or in the aggregate, have a material adverse effect on the current or future business, consolidated financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a " **Material Adverse Effect** "), or otherwise than as set forth or contemplated in the Time of Sale Memorandum; and, since the respective dates as of which information is given in the Time of Sale Memorandum, there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries taken as a whole, in each case otherwise than as set forth or contemplated in the Time of Sale Memorandum.

(d) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of

all liens, encumbrances and defects except such as are described in the Time of Sale Memorandum or such as would not, individually or in the aggregate, have a Material Adverse Effect; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect.

(e) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Time of Sale Memorandum, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except to the extent that the failure to be so qualified or in good standing in any such jurisdiction would not, individually or in the aggregate, have a Material Adverse Effect; and each subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Memorandum and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

(f) The Company has full corporate power and authority to take, and has duly taken, all necessary action (corporate and otherwise) to authorize the Transactions.

(g) The Company has an authorized capitalization as set forth in the Time of Sale Memorandum and as will be set forth in the Final Memorandum under the caption “Description of Capital Stock”, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and conform in all material respects to the description of the capital stock contained in the Time of Sale Memorandum and as will be contained in the Final Memorandum under the caption “Description of Capital Stock”; the Underlying Securities have been duly and validly authorized and reserved for issuance and, when issued upon conversion of the Securities in accordance with the provisions of the Securities and the Indenture, will be duly and validly issued, fully paid and non-assessable and will conform

to the description of the Underlying Securities contained in the Time of Sale Memorandum and the Final Memorandum, and their issuance will not be subject to any preemptive or similar rights; all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and (except for directors' qualifying shares) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for liens, encumbrances, equities or claims that exist pursuant to the Second Amended and Restated Credit Agreement dated as of October 10, 2006 among the Company, Bank of America, N.A., as Agent, J.P. Morgan Chase Bank, N.A., as Syndication Agent, and the other parties thereto, as amended by Amendment No. 1 thereto dated as of June 12, 2007 and Amendment No. 2 thereto dated as of March 30, 2009 (the " **Credit Agreement** "); and, except as disclosed in the Time of Sale Memorandum and the Final Memorandum, no options, warrants or other rights to purchase, agreements or other obligations to issue or other rights to convert any obligations into or exchange any securities for shares of capital stock of or ownership interests in the Company's subsidiaries are outstanding.

(h) This Agreement has been duly authorized, executed and delivered by the Company.

(i) The Securities have been duly authorized and, when issued and delivered pursuant to this Agreement, will have been duly executed, authenticated, issued and delivered by the Company and, assuming due authentication thereof by the Trustee, will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture under which they are to be issued, which will be substantially in the form previously delivered to you; the Indenture has been duly authorized and, when executed and delivered by the Company and the Trustee, the Indenture will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities and the Indenture will conform in all material respects to the descriptions thereof in the Time of Sale Memorandum and the Final Memorandum and will be in substantially the form previously delivered to you.

(j) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without

limitation, Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System.

(k) Prior to the date hereof, neither the Company nor any of its affiliates has taken any action which is designed to or which has constituted or which might have been expected to cause or result in stabilization or manipulation of the price of any security of the Company in connection with the offering of the Securities.

(l) The issue and sale of the Securities by the Company and the compliance by the Company with all of the provisions of the Securities and the Transaction Agreements and the consummation of the Transactions herein and therein contemplated will not (i) result in any violation of any provisions of the certificate of incorporation or by-laws of the Company; (ii) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) result in any violation of the provisions of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties, except, with respect to clauses (ii) and (iii), for such conflicts, breaches, violations, or defaults which would not, individually or in the aggregate, have a Material Adverse Effect; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company of the Transactions contemplated herein or in the Transaction Agreements, except for such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Initial Purchaser and for such consents, approvals, authorizations, orders, registrations, or qualifications the absence of which would not have a Material Adverse Effect or would not materially impede the ability of the Company to consummate the Transactions or perform its obligations under the Transaction Agreements.

(m) Neither the Company nor any of its subsidiaries is (i) in violation of its certificate or articles of incorporation or by-laws or (ii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a

party or by which it or any of its properties may be bound, except, with respect to clause (ii), for such defaults that would not, individually or in the aggregate, have a Material Adverse Effect.

(n) The statements set forth under the captions “Description of the Debentures” and “Description of Capital Stock” in the Time of Sale Memorandum and the Final Memorandum, insofar as they purport to constitute a summary of the terms of the Securities and the Underlying Securities, under the captions “Certain United States Federal Income and Estate Tax Considerations” and “Plan of Distribution” in the Time of Sale Memorandum, insofar as they purport to describe the provisions of the federal laws of the United States and documents referred to therein, in “Part I — Item 1 — Business of Conseco — Governmental Regulation” of the Company’s most recent annual report on Form 10-K for the year ended December 31, 2008 incorporated by reference in the Time of Sale Memorandum, and in “Part I — Item 3 — Legal Proceedings” of the Company’s most recent annual report on Form 10-K for the year ended December 31, 2008, and in “Part II — Item 1 — Legal Proceedings” of the quarterly reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009 incorporated by reference in the Time of Sale Memorandum and the Final Memorandum, are accurate and complete in all material respects.

(o) Other than as set forth in the Time of Sale Memorandum, there are no legal or governmental proceedings pending to which the Company, any of its subsidiaries or any of its directors, officers or employees is a party or of which any property of the Company or any of its subsidiaries is the subject which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or a material adverse effect on the power or ability of the Company to perform its obligations under the Transaction Agreements or the Securities, or to consummate the Transactions contemplated herein; and, to the Company’s knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(p) It is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchaser in the manner contemplated by this Agreement to register the Securities under the Securities Act, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

(q) The Company is not, and after giving effect to the offering and sale of the Securities and the Private Placement Securities and the application of the proceeds thereof as described in the Time of Sale

Memorandum and the Final Memorandum will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(r) Neither the Company nor any affiliate (as defined in Rule 501(b) of Regulation D under the Securities Act, an " **Affiliate** ") of the Company has directly, or through any agent, (A) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the Securities or (B) offered, solicited offers to buy or sold the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(s) The financial statements included in the Time of Sale Memorandum and that will be included in the Final Memorandum present fairly the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis; and any schedules included in the Time of Sale Memorandum and that will be included in the Final Memorandum present fairly the information required to be stated therein.

(t) The Company and its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (" **Environmental Laws** "), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, individually or in the aggregate, have a Material Adverse Effect.

(u) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or

compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would individually or in the aggregate, have a Material Adverse Effect.

(v) No labor dispute with the employees of the Company or any subsidiary exists or, to the knowledge of the Company, is imminent that would reasonably be expected to have a Material Adverse Effect.

(w) The Company and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, " **Intellectual Property Rights** ") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of infringement of or conflict with asserted rights of others with respect to any Intellectual Property Rights that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect.

(x) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-14 under the Exchange Act) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Commission, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate to allow timely decisions regarding required disclosure.

(y) Except as disclosed in the Time of Sale Memorandum and the Final Memorandum, since the end of the Company's most recent audited fiscal year, the Company is not aware of any material weakness or significant deficiency in the Company's internal control over financial reporting (whether or not remediated).

(z) Each of the Company and its subsidiaries that is required to be organized or licensed as an insurance company in its jurisdiction of incorporation (each an " **Insurance Subsidiary** " or collectively " **Insurance Subsidiaries** ") has all necessary consents, licenses, authorizations, approvals, exemptions, orders, certificates and permits (collectively, the " **Consents** ") of and from, and has made all filings and declarations (collectively, the " **Filings** ") with, all insurance regulatory authorities, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, necessary to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Time of Sale Memorandum and the Final Memorandum, and has paid all fees and assessments due and payable in connection therewith, except where the failure to have such Consents or to make such Filings or payments would not, individually or in the aggregate, have a Material Adverse Effect; as of their respective dates, such Consents and Filings complied in all material respects with all the laws, rules and regulations of the applicable regulatory authority with which they were filed, except where the failure to so comply would not, individually or in the aggregate, have a Material Adverse Effect, and are, as of the date hereof, in full force and effect; the Company and its Insurance Subsidiaries are in compliance with such Consents and neither the Company nor any of its Insurance Subsidiaries has received any notice of any inquiry, investigation or proceeding that would reasonably be expected to result in the suspension, revocation or limitation of any such Consent or otherwise impose any limitation on the conduct of the business of the Company or any of its respective Insurance Subsidiaries, except as set forth in the Time of Sale Memorandum and the Final Memorandum or except as any such failure to be in full force and effect, failure to be in compliance with, suspension, revocation or limitation would not, individually or in the aggregate, have a Material Adverse Effect; to the Company's knowledge, no insurance regulatory agency or body has issued, or commenced any proceeding for the issuance of, any order or decree impairing, restricting or prohibiting the payment of dividends by any Insurance Subsidiary to its parent (other than with respect to profits derived from Washington National Insurance Company's Florida Home Health Care policies); to the Company's knowledge, each of the Company and its Insurance Subsidiaries is in compliance with, and conducts its businesses in conformity with, all applicable insurance laws and

regulations, except where the failure to so comply or conform would not, individually or in the aggregate, have a Material Adverse Effect; except for statutory or regulatory restrictions of general application to life and health insurance companies, no governmental authority has placed any material restriction on the business or properties of the Company or any Insurance Subsidiary.

(aa) All reinsurance contracts, agreements or other arrangements to which the Company is a party are in full force and effect, and the Company is not in violation of, or in default in the performance, observance or fulfillment of, any obligation, agreement, covenant or condition contained therein, except to the extent that any such violation or default would not have a Material Adverse Effect; the Company has not received any notice from any of the other parties to such contracts, agreements or other arrangements that such other party intends not to perform in any material respect such contracts, agreements or other arrangements, and, to the best of its knowledge, the Company has no reason to believe that any of the other parties to such contracts, agreements or other arrangements will be unable or unwilling to perform such contracts, agreements or other arrangements.

(bb) The 2008 statutory annual statements of each Insurance Subsidiary and the statutory balance sheets and income statements included in such statutory annual statements together with related schedules and notes have been prepared, in all material respects, in conformity with statutory accounting principles and practices (" **SAP** ") required or permitted by the appropriate insurance regulator of the jurisdiction of domicile of each such Insurance Subsidiary, and such SAP have been applied on a consistent basis throughout the periods involved, except as may otherwise be indicated therein or in the notes thereto, and present fairly, in all material respects, the statutory financial position of such Insurance Subsidiaries as of the dates thereof, and the statutory basis results of operations of such Insurance Subsidiaries for the periods covered thereby.

(cc) The balance sheets of the Insurance Subsidiaries at dates after December 31, 2008, and the related statements of income, surplus and cash flows, which have been filed with the applicable insurance regulatory authorities (the " **2009 Quarterly SAP Statements** ", and together with the 2008 statutory annual statements of each Insurance Subsidiary described above, the " **SAP Statements** "), copies of which have been made available to the Initial Purchaser by the Company, have been prepared in accordance with SAP applied on a consistent basis and present fairly in all material respects the applicable Insurance

Subsidiaries' respective statutory financial conditions as of such dates and the results of their respective operations and cash flows.

(dd) The aggregate reserves of the Insurance Subsidiaries as recorded in the Company SAP Statements have been determined in all material respects in accordance with generally accepted actuarial principles consistently applied (except as set forth therein). All reserves of the Insurance Subsidiaries set forth in the SAP Statements are fairly stated in accordance with sound actuarial principles and meet the requirements of all applicable insurance laws including the applicable SAP, except where failure to so state reserves or meet such requirements, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(ee) Each Insurance Subsidiary (i) is in compliance with all applicable insurance regulatory minimum capital or surplus requirements; (ii) has not become subject to any "Company Action Level" pursuant to applicable risk-based capital guidelines, and has not received notice of any pending action that would result in its becoming so subject; (iii) has not taken any steps towards commencing, and has not received notice of any actions taken by the relevant regulatory authorities to commence, any rehabilitation, delinquency or insolvency proceedings under applicable insurance laws in any state or foreign jurisdiction; and (iv) has assets that exceed its respective total reserves, all as computed in accordance with the applicable SAP applied consistently with past practice.

(ff) Except as described in the Time of Sale Memorandum and the Final Memorandum, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company.

(gg) The Company and the subsidiaries have filed all Federal, State, local and foreign tax returns which have been required to be filed and have paid all taxes indicated by such returns and all assessments received by them or any of them to the extent that such taxes have become due (other than any such taxes which are currently being contested in good faith), except to the extent that any failure to so file or pay would not reasonably be expected to result in a Material Adverse Effect; all tax liabilities have been adequately provided for in the consolidated financial statements of the Company described above, and the Company does not know of any actual or proposed additional material tax assessments applicable to it.

(hh) Except as would not reasonably be expected to result in a Material Adverse Effect, the Company and each subsidiary are in compliance with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder (“ **ERISA** ”); no “reportable event” (as defined in ERISA) has occurred with respect to any “pension plan” (as defined in ERISA) for which the Company or any subsidiary would have any liability; neither the Company nor any subsidiary has incurred or expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any “pension plan” or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the “ **Code** ”); and each “pension plan” for which the Company or any subsidiary would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(ii) Neither the Company nor any of its subsidiaries or affiliates, nor any director, officer, or employee, nor, to the Company’s knowledge, any agent or representative of the Company or of any of its subsidiaries or affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any “government official” (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and the Company and its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

(jj) The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations

thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the " **Anti-Money Laundering Laws** "), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(kk) (i) The Company, represents that neither the Company nor any of its subsidiaries (collectively, the " **Entity** ") or, to the knowledge of the Entity, any director, officer, employee, agent, affiliate or representative of the Entity, is an individual or entity (" **Person** ") that is, or is owned or controlled by a Person that is:

(A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control (" **OFAC** "), the United Nations Security Council (" **UNSC** "), the European Union (" **EU** "), Her Majesty's Treasury (" **HMT** "), or other relevant sanctions authority (collectively, " **Sanctions** "), nor

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria).

(ii) The Entity represents and covenants that it will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Entity represents and covenants that, for the past three years, it has not knowingly engaged in, is not now knowingly engaged in, and will not engage in, any dealings or transactions with

any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

2. *Agreements to Sell and Purchase* . The Company hereby agrees to sell to the Initial Purchaser, and the Initial Purchaser, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees to purchase from the Company the Securities at a purchase price equal to the aggregate principal amount of the Securities purchased on the applicable Closing Date (as defined below) multiplied by (1 — (0.07 x N/365)), where N equals the number of days from, and including, the Effectiveness Date to, and excluding, the applicable Closing Date, less an amount equal to 2% of the aggregate principal amount of such Securities, (the " **Purchase Price** "), as follows:

(a) On each date that a Tender Offer settles (a " **Tender Offer Closing Date** "), the Initial Purchaser will purchase an aggregate principal amount of Securities equal to the aggregate principal amount of Existing Convertibles accepted for purchase by the Company in each such Tender Offer;

(b) On September 30, 2010 (the " **Put Right Closing Date** "), the aggregate principal amount of Existing Convertibles remaining after the completion of the Tender Offers, if any, that the Company is required by holders thereof to repurchase pursuant to the terms of the Existing Convertibles;

(c) On October 5, 2010 (the " **Redemption Closing Date** "), the aggregate principal amount of Existing Convertibles remaining after the Put Right Closing Date, if any, that the Company elects to redeem from the holders thereof pursuant to the terms of the Existing Convertibles.

Any Tender Offer Closing Date, the Put Right Closing Date, and the Redemption Closing Date, each a " **Closing Date** ," are collectively referred to herein as the " **Closing Dates** ". For the avoidance of doubt, even if any Existing Convertibles remain outstanding on the Redemption Closing Date, the Company shall be under no obligation to sell and the Initial Purchaser shall be under no obligation to buy, any Securities subsequent to the Redemption Closing Date and this Agreement shall immediately terminate without any obligation or liability of either party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party to this Agreement by reason of this Agreement, provided that Section 9 and Section 11 shall survive any such termination.

Notwithstanding anything to the contrary set forth herein, but subject to the conditions set forth in Section 5, this Agreement (including the Initial Purchaser's obligation to purchase and pay for the Securities on each Closing Date, upon satisfaction of the conditions set forth in Section 6), shall become effective two Business Days (as defined below) after execution and delivery of this Agreement by the parties hereto (such date, the " **Effectiveness Date** "). For purposes of this Agreement, a " **Business Day** " means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York City or the City of Chicago are authorized or obligated by law or executive order to close.

3. *Terms of Offering* . You have advised the Company that on the date hereof you are entering into Forward Purchase Agreements with Buyers of the Securities.

4. *Payment and Delivery.* Payment for the Securities shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Securities in such names and denominations as specified by the Initial Purchaser at 8:00 a.m., New York City time, on each Closing Date, or at such other place or time as the Company and the Initial Purchaser may mutually agree in writing.

The Securities shall be in certificated physical form and registered in such names and in such denominations as you shall request in writing not later than one full Business Day prior to each Closing Date. The Securities shall be delivered to you on each Closing Date, with any transfer taxes payable in connection with the transfer of the Securities to you duly paid, against payment of the Purchase Price therefor in accordance with Section 2 of this Agreement.

5. *Conditions to Effectiveness to be Satisfied on the Effectiveness Date.* The obligation of the Initial Purchaser to purchase and pay for the Securities on each Closing Date (subject to satisfaction of the conditions set forth in Section 6) shall become effective at 10:00 a.m. New York City time on the Effectiveness Date subject to the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to 10:00 a.m. New York City time on the Effectiveness Date:

(i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded the Company or any of the securities of the Company or any of its subsidiaries or in the rating outlook for the Company by

any “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Memorandum as of the date of this Agreement provided to the prospective purchasers of the Securities that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Securities on the terms and in the manner contemplated in the Time of Sale Memorandum.

(b) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date a certificate, dated the Effectiveness Date and signed by an executive officer of the Company, to the effect set forth in Section 5(a)(i) and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Effectiveness Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Effectiveness Date. With respect to proceedings threatened, the officer signing and delivering such certificate may rely upon the best of his or her knowledge.

(c) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date an opinion of Simpson Thacher & Bartlett, LLP, counsel for the Company, dated the Effectiveness Date, substantially to the effect set forth in Exhibit A. Such opinion shall be rendered to the Initial Purchaser at the request of the Company and shall so state therein.

(d) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date a negative assurance letter from Simpson Thacher & Bartlett, LLP, counsel for the Company, dated the Effectiveness Date, substantially to the effect set forth in Exhibit B.

(e) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date an opinion of Karl W. Kindig, Secretary of the Company, dated the Effectiveness Date, substantially to the effect set forth in Exhibit C.

(f) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date an opinion of Davis Polk & Wardwell LLP, counsel for the Initial Purchaser, dated the Effectiveness Date, satisfactory to the Initial Purchaser.

(g) The Initial Purchaser shall have received on each of the date hereof and prior to 10:00 a.m. New York City time on the Effectiveness Date a letter, dated the date hereof and the Effectiveness Date in form and substance satisfactory to the Initial Purchaser and PricewaterhouseCoopers LLP, independent registered public accountants, containing statements and information of the type included in the accountants' comfort letter prepared in accordance with AU Section 634, *Letters for Underwriters and Certain Other Requesting Parties* , to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Time of Sale Memorandum and the Final Memorandum; provided that the letter delivered on the Effectiveness Date shall use a "cut-off date" not earlier than the date hereof.

(h) The Initial Purchaser shall have received prior to 10:00 a.m. New York City time on the Effectiveness Date a certificate, dated the Effectiveness Date and signed by the chief financial officer of the Company, relating to the operating results and financial condition of the Company as of and for the three months ended September 30, 2009, substantially to the effect set forth in Exhibit E.

(i) The lock-up agreements, each substantially in the form of Exhibit G hereto, between you and the executive officers and directors of the Company (the " **Lock-up Agreements** " and individually, a " **Lock-up Agreement** "), whose names are set forth on Schedule III hereto, relating to sales and certain other dispositions of shares of the Company's common stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect.

(j) The Lock-Up Agreement, substantially in the form of Exhibit H hereto, between you and the shareholder of the Company, whose name is set forth on Schedule III hereto, relating to sales and certain other dispositions of shares of the Company's common stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect.

(k) The Private Placement Agreement shall have been executed by the parties thereto.

(l) The Indenture shall have been executed by the parties thereto.

6. *Conditions to the Initial Purchaser's Obligation on each Closing Date.* The obligation of the Initial Purchaser to purchase and pay for the Securities on each Closing Date is subject to the further following conditions:

(a) This Agreement shall have become effective pursuant to Section 5 hereof.

(b) On each such Closing Date, there shall not have occurred and be continuing an Event of Default (as defined in the Credit Agreement) under the Credit Agreement;

(c) On each such Closing Date, there shall not have occurred and be continuing an Event of Default (as defined in the Indenture) under any previously issued Securities;

(d) The closing, simultaneously with, or prior to, the first Closing Date, of the Private Placement;

(e) On or prior to the first Tender Offer Closing Date, the Company shall have (i) received approval from the NYSE to issue the Private Placement Securities, the Securities and the Underlying Securities, and (ii) notified all shareholders by mail no later than 10 days prior to the first Tender Offer Closing Date alerting them to the Company's omission to seek shareholder approval that would otherwise be required in connection therewith and indicating that the Company's audit committee has approved reliance on the shareholder approval exception, each in accordance with Section 312.05 of the NYSE Rules.

(f) On each such Closing Date, no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, law, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of any transaction contemplated by this Agreement.

(g) The Initial Purchaser shall have received on each such Closing Date an opinion of Karl W. Kindig, Secretary of the Company, or other Company counsel reasonably satisfactory to the Initial Purchaser, dated each such Closing Date, substantially to the effect set forth in Exhibit D.

(h) (i) Prior to the first Closing Date, the Company shall have filed with the Commission a quarterly report on Form 10-Q for its fiscal quarter ended September 30, 2009, on or before November 19, 2009; such Form 10-Q shall have included the financial statements required by Form 10-Q and such financial statements shall have been subject to a completed SAS 100 review by the Company's independent auditors; and the Company's management shall not have concluded, in connection with such filing that there is substantial doubt regarding the Company's ability to continue as a going concern, and (ii) prior to any subsequent Closing Date, the Company shall have filed with the Commission a quarterly report on Form 10-Q or an annual report on Form 10-K, as the case may be, within the deadline for such filing specified in such Form, for the immediately preceding fiscal period for which the deadline for the filing of such Form shall have passed prior to such Closing Date, and such Form filed by the Company shall have included the financial statements required by such Form and such financial statements shall have been subject to a completed SAS 100 review or an audit report issued by the Company's independent auditors; and neither the Company's management nor the Company's independent auditors shall have concluded, in connection with such filing, that there is substantial doubt regarding the Company's ability to continue as a going concern, *provided, however*, that filing any Form referred to in (ii) above within the deadline for such filing shall not be a condition to the Initial Purchaser's obligations if, on the Business Day following the date any such Form was required to be filed, the Company provides the Initial Purchaser with a certificate substantially to the effect set forth in Exhibit F.

For the avoidance of doubt, notwithstanding anything herein to the contrary, if on a Closing Date, the conditions set forth in this Section 6 are not satisfied, the Company shall be under no obligation to sell, and the Initial Purchaser shall be under no obligation to buy, any Securities on such Closing Date or any future Closing Date and this Agreement shall immediately terminate without obligation or liability of either party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party to this Agreement by reason of this Agreement; provided that Section 9 and Section 11 shall survive any such termination.

7. *Covenants of the Company* . The Company covenants with the Initial Purchaser as follows:

(a) To furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the Business Day next succeeding the date of this Agreement and during the period mentioned in Section 7(d) and Section 7(e), as many copies of the Time of Sale

Memorandum, the Final Memorandum, any documents incorporated by reference therein and any supplements and amendments thereto as you may reasonably request.

(b) Before amending or supplementing the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, to furnish to you a copy of each such proposed amendment or supplement and not to use any such proposed amendment or supplement to which you reasonably object.

(c) To furnish to you a copy of each proposed Additional Written Offering Communication to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed Additional Written Offering Communication to which you reasonably object.

(d) If the Time of Sale Memorandum is being used to solicit offers to buy the Securities at a time when the Final Memorandum is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Memorandum in order to make the statements therein, in the light of the circumstances, not misleading, or if, in the opinion of counsel for the Initial Purchaser, it is necessary to amend or supplement the Time of Sale Memorandum to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Initial Purchaser upon request, either amendments or supplements to the Time of Sale Memorandum so that the statements in the Time of Sale Memorandum as so amended or supplemented will not, in the light of the circumstances when delivered to a prospective purchaser, be misleading or so that the Time of Sale Memorandum, as amended or supplemented, will comply with applicable law.

(e) If, during such period after the date hereof and prior to the Effectiveness Date, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Final Memorandum in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if, in the opinion of counsel for the Initial Purchaser, it is necessary to amend or supplement the Final Memorandum to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Initial Purchaser, either amendments or supplements to the Final Memorandum so that the statements in the Final Memorandum as so amended or supplemented will not, in the light of the circumstances under which they were made, be

misleading or so that the Final Memorandum, as amended or supplemented, will comply with applicable law.

(f) To endeavor to qualify the Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(g) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (A) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the issuance and sale of the Securities and all other fees or expenses in connection with the preparation of the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum, any Additional Written Offering Communication prepared by or on behalf of, used by, or referred to by the Company and any amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the delivering of copies thereof to the Initial Purchaser, in the quantities herein above specified, (B) all costs and expenses related to the transfer and delivery of the Securities to the Initial Purchaser, including any transfer or other taxes payable thereon, (C) the cost of printing or producing any Blue Sky or legal investment memorandum in connection with the offer and sale of the Securities under state securities laws and all expenses in connection with the qualification of the Securities for offer and sale under state securities laws as provided in Section 7(e) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Initial Purchaser in connection with such qualification and in connection with the Blue Sky or legal investment memorandum, (D) any fees charged by rating agencies for the rating of the Securities, (E) the fees and expenses, if any, incurred in connection with the admission of the Securities for trading in any appropriate market system, (F) the costs and charges of the Trustee, and any transfer agent, registrar or depositary, (G) all fees and expenses arising in connection with the Security Documents (as defined in the Forward Purchase Agreements), including fees and expenses of the Deposit Bank referred to thereunder (H) the cost of the preparation, issuance and delivery of the Securities, (I) the costs and expenses of the Company relating to investor presentations on any Road Show undertaken in connection with the marketing of the offering of the Securities, including, without limitation, expenses associated with the preparation or dissemination of any Road Show, expenses associated with production of Road Show slides and graphics, travel and lodging expenses of the officers of the Company, and the cost of any aircraft chartered in connection with the Road Show, (J) the document production charges and expenses

associated with printing this Agreement and (K) all other cost and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 9, and Section 11, the Initial Purchaser will pay all of its costs and expenses, including fees and disbursements of its counsel and transfer taxes payable on resale of any of the Securities by it.

(h) Neither the Company nor any Affiliate will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) which could be integrated with the sale of the Securities in a manner which would require the registration under the Securities Act of the Securities.

(i) Not to solicit any offer to buy or offer or sell the Securities or the Underlying Securities by means of any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

(j) During the period of one year after the latest Closing Date, the Company will not, and will not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to resell any of the Securities or the Underlying Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

(k) Not to take any action prohibited by Regulation M under the Exchange Act in connection with the distribution of the Securities contemplated hereby.

(l) To use its commercially reasonable efforts to list, subject to notice of issuance, the Underlying Securities on the NYSE.

(m) Not to exercise its right to terminate the Private Placement Agreement pursuant to Section 9.4(f) thereunder.

The Company also agrees that, without the prior written consent of the Initial Purchaser, it will not, during the period beginning on the date hereof and ending 90 days after the date hereof, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock of the Company or any securities convertible into or exercisable or exchangeable for common stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock,

whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) the sale of the Securities under this Agreement, (b) the offer and sale of the Private Placement Securities pursuant to the Private Placement, (c) the Company's proposed registered offering of such number of shares of common stock of the Company that would generate not less than $200.0 million in gross proceeds to the Company, (d) the issuance by the Company of any shares of common stock upon the exercise of any option or warrant or the conversion of a security outstanding on the date hereof of which the Initial Purchaser has been advised in writing, (e) grants by the Company of employee stock options or other equity-based compensation pursuant to the terms of a plan in effect on the date of this Agreement, or (f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that such plan does not provide for the transfer of common stock during the 90-day restricted period.

The Company will issue stop transfer instructions to the transfer agent for its common stock with respect to any transaction or contemplated transaction that would constitute a breach or default under the applicable Lock-Up Agreement.

8. *Offering of Securities; Restrictions on Transfer* . (a) The Initial Purchaser represents and warrants that it is a "qualified institutional buyer" as defined in the Securities Act (a " **QIB** "). The Initial Purchaser agrees with the Company that (i) it will not solicit offers for, or offer or sell, such Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (ii) it will solicit offers for such Securities only from, and will offer such Securities only to, persons that it reasonably believes to be QIBs that represent, agree and confirm in their respective Forward Purchase Agreement as to their understanding and acceptance of the restrictions on transfer of the Securities described in the Time of Sale Memorandum and in the Final Memorandum under the caption "Notice to Investors". The Initial Purchaser represents, warrants and agrees that, unless it has obtained or obtains the prior consent of the Company, it has not made and will not make any offer relating to the Securities by means of Additional Written Offering Communications. The Initial Purchaser agrees that it will, on or prior to the Effectiveness Date, provide the Company and its counsel with copies of any executed Forward Purchase Agreements it receives.

(b) The Initial Purchaser represents, warrants, and agrees with respect to offers and sales outside the United States that:

(i) it understands that no action by the Company has been or will be taken in any jurisdiction that would permit a public offering

of the Securities, or possession or distribution of the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required;

(ii) it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum or any such other material, in all cases at its own expense;

(iii) the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act;

(iv) it, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive excluding Germany (each, a " **Member State** "), has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of Securities to the public in that Member State, except that it may, with effect from and including such date, make an offer of Securities to the public in that Member State:

(A) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(B) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or

(C) at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Securities to the public" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Member State;

(v) it has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and

(vi) it understands that the Securities have not been and will not be registered under the Securities and Exchange Law of Japan, and represents that it has not offered or sold, and agrees not to offer or sell, directly or indirectly, any Securities in Japan or for the account of any resident thereof except pursuant to any exemption from the registration requirements of the Securities and Exchange Law of Japan and otherwise in compliance with applicable provisions of Japanese law.

9. *Indemnity and Contribution* . (a) The Company agrees to indemnify and hold harmless the Initial Purchaser, each person, if any, who controls the Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of the Initial Purchaser within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Memorandum, the Time of Sale Memorandum, the Road Show, any Additional Written Offering Communication prepared by or on behalf of, used by, or referred to by the Company, or the Final Memorandum or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in the light of the circumstances under

which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Initial Purchaser furnished to the Company in writing by you expressly for use therein. The Company hereby acknowledges that the only information that the Initial Purchaser has furnished to the Company expressly for use in the Preliminary Memorandum, the Time of Sale Memorandum and the Final Memorandum (or any amendment or supplement thereto) are the statements set forth in the 6th, 9th, 16th, 19th, 21st and 22nd paragraphs under the caption "Plan of Distribution" in the Preliminary Offering Memorandum, the Time of Sale Memorandum and the Final Offering Memorandum

(b) The Initial Purchaser agrees to indemnify and hold harmless the Company, its directors, its officers and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity in Section 9(a) from the Company to such Initial Purchaser, but only with reference to information relating to such Initial Purchaser furnished to the Company in writing by you expressly for use in the Preliminary Memorandum, the Time of Sale Memorandum, any Additional Written Offering Communication prepared by or on behalf of, used by or referred to by the Company, or the Final Memorandum or any amendment or supplement thereto, provided, that, the parties agree that the only information provided by you to the Company for inclusion in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum is set forth in Section 9(a).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a) or (b), such person (the " **indemnified party** ") shall promptly notify the person against whom such indemnity may be sought (the " **indemnifying party** ") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related

proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Morgan Stanley & Co. Incorporated, in the case of parties indemnified pursuant to Section 9(a), and by the Company, in the case of parties indemnified pursuant to Section 9(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (i) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (ii) does not include a statement as to, or an admission of fault, culpability or a failure to act by, or on behalf of, any indemnified party.

(d) To the extent the indemnification provided for in Section 9(a) or (b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Initial Purchaser on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (d)(i) above but also the relative fault of the Company on the one hand and of the Initial Purchaser on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Initial Purchaser on the other hand in connection with the offering of the Securities shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Securities (before deducting expenses) received by the Company and the total discounts and commissions received by the Initial Purchaser bear to the aggregate offering price of the Securities. The relative fault of the Company on the one hand and of the Initial Purchaser on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Initial Purchaser

and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company and the Initial Purchaser agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 9(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 9 (d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, the Initial Purchaser shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities resold by it in the initial placement of such Securities were offered to investors exceeds the amount of any damages that the Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 9 and the respective representations, warranties and other statements of the Company and the Initial Purchaser contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Initial Purchaser, any person controlling the Initial Purchaser or any affiliate of the Initial Purchaser or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Securities.

10. *Termination* . (a) The Initial Purchaser may terminate this Agreement by notice given by it to the Company, if after the execution and delivery of this Agreement and prior to the Effectiveness Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, or the NASDAQ Global Market, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any general moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of

hostilities, or any change in financial markets or any calamity or crisis that, in your judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in your judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Securities on the terms and in the manner contemplated in the Time of Sale Memorandum or the Final Memorandum.

(b) Notwithstanding anything to the contrary stated herein, the Initial Purchaser may terminate this Agreement at any time in the event that the Company (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, subject to applicable grace periods, if any; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(a) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (b) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (a) above and either (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

(c) Notwithstanding anything to the contrary stated herein, the Initial Purchaser may terminate this Agreement at any time that it shall determine that the condition set forth in Section 6(h) has not been satisfied. In the event the Initial Purchaser shall terminate the Agreement pursuant this Section 10(c), it shall give prior written notice of such termination to the Company.

11. *Reimbursement of Initial Purchaser's Expenses* . If this Agreement shall be terminated by the Initial Purchaser (A) because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, or (B) because the Initial Purchaser has terminated this Agreement pursuant to Section 10(b) or (c), the Company will reimburse the Initial Purchaser for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by the Initial Purchaser in connection with this Agreement or the offering contemplated hereunder.

12. *Entire Agreement* . (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Securities, represents the entire agreement between the Company and the Initial Purchaser with respect to the preparation of the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum, the conduct of the offering, and the purchase and sale of the Securities; provided, however, that for purposes of the foregoing, the indemnity and contribution provisions contained in Section 9 of this Agreement shall not supersede the indemnity and contribution provisions contained in the Engagement Letter.

(b) The Company acknowledges that in connection with the offering of the Securities: (i) the Initial Purchaser has acted at arms' length, is not an agent of, and owes no fiduciary duties to, the Company or any other person, (ii) the Initial Purchaser owes the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement) if any, and (iii) the Initial Purchaser may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Initial Purchaser arising from an alleged breach of fiduciary duty in connection with the offering of the Securities.

13. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

15. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

16. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Initial Purchaser shall be delivered, mailed or sent to Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, Attention: Convertible Debt Syndicate Desk, with a copy to the Legal Department; and if to the Company shall be delivered, mailed or sent to Conseco, Inc., 11825 North Pennsylvania Street, Carmel, Indiana 46032, Attention: Karl W. Kindig.

Very truly yours,

CONSECO, INC.

By: /s/ C. James Prieur
Name: C. James Prieur
Title: Chief Executive Officer

Accepted as of the date hereof

Morgan Stanley & Co. Incorporated

By: /s/ Kenneth G. Pott
Name: Kenneth G. Pott
Title: Managing Director

SCHEDULE I

Time of Sale Memorandum

1. Preliminary Offering Memorandum, dated October 13, 2009
2. Pricing Term Sheet

SCHEDULE II

Pricing Term Sheet

PRICING TERM SHEET
Dated October 14, 2009

Conseco, Inc.

Up to $293,000,000
7.0% Convertible Senior Debentures Due 2016

The information in this pricing term sheet supplements Conseco, Inc.'s preliminary offering memorandum, dated October 13, 2009 (the "Preliminary Offering Memorandum") and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. This term sheet is qualified in its entirety by reference to the Preliminary Offering Memorandum. Terms used herein but not defined herein shall have the respective meanings as set forth in the Preliminary Offering Memorandum.

Issuer:	Conseco, Inc. (NYSE: CNO)
Title of securities:	7.0% Convertible Senior Debentures Due 2016 (the "debentures")
Debentures offered:	Up to $293,000,000 aggregate principal amount of debentures. The aggregate principal amount of debentures offered will be equal to the sum of (x) the aggregate principal amount of the Issuer's 3.50% Convertible Debentures due September 30, 2035 (the "existing debentures") purchased by it in the tender offer the Issuer intends to announce shortly after pricing of this offering (the "intended tender offer") and any subsequent Issuer tender offer for the existing debentures that expires before October 5, 2010 (each, a "tender offer" and the business day following the date on which a tender offer expires, a "tender offer closing date"), (y) the aggregate principal amount of existing debentures that the Issuer is required by holders thereof to repurchase on September 30, 2010 (such date, the "put right closing date") pursuant to the terms of the existing debentures and (z) the aggregate principal amount of existing debentures redeemed by the Issuer on October 5, 2010 (such date, the "redemption closing date" and collectively with the tender offer closing date(s) and the put right closing date, the "closing dates" and individually, a "closing date") pursuant to the terms of the existing debentures. The debentures issued on each closing date will form a separate series under the indenture.
Offering price:	On each closing date, each debenture will be issued at the discounted offering price (as defined below). Interest on each

	series of debentures will accrue from the date of issuance of such series. The "discounted offering price", on each closing date, shall be equal to 100% of the principal amount of each debenture less an amount equal to 7.0% per annum of such principal amount based on the actual number of days elapsed during the period from, and including, the deposit funding date to, and excluding, the relevant closing date for such series and a 365-day year.
Use of proceeds:	The net proceeds to the Issuer from the offering of debentures will be the discounted offering price(s) in aggregate for all debentures sold less the initial purchaser's discounts and commissions and estimated offering expenses to be paid by the Issuer. Assuming the issuance of $293.0 million aggregate principal amount of debentures on November 13, 2009 (the date the Issuer currently expects to consummate the intended tender offer), the net proceeds to the Issuer from the offering of debentures will be approximately $281.3 million. If, however, the Issuer issues $293.0 million aggregate principal amount of the Issuer's debentures on October 5, 2010 (the latest possible closing date), the net proceeds to it from the offering of debentures will be approximately $262.9 million.
Maturity date:	December 30, 2016, unless earlier converted
Interest rate:	7.0% per annum, accruing from the closing date for such series of debentures
Interest payment dates:	Each June 30 and December 30, beginning on the first interest payment date immediately succeeding the closing date for such series of debentures; *provided however* that if the closing date of such series is after the close of business on the interest record date for such interest payment date, the first interest payment date will instead be the second interest payment date immediately succeeding the issuance date of such series.
Transfer restrictions:	Offers and sales of the debentures will be made by the initial purchaser only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Rule 144A under the Securities Act. Notwithstanding any statement in the preliminary offering memorandum to the contrary, the debentures will be issued on each closing date in global form through the facilities of The Depository Trust Company, rather than in the form of physical certificates.
Initial conversion rate:	182.1494 shares of common stock per $1,000 principal amount of debentures
Reference price:	$4.99, the closing sale price of the Issuer's common stock on the New York Stock Exchange on October 13, 2009
Conversion premium:	Approximately 10.02% above the reference price

Conversion price:	Approximately $5.49 per share of the Issuer's common stock
Initial purchaser:	Morgan Stanley & Co. Incorporated
Allocation:	The Issuer has been informed that Paulson & Co. Inc., on behalf of the several investment funds and accounts managed by it ("Paulson") intends to enter into an agreement with the initial purchaser to purchase up to $200,000,000 aggregate principal amount of debentures.
Trade date:	October 14, 2009
Settlement date:	Each series of debentures will be issued from time to time on each closing date.
CUSIP/ISIN:	Each series of debentures will be assigned a different CUSIP/ISIN number. The CUSIP/ISIN for the first series of debentures issued on the first closing date will be 208464 BJ5/US208464BJ55.
Buyer Purchase Price Funding Obligation:	With respect to each buyer, the product of such buyer's applicable percentage commitment and $291,426,630.14.
Clause (c) of Footnote 6 of the Capitalization Table:	53,369,775 shares of our common stock issuable upon conversion of the debentures (not including any "additional shares").
Adjustment to Conversion Rate upon a Make Whole Adjustment Event:	The following table sets forth the stock price paid per share of the Issuer's common stock in the make whole adjustment event and the number of additional shares per $1,000 principal amount of debentures by which the conversion rate will be increased:

Effective Date	**$4.99**	**$5.25**	**$5.50**	**$6.00**	**$6.75**	**$7.50**	**$8.50**	**$10.00**	**$15.00**	**$20.00**	**$30.00**	**$45.00**	**$60.00**
October 16, 2009	18.2514	17.3475	16.5590	15.1791	13.4925	12.1433	10.7146	9.1074	6.0716	4.5537	3.0358	1.7542	0.9081
December 30, 2010	18.2514	17.3475	16.5590	15.1791	13.4925	12.1433	10.7146	9.1074	6.0716	4.5537	3.0358	1.6961	0.8742
December 30, 2011	18.2514	17.3475	16.5590	15.1791	13.4925	12.1433	10.7146	9.1074	6.0716	4.5537	3.0358	1.6535	0.8498
December 30, 2012	18.2514	17.3475	16.5590	15.1791	13.4925	12.1433	10.7146	9.1074	6.0716	4.5537	3.0358	1.6071	0.8335
December 30, 2013	18.2514	17.3475	16.5590	15.1791	13.4925	12.1433	10.7146	9.1074	6.0716	4.5537	2.8996	1.5078	0.8134
December 30, 2014	18.2514	17.3475	16.5590	15.1791	13.4925	12.0700	10.5416	8.8242	5.5896	3.9692	2.3489	1.2686	0.7285
December 30, 2015	18.2514	10.2725	9.7625	8.9055	7.8660	7.0331	6.1525	5.1621	3.2904	2.3546	1.4188	0.7950	0.4830
December 30, 2016	18.2514	8.3268	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The exact stock prices and effective dates may not be as set forth in the table above, in which case:

- If the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365-day year.

- If the stock price is greater than $60.00 per share, subject to adjustment in the same manner and at the same time as the stock prices set forth in the first row of the table above, the conversion rate will not be increased.
- If the stock price is less than $4.99 per share (the closing sale price of the common stock on the date of pricing of the debentures), subject to adjustment in the same manner and at the same time as the stock prices set forth in the first row of the table above, the conversion rate will not be increased.

In accordance with the foregoing, in no event will the total number of shares of the Issuer's common stock issuable upon conversion exceed 200.4008 shares per $1,000 principal amount of debentures, subject to adjustment in the same manner and at the same time as the conversion rate as set forth above under "Description of the Debentures—Conversion Rate Adjustments" in the Preliminary Offering Memorandum.

General

This communication is intended for the sole use of the person to whom it is provided by the sender. This material is confidential and is for your information only and is not intended to be used by anyone other than you. This information does not purport to be a complete description of the debentures or the offering.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any debentures in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Neither the debentures nor the shares of the Issuer's common stock issuable upon conversion of the debentures have been registered under the Securities Act or any state securities laws, and are subject to transfer restrictions. The debentures and the shares of the Issuer's common stock issuable upon their conversion may be offered only in transactions that are exempt from registration under the Securities Act and other applicable securities laws, unless such transactions are registered under the Securities Act. Accordingly, the debentures are being offered and sold only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act.

SCHEDULE III

Directors of Conseco, Inc.

R. Glenn Hilliard
Donna A. James
Debra J. Perry
C. James Prieur
Neal C. Schneider
Michael T. Tokarz
John G. Turner
Doreen A. Wright
R. Keith Long

Officers of Conseco, Inc.

Edward J. Bonach
Russell M. Bostick
Eric R. Johnson
John R. Kline
Susan L. Menzel
Christopher J. Nickele
C. James Prieur
Matthew J. Zimpfer

Shareholders of Conseco, Inc.

Paulson & Co. Inc.

EXHIBIT A

[FORM OF STB OPINION]

EXHIBIT B

[FORM OF NEGATIVE ASSURANCE STATEMENT]

EXHIBIT C

[FORM OF CONSECO COMPANY OPINION]

EXHIBIT D

[FORM OF CONSECO COMPANY COUNSEL OPINION TO BE DELIVERED ON EACH CLOSING DATE]

EXHIBIT E

[FORM OF CONSECO CHIEF FINANCIAL OFFICER'S CERTIFICATE TO BE DELIVERED ON THE EFFECTIVENESS DATE]

EXHIBIT F

[FORM OF CONSECO CHIEF FINANCIAL OFFICER'S CERTIFICATE PURSUANT TO 6(H)]

EXHIBIT G

[FORM OF LOCK-UP LETTER]

October 14, 2009

Morgan Stanley & Co. Incorporated
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. Incorporated (" **Morgan Stanley** " or the " **Initial Purchaser** ") proposes to enter into a Purchase Agreement (the " **Purchase Agreement** ") with Conseco, Inc., a Delaware corporation (the " **Company** "), in connection with the proposed offering (the " **Offering** ") of up to $293.0 million aggregate principal amount of the Company's 7.0% Convertible Senior Debentures due 2016 (the " **Securities** ") to be issued, in one or more series, pursuant to the provisions of an Indenture to be entered into between the Company and The Bank of New York Mellon Trust Company, N. A., as trustee. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Purchase Agreement. The Securities will be convertible into shares of common stock, par value $0.01, of the Company (" **Common Stock** ").

To induce the Initial Purchaser to continue its efforts in connection with the Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Purchase Agreement, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (including, without limitation, the Company's 3.50% Convertible Debentures due September 30, 2035), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise.

The foregoing shall not apply to (a) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the first Closing Date contemplated by the Purchase Agreement, provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended (the " **Exchange Act** "), shall be required or shall be voluntarily made in connection with subsequent sales of Common Stock or other securities acquired in such open market transactions, (b) transfers of shares of Common Stock or any security convertible into Common Stock as a bona fide gift, (c) transfers to an immediate family member of the undersigned, (d) transfers to any trust for the direct or indirect benefit of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (e) transfers to an affiliate (as that term is defined in Rule 405 under the Securities Act of 1933, as amended) of the undersigned, (f) distributions of shares of Common Stock or any security convertible into Common Stock to limited partners or stockholders of the undersigned, provided that in the case of any transfer or distribution pursuant to clause (b), (c), (e) or (f), (i) each donee, distributee or transferee shall sign and deliver a lock-up letter substantially in the form of this letter and (ii) other than in the case of clause (c), no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the restricted period referred to in the foregoing sentence, or (g) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, provided that such plan does not provide for the transfer of Common Stock during the 90-day restricted period.

For purposes of this letter agreement, " **immediate family** " shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. In addition, notwithstanding the foregoing, if the undersigned is a corporation, the corporation may transfer the capital stock of the Company to any wholly-owned subsidiary of such corporation; *provided* , that in any such case, (i) it shall be a condition to the transfer that the transferee execute a letter agreement stating that the transferee is receiving and holding such capital stock subject to the provisions of this letter agreement and (ii) there shall be no further transfer of such capital stock except in accordance with this letter agreement, and provided further that any such transfer shall not involve a disposition for value.

In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Purchase Agreement, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the

transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Initial Purchaser are relying upon this letter agreement in proceeding toward consummation of the Offering. The undersigned further understands that this letter agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned understands that, if the Purchase Agreement does not become effective prior to October 23, 2009, or if the Purchase Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this letter agreement.

Whether or not the Offering actually occurs depends on a number of factors, including market conditions. Any Offering will only be made pursuant to the Purchase Agreement, the terms of which are subject to negotiation between the Company and the Initial Purchaser.

This letter agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

_____

(Name)

_____

EXHIBIT H

[FORM OF SHAREHOLDER LOCK-UP LETTER]

_____, 2009

Morgan Stanley & Co. Incorporated
c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. Incorporated (" **Morgan Stanley** " or the " **Initial Purchaser** ") proposes to enter into a Purchase Agreement (the " **Purchase Agreement** ") with Conseco, Inc., a Delaware corporation (the " **Company** "), in connection with the proposed offering (the " **Offering** ") of up to $293.0 million aggregate principal amount of the Company's 7.0% Convertible Senior Debentures due 2016 (the " **Securities** ") to be issued, in one or more series, pursuant to the provisions of an Indenture to be entered into between the Company and The Bank of New York Mellon Trust Company, N. A., as trustee. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Purchase Agreement. The Securities will be convertible into shares of common stock, par value $0.01, of the Company (" **Common Stock** ").

To induce the Initial Purchaser to continue its efforts in connection with the Offering, the undersigned hereby agrees that, without the prior written consent of Morgan Stanley, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Purchase Agreement, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (including, without limitation, the Company's 3.50% Convertible Debentures due September 30, 2035), or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise.

The foregoing shall not apply to (a) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the date of the Purchase Agreement, (b) transfers of shares of Common Stock or any security convertible into Common Stock as a bona fide gift, (c) transfers to an immediate family member of the undersigned, (d) transfers to any trust for the direct or indirect benefit of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (e) transfers to an affiliate (as that term is defined in Rule 405 under the Securities Act of 1933, as amended) of the undersigned, (f) distributions of shares of Common Stock or any security convertible into Common Stock to limited partners or stockholders of the undersigned, *provided* that in the case of any transfer or distribution pursuant to clause (b), (c), (e) or (f), each donee, distributee or transferee shall sign and deliver a lock-up letter substantially in the form of this letter, (g) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Common Stock, *provided* that such plan does not provide for the transfer of Common Stock during the 90-day restricted period, (h) transfers in connection with mergers, tender offers, exchange offers or business combinations, or (i) transfers or sales to reduce Paulson's beneficial ownership in common stock to 9.9 percent.

For purposes of this letter agreement, " **immediate family** " shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. In addition, notwithstanding the foregoing, if the undersigned is a corporation, the corporation may transfer the capital stock of the Company to any wholly-owned subsidiary of such corporation; *provided* , that in any such case, (i) it shall be a condition to the transfer that the transferee execute a letter agreement stating that the transferee is receiving and holding such capital stock subject to the provisions of this letter agreement and (ii) there shall be no further transfer of such capital stock except in accordance with this letter agreement, and provided further that any such transfer shall not involve a disposition for value.

In addition, the undersigned agrees that, without the prior written consent of Morgan Stanley, it will not, during the period commencing on the date hereof and ending 90 days after the date of the Purchase Agreement, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock, *provided*, that notwithstanding the foregoing, the undersigned shall be entitled to enforce its rights under the Investor Rights Agreement to be entered into between the Company and Paulson & Co., Inc., but such enforcement right shall not be construed to permit the undersigned to engage in any transaction prohibited by the second paragraph in this letter during the period commencing on the date hereof and ending 90 days after the date of the Purchase Agreement. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the

undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Initial Purchaser are relying upon this letter agreement in proceeding toward consummation of the Offering. The undersigned further understands that this letter agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

The undersigned understands that, if the Purchase Agreement does not become effective prior to October 23, 2009, or if the Purchase Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this letter agreement.

Whether or not the Offering actually occurs depends on a number of factors, including market conditions. Any Offering will only be made pursuant to the Purchase Agreement, the terms of which are subject to negotiation between the Company and the Initial Purchaser.

This letter agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

_____

[Name]

_____