

CONSECO INC

FORM 8-K (Current report filing)

Filed 07/15/98 for the Period Ending 06/30/98

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
CIK	0000719241
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

CONSECO INC

FORM 8-K (Unscheduled Material Events)

Filed 7/15/1998 For Period Ending 6/30/1998

Address	11825 N PENNSYLVANIA ST CARMEL, Indiana 46032
Telephone	317-817-6100
CIK	0000719241
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 30, 1998

CONSECO, INC.

(Exact name of registrant as specified in its charter)

Indiana	1-9250	35-1468632
-----	-----	-----
(State or other jurisdiction of organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
11825 North Pennsylvania Street Carmel, Indiana		46032
-----		-----
(Address of principal executive offices)		(Zip Code)

(317) 817-6100
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address,
if changed since last report.)

INDEX

	Page

Item 2 - Acquisition or Disposition of Assets	3
Item 7 - Financial Statements and Exhibits	
(a) Unaudited Consolidated Financial Statements of Green Tree Financial Corporation as of March 31, 1998, and for each of the three month periods ended March 31, 1998 and 1997 were filed with the Commission as Exhibit 99.3 to the Registrant's Form 8-K dated June 3, 1998, and are incorporated herein by this reference and are being filed herewith pursuant to General Instruction F to Form 8-K.	4
The Audited Consolidated Financial Statements of Green Tree Financial Corporation required to be filed pursuant to Item 7(a) of this Current Report on Form 8-K will be filed as soon as practicable, but in no event later than September 13, 1998, 60 days after the date this Form 8-K is required to be filed.	16
(b) Pro Forma Combined Financial Statements of Conseco, Inc. and Subsidiaries were filed with the Commission as Exhibit 99.1 to the Registrant's Form 8-K dated June 3, 1998, and are incorporated herein by this reference and are being filed pursuant to General Instruction F to Form 8-K.	17
(c) Exhibits - None	32

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On June 30, 1998, Conseco, Inc. ("Conseco") completed the acquisition (the "Merger") of Green Tree Financial Corporation ("Green Tree") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated as of April 6, 1998, as amended, among Conseco, Marble Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Conseco, and Green Tree. In the Merger, each share of Green Tree's common stock, par value \$.01 per share was converted into 0.9165 of a share of Conseco's common stock, no par value. Conseco issued approximately 124 million shares of Conseco common stock in exchange for all of Green Tree's common shares and equivalents. After the Merger, Conseco's total common shares outstanding increased to approximately 312 million. As a result of the Merger, Green Tree became a wholly owned subsidiary of Conseco. The Merger will be accounted for as a pooling of interests.

Green Tree is a diversified financial services company that provides financing for manufactured homes, home equity, home improvements, consumer products and equipment and provides consumer and commercial revolving credit. Green Tree's insurance agencies market physical damage and term mortgage life insurance and other credit protection relating to the customers' contracts Green Tree services. Green Tree is the largest servicer of manufactured housing contracts in the United States. Through its principal offices in Saint Paul, Minnesota and service centers throughout the United States, Green Tree serves all 50 states.

Green Tree pools and securitizes substantially all of the contracts it originates, retaining the servicing on the contracts. Such pools are structured into asset-backed securities which are sold in the public securities markets. In servicing the contracts, Green Tree collects payments from the borrower and remits principal and interest payments to the holder of the contract or investor certificate backed by the contracts.

Green Tree was originally incorporated under the laws of the State of Minnesota in 1975. In 1995, Green Tree reincorporated under the laws of the State of Delaware. Green Tree's principal executive offices are located at 1100 Landmark Towers, 345 Saint Peter Street, Saint Paul, Minnesota 55102-1639, and its telephone number is (612) 293-3400.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Unaudited Consolidated Financial Statements of Green Tree Financial Corporation as of March 31, 1998, and for each of the three month periods ended March 31, 1998 and 1997.

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 1998	December 31, 1997
	----- (unaudited)	-----
ASSETS		
Cash and cash equivalents	\$ 888,743,000	\$ 741,398,000
Cash deposits, restricted	234,194,000	247,237,000
Other investments	19,096,000	25,294,000
Interest only securities	1,412,280,000	1,363,200,000
Finance receivables	2,154,646,000	1,971,024,000
Other receivables	228,525,000	235,705,000
Servicing rights	111,823,000	96,311,000
Property, furniture and fixtures	121,164,000	112,404,000
Goodwill	55,399,000	56,095,000
Other assets	29,372,000	18,124,000
	-----	-----
Total assets	\$ 5,255,242,000	\$ 4,866,792,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Notes payable	\$ 1,548,618,000	\$ 1,355,995,000
Senior/Senior subordinated notes	510,484,000	510,316,000
Accounts payable and accrued liabilities	556,194,000	492,789,000
Investors payable	653,297,000	552,781,000
Deferred income taxes	637,430,000	622,771,000
	-----	-----
Total liabilities	3,906,023,000	3,534,652,000
Common stock, \$.01 par; authorized 400,000,000 shares; issued 141,899,317 and and 141,595,984 shares, respectively	1,419,000	1,416,000
Additional paid-in capital	445,190,000	435,570,000
Retained earnings	1,127,417,000	1,075,670,000
Accumulated other comprehensive income (loss):		
Minimum pension liability adjustments	(3,142,000)	(3,142,000)
Unrealized gain on securities available for sale, net	902,000	21,824,000
	-----	-----
	1,571,786,000	1,531,338,000
Less treasury stock, 7,773,366 and 7,012,156 shares at cost	(222,567,000)	(199,198,000)
	-----	-----
Total stockholders' equity	1,349,219,000	1,332,140,000
	-----	-----
Total liabilities and stockholders' equity	\$ 5,255,242,000	\$ 4,866,792,000
	=====	=====

See notes to unaudited financial statements.

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	1998	1997
	-----	-----
REVENUES:		
Gain on sale of receivables	\$129,116,000	\$153,367,000
Interest	100,991,000	75,429,000
Service	30,216,000	24,681,000
Commissions and other	25,431,000	13,678,000
	-----	-----
	285,754,000	267,155,000
	-----	-----
EXPENSES:		
Interest	48,492,000	29,818,000
Cost of servicing	26,974,000	19,379,000
General and administrative	107,912,000	69,889,000
	-----	-----
	183,378,000	119,086,000
	-----	-----
EARNINGS BEFORE INCOME TAXES	102,376,000	148,069,000
INCOME TAXES	38,903,000	56,266,000
	-----	-----
NET EARNINGS	\$ 63,473,000	\$ 91,803,000
	=====	=====

EARNINGS PER COMMON SHARE:
BASIC \$.47 \$.66 DILUTED \$.47 \$.65

See notes to unaudited financial statements.

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, dollars in thousands)

	Common stock	Additional paid-in capital	Treasury stock	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	-----	-----	-----	-----	-----	-----
BALANCES, December 31, 1996	\$ 1,398	\$ 373,573	\$ (53,913)	\$ (2,299)	\$ 818,733	\$ 1,137,492
Comprehensive income, net of tax:						
Net earnings	--	--	--	--	91,803	91,803
Unrealized loss on securities, net of applicable income taxes (\$17,080)	--	--	--	(27,867)	--	(27,867)
Total comprehensive income						----- 63,936
Common stock issuance of 1,300,000 shares	13	51,761	--	--	--	51,774
Cost of 1,017,000 shares of treasury stock acquired	--	--	(36,688)	--	--	(36,688)
Dividends on common stock	--	--	--	--	(10,430)	(10,430)
BALANCES, March 31, 1997	\$ 1,411	\$ 425,334	\$ (90,601)	\$ (30,166)	\$ 900,106	\$ 1,206,084
	=====	=====	=====	=====	=====	=====
BALANCES, December 31, 1997	\$ 1,416	\$ 435,570	\$ (199,198)	\$ 18,682	\$ 1,075,670	\$ 1,332,140
Comprehensive income, net of tax:						
Net earnings	--	--	--	--	63,473	63,473
Unrealized loss on securities, net of applicable income taxes (\$12,823)	--	--	--	(20,922)	--	(20,922)
Total comprehensive income						----- 42,551
Stock warrants issuance	--	7,687	--	--	--	7,687
Common stock issuance of 303,000 shares	3	1,933	--	--	--	1,936
Cost of 761,210 shares of treasury stock acquired	--	--	(23,369)	--	--	(23,369)
Dividends on common stock	--	--	--	--	(11,726)	(11,726)
BALANCES, March 31, 1998	\$ 1,419	\$ 445,190	\$ (222,567)	\$ (2,240)	\$ 1,127,417	\$ 1,349,219
	=====	=====	=====	=====	=====	=====

See notes to unaudited financial statements.

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three months ended March 31,	
	1998	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Servicing fees and net interest payments collected on sold loans	\$ 84,070,000	\$ 78,009,000
Net principal payments collected on sold loans	128,678,000	64,067,000
Interest on unsold loans	50,972,000	46,166,000
Interest on cash and investments	14,540,000	8,539,000
Commissions	19,160,000	11,501,000
Other	13,322,000	(2,523,000)
	-----	-----
	310,742,000	205,759,000
	-----	-----
Cash paid to employees and suppliers	(132,988,000)	(126,443,000)
Interest paid on debt	(40,571,000)	(20,251,000)
Income taxes paid	(10,114,000)	(7,430,000)
	-----	-----
	(183,673,000)	(154,124,000)
	-----	-----
NET CASH PROVIDED BY OPERATIONS	127,069,000	51,635,000
Purchase of loans and leases	(2,766,690,000)	(2,087,204,000)
Proceeds from sale of loans and leases	2,607,081,000	1,809,087,000
Principal collections on unsold loans and leases	102,141,000	178,880,000
Commercial and revolving credit loans disbursed	(1,692,443,000)	(839,249,000)
Principal collections on commercial and revolving credit loans	1,262,226,000	757,492,000
Proceeds from sale of commercial and revolving credit loans	317,840,000	--
Net cash deposits provided as credit enhancements	13,043,000	(4,249,000)
	-----	-----
NET CASH USED FOR OPERATING ACTIVITIES	(29,733,000)	(133,608,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, furniture and fixtures	(17,846,000)	(10,084,000)
Net sales (purchases) of investment securities	6,198,000	(3,839,000)
	-----	-----
NET CASH USED FOR INVESTING ACTIVITIES	(11,648,000)	(13,923,000)
	-----	-----

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(continued, unaudited)

	Three months ended March 31,	
	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on credit facilities	2,553,788,000	1,921,498,000
Repayments on credit facilities	(2,353,963,000)	(1,659,804,000)
Common stock issued	627,000	475,000
Common stock repurchased	--	(36,688,000)
Dividends paid	(11,726,000)	(10,430,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	188,726,000	215,051,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	147,345,000	67,520,000
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	741,398,000	442,071,000
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 888,743,000	\$ 509,591,000
RECONCILIATION OF NET EARNINGS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net earnings	\$ 63,473,000	\$ 91,803,000
Deferred income taxes	38,903,000	56,266,000
Valuation adjustments of interest only securities	47,000,000	--
Depreciation and amortization	10,669,000	7,556,000
Net loan payments collected, less interest only securities and servicing rights recorded	(11,746,000)	(50,189,000)
Amortization of servicing rights	4,947,000	2,569,000
Accretion of yield on interest only securities	(33,384,000)	(25,257,000)
Net decrease (increase) in cash deposits	13,043,000	(4,249,000)
Purchase of loans and leases, net of sales and principal collections	(72,367,000)	(99,237,000)
Commercial and revolving loans disbursed, net of sales and principal collections	(109,816,000)	(81,757,000)
Net selling expenses on sale of loans	30,786,000	10,897,000
Interest payable increase	7,128,000	8,434,000
Income taxes paid	(10,114,000)	(7,430,000)
Decrease in amounts payable to employees and suppliers	(7,977,000)	(43,598,000)
Decrease (increase) in other receivables	2,570,000	(5,033,000)
Other	(2,848,000)	5,617,000
NET CASH USED FOR OPERATING ACTIVITIES	(\$ 29,733,000)	(\$ 133,608,000)

See notes to unaudited financial statements.

GREEN TREE FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

The interim financial statements have been prepared by Green Tree Financial Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission applicable to quarterly reports on Form 10-Q. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments which are of a normal recurring nature and are necessary for a fair presentation have been included. However, results for interim periods are not necessarily indicative of the results that may be expected for a full year. It is suggested that these financial statements be read in conjunction with the consolidated financial statements and related notes and schedules included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income includes all changes in stockholders' equity except those arising from transactions with shareholders. The new standard requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations.

B. INTEREST ONLY SECURITIES

The activity in interest only securities for the three months ended March 31, 1998 is summarized as follows:

Balance at beginning of period	\$1,363,200,000
Additions	164,349,000
Yield on interest only securities	33,384,000
Net cash collected	(67,908,000)
Realized writedown of interest only securities	(47,000,000)
Unrealized writedown of interest only securities	(33,745,000)

Balance at end of period	\$1,412,280,000
	=====

In 1995 and previous years, the Company sold a substantial portion of its interest only securities related to manufactured housing securitization transactions between 1978 and 1995 in the form of securitized Net Interest Margin Certificates. The Company retained a subordinated interest in the cash flow of the interest only securities sold. These interests are included in interest only securities and total \$79,357,000 at March 31, 1998.

Generally, interest only securities relate to the sale of closed end manufactured housing, home equity, home improvement, consumer and equipment finance receivables. The Company's interest only securities are subject to a substantial amount of credit loss and prepayment risk related to the receivables sold. In connection with the valuation of interest only securities, the Company has provided for approximately \$946,060,000 of credit losses as of March 31, 1998. On a nondiscounted basis the amount of credit losses provided for in connection with the valuation of the interest only securities is approximately \$1,399,149,000. These estimated losses if realized, would reduce the amount of cash flows available to the interest only securities and are considered in the Company's valuation processes.

The weighted average interest rate used to discount expected future cash flows of the interest only securities is 11.60% as of March 31, 1998.

The table below details information pertinent to the valuation of the interest only securities as of March 31, 1998.

	Manufactured Housing	Home Equity/ Home Improvement	Consumer/ Equipment	Total
	-----	-----	-----	-----
Interest only securities carrying amount	\$ 872,578,000	396,498,000	143,204,000	\$ 1,412,280,000
Unpaid principal balance of sold receivables	\$18,186,731,000	5,004,964,000	2,655,252,000	\$25,846,947,000
Weighted average customer interest rate on sold receivables	10.46%	11.85%	11.12%	
Approximate expected weighted average constant prepayment rate as a percentage of unpaid principal balance of sold receivables (1)	9.75%	25.0%	22.0%	
Approximate remaining expected non discounted credit losses as a percentage of unpaid principal balance of sold receivables (1)	6.2%	4.4%	2.0%	

(1) Valuation of the Company's interest only securities is impacted not only by the projected level of prepayments of principal and net credit losses, as shown above, but also by the projected timing of such prepayments and net credit losses. Should the timing of projected prepayments of principal or net credit losses differ materially from the timing projected by the Company, such timing could have a material effect on the valuation of the interest only securities.

C. FINANCE RECEIVABLES

Finance receivables consisted of the following:

March 31, 1998 December 31, 1997

Lease	\$ 267,987,000	\$ 191,572,000
Commercial Finance	632,172,000	683,691,000
Revolving Credit Card	324,795,000	165,151,000
Loans Held For Sale	929,692,000	930,610,000
Total	\$2,154,646,000	\$1,971,024,000

D. SERVICING RIGHTS

The activity in servicing rights for the period ended March 31, 1998 is summarized as follows:

Balance at beginning of period	\$ 96,311,000
Additions	20,459,000
Amortization	(4,947,000)
Balance at end of period	\$ 111,823,000

E. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net earnings by the weighted average number of shares of Common Stock outstanding during each period. Diluted earnings per share is computed by dividing net earnings by the weighted average number of shares of Common Stock and potential Common Stock outstanding during each period. The following table presents the earnings per share data. Options to purchase 5,529,469 and 298,544 shares are excluded from the computation of diluted earnings per common share because of their anti-dilutive effect, as the exercise price of the option exceeds the average market price of the Common Stock for the three months ended March 31, 1998 and 1997, respectively.

	Three months ended March 31,	
	1998	1997
Net Earnings	\$ 63,473,000	\$ 91,803,000
Weighted average Common Stock outstanding	134,236,605	138,511,310
Effect of dilutive securities:		
Options	1,463,317	3,708,253
Warrants	119,981	--
Diluted Common Stock	135,819,903	142,219,563
Earnings per common share:		
Basic	\$.47	\$.66
Diluted	\$.47	\$.65

F. STOCKHOLDERS' EQUITY

STOCK OPTION PLANS

The Company has three stock option plans: two employee stock option plans and an outside director plan. In 1992, the Board of Directors approved a supplemental stock option plan for its outside directors. In 1995, the Company's stockholders approved an Employee Stock Incentive Plan. In 1998 the Board of Directors approved a Company Stock Option Plan for issuances of stock options to non-officer employees.

Options for 864,520 shares were available for future grant under these plans. The Company's Board of Directors has reserved 11,149,252 shares for future issuance under all plans as of March 31, 1998.

A summary of the stock option plan activity is as follows:

	Number of Shares	Weighted Average Exercise Price
	-----	-----
Outstanding at December 31, 1997	9,910,465	\$25.98
Granted	835,500	23.00
Exercised	(303,333)	12.87
Expired	(156,900)	30.92

Outstanding at March 31, 1998	10,285,732	\$23.04
	=====	

Of the 10,285,732 options outstanding at March 31, 1998, 10,145,732 options relate to the employee and chief executive stock option plans and 140,000 options relate to the outside director plan.

On March 1, 1998, the Company offered to reprice certain employee stock options to the current market price on March 1, 1998. The offer was not extended to the six most senior executive officers. Employees accepting this offer agreed to a revised vesting schedule and an exercise price of \$23.00, representing the market price at March 1, 1998. Approximately 2.8 million options were repriced.

A summary of stock options outstanding and exercisable at March 31, 1998 is as follows:

Options Outstanding:

Range of Exercise Prices	Number Outstanding	Remaining Contractual Life	Weighted Average Exercise Price
\$ 2.97-22.50	1,714,332	4.17	\$ 6.46
23.00-23.00	3,639,500	9.92	23.00
23.38-30.50	2,350,300	7.68	25.52
30.88-33.38	2,323,000	7.90	31.21
33.50-47.00	258,600	9.17	37.61
-----	-----	-----	-----
\$ 2.97-47.00	10,285,732	7.97	\$ 23.04

Options Exercisable:

Range of Exercise Prices	Number Exercisable	Weighted Average Exercise Price
\$ 2.97-22.50	1,563,665	\$ 5.45
23.00-23.00	0	0.00
23.38-30.50	824,300	25.01
30.88-33.38	493,000	31.31
33.50-47.00	57,600	38.10
-----	-----	-----
\$ 2.97-47.00	2,938,565	\$ 15.92

WARRANTS

On February 13, 1998, the Company issued warrants to purchase 2.7 million common shares at \$22.75 per share to the provider of a credit facility secured by the Company's interest only securities. The warrant expires on the later of February 13, 2000 or 90 days after the credit facility has been paid in full. The Company has the option to call and repurchase the warrant for \$15.00 per warrant share regardless of the closing price of the common shares at the call date.

ITEM 7(a). FINANCIAL STATEMENTS AND EXHIBITS, continued

The Audited Consolidated Financial Statements of Green Tree Financial Corporation required to be filed pursuant to Item 7(a) of this Current Report on Form 8-K will be filed as soon as practicable, but in no event later than September 13, 1998, 60 days after the date this Form 8-K is required to be filed.

ITEM 7(b). FINANCIAL STATEMENTS AND EXHIBITS, Continued

Pro Forma Combined Financial Statements of Consec, Inc . and Subsidiaries.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS OF CONSECO, INC.

On April 6, 1998, Conseco, Inc. ("Conseco") and Green Tree Financial Corporation ("Green Tree") entered into an Agreement and Plan of Merger pursuant to which Green Tree would become a wholly owned subsidiary of Conseco (the "Merger"). The following unaudited pro forma combined balance sheet as of March 31, 1998, combines the historical combined balance sheets of Conseco and Green Tree as if the Merger had been effective on March 31, 1998, after giving effect to certain adjustments described in the accompanying notes to the unaudited pro forma combined financial information.

The unaudited pro forma combined statements of operations for the three months ended March 31, 1998 and 1997, and for each of the three years ended December 31, 1997, present the combined results of operations of Conseco and Green Tree as if the Merger had been effective at the earliest period presented.

The unaudited pro forma combined financial information and accompanying notes reflect the application of the pooling of interests method of accounting for the Merger. Under this method of accounting, the recorded assets, liabilities, shareholders' equity, income and expense of Conseco and Green Tree are combined and reflected at their historical amounts.

The unaudited pro forma combined financial statements are based on the historical financial statements of Conseco and Green Tree and are qualified in their entirety by, and should be read in conjunction with, these financial statements and the notes thereto. The unaudited pro forma combined financial statements are not necessarily indicative of the results of operations or the combined financial position that would have resulted had the Merger been consummated at the beginning of the period indicated, nor are they necessarily indicative of future results of operations or financial position.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
 March 31, 1998
 (Dollars in millions)

ASSETS

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Investments:				
Actively managed fixed maturities at fair value.....	\$22,968.9	\$ -	\$ -	\$22,968.9
Equity securities at fair value.....	263.4	-	-	263.4
Interest only securities.....	-	1,412.3	-	1,412.3
Finance receivables.....	-	2,154.6	-	2,154.6
Mortgage loans.....	474.2	-	-	474.2
Credit-tenant loans.....	596.6	-	-	596.6
Policy loans.....	691.7	-	-	691.7
Other invested assets	534.8	19.1	-	553.9
Short-term investments.....	837.7	888.7	-	1,726.4
Assets held in separate accounts.....	675.2	-	-	675.2
	-----	-----	-----	-----
Total investments.....	27,042.5	4,474.7	-	31,517.2
Accrued investment income.....	399.9	-	-	399.9
Other receivables.....	-	228.5	-	228.5
Servicing rights.....	-	111.8	-	111.8
Cost of policies purchased.....	2,442.6	-	-	2,442.6
Cost of policies produced.....	1,022.5	-	-	1,022.5
Reinsurance receivables.....	761.8	-	-	761.8
Income tax assets.....	42.4	-	(42.4) (2)	-
Goodwill.....	3,604.9	55.4	-	3,660.3
Property and equipment.....	176.0	121.2	-	297.2
Cash deposits, restricted.....	-	234.2	-	234.2
Other assets.....	431.3	29.4	-	460.7
	-----	-----	-----	-----
Total assets.....	\$35,923.9	\$5,255.2	\$(42.4)	\$41,136.7
	=====	=====	=====	=====

(continued on next page)

The accompanying notes are an integral part of the unaudited pro forma combined financial statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED BALANCE SHEET (Continued)
 March 31, 1998
 (Dollars in millions)

LIABILITIES AND SHAREHOLDERS' EQUITY

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Liabilities:				
Insurance liabilities:				
Interest sensitive products.....	\$17,320.6	\$ -	\$ -	\$17,320.6
Traditional products.....	5,758.0	-	-	5,758.0
Claims payable and other policyholder funds.....	1,617.3	-	-	1,617.3
Unearned premiums.....	409.1	-	-	409.1
Liabilities related to separate accounts.....	675.2	-	-	675.2
Investment borrowings.....	1,196.1	-	-	1,196.1
Investor payables.....	-	653.3	-	653.3
Other liabilities.....	1,223.4	556.2	240.0 (3)	2,019.6
Income tax liabilities.....	-	637.4	(42.4) (2)	595.0
Notes payable and commercial paper:				
Corporate.....	2,435.1	-	-	2,435.1
Related to finance receivables.....	-	2,059.1	-	2,059.1
	-----	-----	-----	-----
Total liabilities.....	30,634.8	3,906.0	197.6	34,738.4
	-----	-----	-----	-----
Minority interest:				
Company-obligated mandatorily redeemable preferred securities of subsidiary trust.....	1,388.1	-	-	1,388.1
Common stock of subsidiary.....	.7	-	-	.7
Shareholders' equity:				
Preferred stock.....	115.8	-	-	115.8
Common stock and additional paid-in capital.....	2,397.0	446.6	(222.6) (4)	2,621.0
Accumulated other comprehensive income:				
Unrealized appreciation of fixed maturity investments.....	159.0	-	-	159.0
Unrealized appreciation of other investments.....	10.9	.9	-	11.8
Minimum pension liability adjustment.....	-	(3.1)	-	(3.1)
Less treasury shares at cost.....	-	(222.6)	222.6 (4)	-
Retained earnings.....	1,217.6	1,127.4	(240.0) (3)	2,105.0
	-----	-----	-----	-----
Total shareholders' equity.....	3,900.3	1,349.2	(240.0)	5,009.5
	-----	-----	-----	-----
Total liabilities and shareholders' equity.....	\$35,923.9	\$5,255.2	\$ (42.4)	\$41,136.7
	=====	=====	=====	=====

The accompanying notes are an integral part of the unaudited pro forma combined financial statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
for the three months ended March 31, 1998
(Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Revenues:				
Insurance policy income:				
Traditional products.....	\$ 859.4	\$ -		\$ 859.4
Interest sensitive products.....	130.7	-		130.7
Net investment income.....	583.3	101.0		684.3
Gain on sale of receivables.....	-	129.1		129.1
Net investment gains.....	104.8	-		104.8
Fee revenue and other income.....	20.8	55.7		76.5
	-----	-----		-----
Total revenues.....	1,699.0	285.8		1,984.8
	-----	-----		-----
Benefits and expenses:				
Insurance policy benefits.....	680.4	-		680.4
Amounts added to annuity and financial product policyholder account balances:				
Interest.....	188.4	-		188.4
Other amounts added to variable and equity-indexed annuity products.....	85.6	-		85.6
Interest expense on notes payable.....	39.0	48.5		87.5
Interest expense on short-term investment borrowings.....	18.9	-		18.9
Amortization related to operations.....	117.1	-		117.1
Amortization related to investment gains.....	86.4	-		86.4
Other operating costs and expenses.....	165.0	134.9		299.9
	-----	-----		-----
Total benefits and expenses.....	1,380.8	183.4		1,564.2
	-----	-----		-----
Income before income taxes, minority interest and extraordinary charge	318.2	102.4		420.6
Income tax expense.....	131.3	38.9		170.2
	-----	-----		-----
Income before minority interest and extraordinary charge	186.9	63.5		250.4
Minority interest - distributions on Company-obligated mandatorily redeemable preferred securities of subsidiary trusts, net of income taxes.....	19.4	-		19.4
	-----	-----		-----
Income before extraordinary charge	167.5	63.5		231.0
Extraordinary charge on extinguishment of debt, net of taxes and minority interest.....	16.4	-		16.4
	-----	-----		-----
Net income.....	151.1	63.5		214.6
Less preferred stock dividends.....	2.0	-		2.0
	-----	-----		-----
Net income applicable to common stock.....	\$ 149.1	\$ 63.5		\$ 212.6
	=====	=====		=====

(continued on next page)

The accompanying notes are an integral
part of the unaudited pro forma combined financial
statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS (Continued)
 for the three months ended March 31, 1998
 (Dollars in millions, except per share data)

	CONSECO -----	GREEN TREE -----	ADJUSTMENTS -----	PRO FORMA COMBINED -----
Earnings per common share:				
Basic:				
Weighted average shares outstanding.....	185,941,000	134,237,000	(11,209,000) (4)	308,969,000
Net income before extraordinary charge	\$.89	\$.47		\$.74
Extraordinary charge .....	.09	-		.05
	----	----		----
Net income.....	\$.80	\$.47		\$.69
	====	====		====
Diluted:				
Weighted average shares outstanding.....	207,930,000	135,820,000	(11,341,000) (4)	332,409,000
Net income before extraordinary charge	\$.81	\$.47		\$.70
Extraordinary charge.....	.08	-		.05
	----	----		----
Net income.....	\$.73	\$.47		\$.65
	====	====		====

The accompanying notes are an integral
 part of the unaudited pro forma combined financial
 statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
for the three months ended March 31, 1997
(Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Revenues:				
Insurance policy income:				
Traditional products.....	\$ 566.2	\$ -		\$ 566.2
Interest sensitive products.....	103.9	-		103.9
Net investment income.....	409.2	75.4		484.6
Gain on sale of receivables.....	-	153.4		153.4
Net investment gains.....	5.1	-		5.1
Fee revenue and other income.....	14.6	38.4		53.0
	-----	-----		-----
Total revenues.....	1,099.0	267.2		1,366.2
	-----	-----		-----
Benefits and expenses:				
Insurance policy benefits.....	455.3	-		455.3
Amounts added to annuity and financial product policyholder account balances:				
Interest.....	173.7	-		173.7
Other amounts added to variable and equity-indexed annuity products.....	16.2	-		16.2
Interest expense on notes payable.....	25.8	29.8		55.6
Interest expense on short-term investment borrowings.....	2.8	-		2.8
Amortization related to operations.....	103.6	-		103.6
Amortization related to investment gains.....	11.8	-		11.8
Other operating costs and expenses.....	114.4	89.3		203.7
	-----	-----		-----
Total benefits and expenses.....	903.6	119.1		1,022.7
	-----	-----		-----
Income before income taxes, minority interest and extraordinary charge	195.4	148.1		343.5
Income tax expense.....	70.6	56.3		126.9
	-----	-----		-----
Income before minority interest and extraordinary charge	124.8	91.8		216.6
Minority interest:				
Distributions on Company-obligated mandatorily redeemable preferred securities of subsidiary trusts, net of income taxes....	8.7	-		8.7
Dividends on preferred stock of subsidiaries.....	1.3	-		1.3
	-----	-----		-----
Income before extraordinary charge	114.8	91.8		206.6
Extraordinary charge on extinguishment of debt, net of taxes and minority interest.....	3.3	-		3.3
	-----	-----		-----
Net income.....	111.5	91.8		203.3
Less amounts applicable to preferred stock:				
Charge related to induced conversions.....	12.3	-		12.3
Preferred stock dividends.....	2.3	-		2.3
	-----	-----		-----
Net income applicable to common stock.....	\$ 96.9	\$ 91.8		\$ 188.7
	=====	=====		=====

(continued on next page)

The accompanying notes are an integral
part of the unaudited pro forma combined financial
statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS (Continued)
 for the three months ended March 31, 1997
 (Dollars in millions, except per share data)

	CONSECO -----	GREEN TREE -----	ADJUSTMENTS -----	PRO FORMA COMBINED -----
Earnings per common share:				
Basic:				
Weighted average shares outstanding.....	177,670,000	138,511,000	(11,566,000) (4)	304,615,000
Net income before extraordinary charge	\$.57	\$.66		\$.63
Extraordinary charge .....	.02	-		.01
	----	----		----
Net income.....	\$.55	\$.66		\$.62
	====	====		====
Diluted:				
Weighted average shares outstanding.....	203,620,000	142,220,000	(11,875,000) (4)	333,965,000
Net income before extraordinary charge	\$.51	\$.65		\$.58
Extraordinary charge.....	.02	-		.01
	----	----		----
Net income.....	\$.49	\$.65		\$.57
	====	====		====

The accompanying notes are an integral
 part of the unaudited pro forma combined financial
 statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
for the year ended December 31, 1997
(Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Revenues:				
Insurance policy income:				
Traditional products.....	\$2,954.1	\$ -		\$2,954.1
Interest sensitive products.....	456.7	-		456.7
Net investment income.....	1,825.3	370.6		2,195.9
Gain on sale of receivables.....	-	546.8		546.8
Net investment gains.....	266.5	-		266.5
Fee revenue and other income.....	65.8	174.1		239.9
	-----	-----		-----
Total revenues.....	5,568.4	1,091.5		6,659.9
	-----	-----		-----
Benefits and expenses:				
Insurance policy benefits.....	2,368.3	-		2,368.3
Amounts added to annuity and financial product policyholder account balances:				
Interest.....	697.1	-		697.1
Other amounts added to variable and equity-indexed annuity products.....	109.6			109.6
Interest expense on notes payable.....	109.4	160.9		270.3
Interest expense on short-term investment borrowings.....	42.0	-		42.0
Amortization related to operations.....	408.8	-		408.8
Amortization related to investment gains.....	181.2	-		181.2
Nonrecurring charges.....	71.7	-		71.7
Other operating costs and expenses.....	577.2	444.5		1,021.7
	-----	-----		-----
Total benefits and expenses.....	4,565.3	605.4		5,170.7
	-----	-----		-----
Income before income taxes, minority interest and extraordinary charge	1,003.1	486.1		1,489.2
Income tax expense.....	376.6	184.7		561.3
	-----	-----		-----
Income before minority interest and extraordinary charge	626.5	301.4		927.9
Minority interest:				
Distributions on Company-obligated mandatorily redeemable preferred securities of subsidiary trusts, net of income taxes...	49.0	-		49.0
Dividends on preferred stock of subsidiaries.....	3.3	-		3.3
	-----	-----		-----
Income before extraordinary charge	574.2	301.4		875.6
Extraordinary charge on extinguishment of debt, net of taxes and minority interest.....	6.9	-		6.9
	-----	-----		-----
Net income.....	567.3	301.4		868.7
Less amounts applicable to preferred stock:				
Charge related to induced conversions.....	13.2	-		13.2
Preferred stock dividends.....	8.7	-		8.7
	-----	-----		-----
Net income applicable to common stock.....	\$ 545.4	\$ 301.4		\$ 846.8
	=====	=====		=====

(continued on next page)

The accompanying notes are an integral
part of the unaudited pro forma combined financial
statements.

CONSECO, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS (Continued)
 for the year ended December 31, 1997
 (Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Earnings per common share:				
Basic:				
Weighted average shares outstanding.....	185,751,000	136,715,000	(11,416,000) (4)	311,050,000
Net income before extraordinary charge	\$2.98	\$2.20		\$2.74
Extraordinary charge .....	.04	-		.02
	-----	-----		-----
Net income.....	\$2.94	\$2.20		\$2.72
	=====	=====		=====
Diluted:				
Weighted average shares outstanding.....	210,179,000	140,254,000	(11,711,000) (4)	338,722,000
Net income before extraordinary charge	\$2.67	\$2.15		\$2.55
Extraordinary charge.....	.03	-		.02
	-----	-----		-----
Net income.....	\$2.64	\$2.15		\$2.53
	=====	=====		=====

The accompanying notes are an integral part of the unaudited pro forma combined financial statements.

CONSECO, INC. AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS
for the year ended December 31, 1996
(Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Revenues:				
Insurance policy income:				
Traditional products.....	\$1,384.3	\$ -		\$1,384.3
Interest sensitive products.....	269.9	-		269.9
Net investment income.....	1,302.5	215.3		1,517.8
Gain on sale of receivables.....	-	389.7		389.7
Net investment gains.....	60.8	-		60.8
Fee revenue and other income.....	49.8	119.1		168.9
	-----	-----		-----
Total revenues.....	3,067.3	724.1		3,791.4
	-----	-----		-----
Benefits and expenses:				
Insurance policy benefits.....	1,195.0	-		1,195.0
Amounts added to annuity and financial product policyholder account balances:				
Interest.....	620.2	-		620.2
Other amounts added to variable and equity-indexed annuity products.....	48.4	-		48.4
Interest expense on notes payable.....	108.1	70.1		178.2
Interest expense on short-term investment borrowings.....	22.0	-		22.0
Amortization related to operations.....	240.0	-		240.0
Amortization related to investment gains.....	36.0	-		36.0
Other operating costs and expenses.....	304.0	330.2		634.2
	-----	-----		-----
Total benefits and expenses.....	2,573.7	400.3		2,974.0
	-----	-----		-----
Income before income taxes, minority interest and extraordinary charge	493.6	323.8		817.4
Income tax expense.....	179.8	123.0		302.8
	-----	-----		-----
Income before minority interest and extraordinary charge	313.8	200.8		514.6
Minority interest:				
Distributions on Company-obligated mandatorily redeemable preferred securities of subsidiary trusts, net of income taxes...	3.6	-		3.6
Dividends on preferred stock of subsidiaries.....	8.9	-		8.9
Equity in earnings of subsidiaries.....	22.4	-		22.4
	-----	-----		-----
Income before extraordinary charge	278.9	200.8		479.7
Extraordinary charge on extinguishment of debt, net of taxes and minority interest.....	26.5	-		26.5
	-----	-----		-----
Net income.....	252.4	200.8		453.2
Less preferred stock dividends.....	27.4	-		27.4
	-----	-----		-----
Net income applicable to common stock.....	\$ 225.0	\$ 200.8		\$ 425.8
	=====	=====		=====

(continued on next page)

The accompanying notes are an integral part of the pro forma combined financial statements.

CONSECO, INC. AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS (Continued)
 for the year ended December 31, 1996
 (Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Earnings per common share:				
Basic:				
Weighted average shares outstanding.....	104,584,000	136,996,000	(11,439,000) (4)	230,141,000
Net income before extraordinary charge	\$2.40	\$1.47		\$1.96
Extraordinary charge .....	.25	-		.11
	-----	-----		-----
Net income.....	\$2.15	\$1.47		\$1.85
	=====	=====		=====
Diluted:				
Weighted average shares outstanding.....	138,860,000	140,562,000	(11,737,000) (4)	267,685,000
Net income before extraordinary charge	\$2.01	\$1.43		\$1.79
Extraordinary charge.....	.19	-		.10
	-----	-----		-----
Net income.....	\$1.82	\$1.43		\$1.69
	=====	=====		=====

The accompanying notes are an integral part of the pro forma combined financial statements.

CONSECO, INC. AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS
for the year ended December 31, 1995
(Dollars in millions, except per share data)

	CONSECO	GREEN TREE	ADJUSTMENTS	PRO FORMA COMBINED
	-----	-----	-----	-----
Revenues:				
Insurance policy income:				
Traditional products.....	\$1,355.6	\$ -		\$1,355.6
Interest sensitive products.....	109.4	-		109.4
Net investment income.....	1,142.6	176.0		1,318.6
Gain on sale of receivables.....	-	448.7		448.7
Net investment gains.....	204.1	-		204.1
Fee revenue and other income.....	43.6	86.6		130.2
	-----	-----		-----
Total revenues.....	2,855.3	711.3		3,566.6
	-----	-----		-----
Benefits and expenses:				
Insurance policy benefits.....	1,107.5	-		1,107.5
Amounts added to annuity and financial product policyholder account balances:				
Interest.....	556.6	-		556.6
Other amounts added to variable and equity-indexed annuity products.....	28.8	-		28.8
Interest expense on notes payable.....	119.4	57.3		176.7
Interest expense on short-term investment borrowings.....	22.2	-		22.2
Amortization related to operations.....	203.6	-		203.6
Amortization related to investment gains.....	126.6	-		126.6
Other operating costs and expenses.....	272.1	244.4		516.5
	-----	-----		-----
Total benefits and expenses.....	2,436.8	301.7		2,738.5
	-----	-----		-----
Income before income taxes, minority interest and extraordinary charge	418.5	409.6		828.1
Income tax expense.....	87.0	155.6		242.6
	-----	-----		-----
Income before minority interest and extraordinary charge	331.5	254.0		585.5
Minority interest:				
Dividends on preferred stock of subsidiaries.....	11.9	-		11.9
Equity in earnings of subsidiaries.....	97.1	-		97.1
	-----	-----		-----
Income before extraordinary charge	222.5	254.0		476.5
Extraordinary charge on extinguishment of debt, net of taxes and minority interest.....	2.1	-		2.1
	-----	-----		-----
Net income.....	220.4	254.0		474.4
Less preferred stock dividends.....	18.4	-		18.4
	-----	-----		-----
Net income applicable to common stock.....	\$ 202.0	\$ 254.0		\$ 456.0
	=====	=====		=====

(continued on next page)

The accompanying notes are an integral
part of the pro forma combined financial
statements.

CONSECO, INC. AND SUBSIDIARIES

PRO FORMA COMBINED STATEMENT OF OPERATIONS (Continued)
 for the year ended December 31, 1995
 (Dollars in millions, except per share data)

	CONSECO -----	GREEN TREE -----	ADJUSTMENTS -----	PRO FORMA COMBINED -----
Earnings per common share:				
Basic:				
Weighted average shares outstanding.....	81,405,000	136,644,000	(11,410,000) (4)	206,639,000
Net income before extraordinary charge	\$2.51	\$1.86		\$2.22
Extraordinary charge .....	.03	-		.01
	-----	-----		-----
Net income.....	\$2.48	\$1.86		\$2.21
	=====	=====		=====
Diluted:				
Weighted average shares outstanding.....	103,881,000	140,090,000	(11,698,000) (4)	232,273,000
Net income before extraordinary charge	\$2.14	\$1.81		\$2.05
Extraordinary charge.....	.02	-		.01
	-----	-----		-----
Net income.....	\$2.12	\$1.81		\$2.04
	=====	=====		=====

The accompanying notes are an integral part of the pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited pro forma combined financial statements have been prepared assuming that the Merger will be accounted for under the pooling of interests method and are based on the historical consolidated financial statements of Consecoco and Green Tree. Certain amounts in the historical financial statements of Green Tree have been reclassified to conform with Consecoco's historical financial statement presentation.

Consecoco and Green Tree are still in the process of reviewing their respective accounting policies relative to those followed by the other entity. As a result of this review, it might be necessary to restate certain amounts in Consecoco's or Green Tree's financial statements to conform to those accounting policies that are most appropriate. In management's opinion, any such restatements will not be material.

Green Tree pools and securitizes substantially all of the loan contracts it originates, retaining: (i) investments in interest-only securities that are subordinated to the rights of other investors; and (ii) the servicing on the contracts. The valuation of interest-only securities and servicing rights is determined by discounting the projected cash flows over the expected life of the finance receivables sold using prepayment, default, loss, servicing cost and discount rate assumptions. Impairment in the value of interest-only securities considered other than temporary is recognized as a reduction to earnings, while impairment that is temporary is recognized as a reduction to shareholders' equity. Impairment in the value of servicing rights is recognized as a reduction in earnings. The assumptions used in calculating the value of interest-only securities and servicing rights are subject to volatility. Prepayments resulting from competition, obligor mobility, general and regional economic conditions, and prevailing interest rates, as well as actual losses incurred, may vary from the performance projected in future periods. Assumptions with respect to future prepayments, defaults, losses, servicing costs and discount rates are reviewed periodically. As disclosed in its Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, Green Tree realized a material writedown of its interest-only securities due to higher than expected prepayments. Prepayments have continued to exceed expectations in April 1998. If prepayments continue above expectations, or upon review certain other assumptions are revised, it is likely that there will be a further material writedown in the value of the interest-only securities and servicing rights and this reduction in value could materially affect operating results. Any adjustments to be made in future periods will depend on circumstances existing at that time.

The unaudited pro forma consolidated financial information should be read in conjunction with the historical consolidated financial statements of Consecoco and Green Tree and the notes thereto.

2. INCOME TAX LIABILITIES

The income tax assets of Consecoco are netted against the income tax liabilities of Green Tree.

3. MERGER AND INTEGRATION COSTS

In connection with the Merger, Consecoco expects to incur Merger-related costs of approximately \$240 million, net of income taxes. Such costs include investment banking, accounting, legal and regulatory fees, severance and retention costs and other costs associated with the Merger. These expenses (including the related tax effect) have been reflected in the unaudited pro forma combined balance sheet financial information, but are not reflected in the unaudited pro forma statement of operations financial information since such expenses are not expected to have a continuing impact on the combined company.

4. SHAREHOLDERS' EQUITY AND WEIGHTED AVERAGE SHARES OUTSTANDING

Weighted average shares outstanding have been adjusted to reflect the issuance of .9165 shares of Consecoco common stock for each share of Green Tree common stock or equivalent. The following shares of Green Tree common stock or equivalents were outstanding at April 6, 1998: (i) 134,012,054 shares of Green Tree common stock; (ii) 10,297,132 options outstanding to purchase Green Tree common stock at an average price of \$23.12 per share (such options are equivalent to 6,174,713 shares of Consecoco common stock, based on the last reported sale price of a share of Consecoco common stock on April 6, 1998); and (iii) warrants to purchase 2,735,688 shares of Green Tree common stock at \$22.75 per share (such warrants are equivalent to 710,568 shares of Consecoco common stock, based on the last reported sale price of a share of Consecoco common stock on April 6, 1998 based on Green Tree's right to call the warrant by issuing stock equivalents at \$15 per warrant). The treasury stock held by Green Tree prior to the Merger has been reclassified to common stock and additional paid-in capital to conform to Consecoco's presentation.

5. OPERATING COST SAVINGS

No adjustment has been included in the unaudited pro forma consolidated financial information for the anticipated operating cost savings. The combined company expects to achieve operating cost savings through the reduction of certain borrowing costs as well as potentially through the elimination of redundant staff functions, data processing, marketing synergies and certain back office operations and the reduction of corporate overhead. There can be no assurance that anticipated operating cost savings will be achieved.

Exhibits - None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONSECO, INC.

DATE: July 13, 1998

By: /s/ ROLLIN M. DICK

Name: Rollin M. Dick
Title: Executive Vice President
and Chief Financial Officer

End of Filing

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