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CONSECO INC
Form 8-K
February 08, 2002

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): January 30, 2002

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.)

Item 5. Other Events

On January 30, 2002, Conseco, Inc. ("Conseco" or the "Company"), Conseco Finance Corp. ("Conseco Finance") and certain of their affiliates entered into various transactions with Lehman Brothers and its affiliates pursuant to which Lehman Brothers extended the terms of Conseco Finance's (a) warehouse line from September 2002 to September 2003, (b) borrowings with respect to approximately \$90.6 million of miscellaneous assets ("Miscellaneous Borrowings") from January 31, 2002 to June 2003, and (c) residual line from February 2003 to February 2004 under which financing is being provided on Conseco Finance's interest-only securities, servicing rights and various B tranche securities of Conseco

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Finance's securitizations. Conseco Finance agreed to an amortization schedule by which it will repay the outstanding balance under the Miscellaneous Borrowings by June 2003. In addition, Lehman Brothers has committed that through March 30, 2002, it will advance up to an additional \$50 million on the residual line at Conseco Finance's request to partially fund Conseco Finance's tender offer for its June 2002 bonds. The Company, Conseco Finance and CIHC, Incorporated, a direct subsidiary of Conseco, also entered into a revised agreement governing the movement of cash from Conseco Finance to the Company. Pursuant to the agreement, Conseco Finance must maintain liquidity of at least (i) \$50 million until September 30, 2002, (ii) \$75 million from October 1, 2002 to June 30, 2003 and (iii) \$100 million from and after July 1, 2003. However, Conseco Finance no longer must meet a minimum liquidity requirement of \$250 million before making interest, principal, dividend or redemption payments to its parent.

Pursuant to the new arrangements, Lehman Brothers may exchange their existing Warrant to purchase 5% of the common stock of Conseco Finance until May 2003 and receive in its place 500,000 shares of Series G Convertible Redeemable Preferred Stock of Conseco (the "Series G Preferred") at a \$100 stated value per share, having the following general terms:

- (a) No dividend;
- (b) Convertible to Conseco common stock at \$10 per share;
- (c) Voting rights on an as converted basis;
- (d) Mandatorily redeemable by Conseco in January 2012 at the stated value;
- (e) Pari passu with Conseco's Series F Common-Linked Convertible Preferred Stock (the "Series F Preferred") if, and only if, a majority of the holders of Conseco's Series E Preferred Stock ("Series E Preferred") and Series F Preferred consent, and otherwise pari passu with the Series E Preferred and junior to the Series F Preferred; and
- (f) The right to cause Conseco to register the Series G Preferred within one year after electing to surrender the Warrant in exchange for the Series G Preferred.

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: February 6, 2002

By: /s/ Charles B. Chokel

Name: Charles B. Chokel
Title: Executive Vice President
and Chief Financial
Officer