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CONSECO INC
Form 11-K
July 14, 2003

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

Form 11-K

[x] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED December 31, 2002 OR

[] TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 1-9250

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

ConsecoSave Plus Plan

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive offices:

Conseco, Inc.
11825 North Pennsylvania Street
Carmel, Indiana 46032

CONSECO SAVE PLUS PLAN

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a) Financial Statements

| | |
|--|--|
| Report of Independent Auditors..... | |
| Statement of Net Assets Available for Benefits - December 31, 2002 and 2001..... | |
| Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2002..... | |
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Supplemental Schedule(1).....

b) Exhibits

- 23 Consent of Independent Auditors
- 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

REPORT OF INDEPENDENT AUDITORS

To the Participants and Plan Trustees of the
ConsecoSave Plus Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the ConsecoSave Plus Plan (the "Plan", formerly the ConsecoSave Plan) at December 31, 2002 and 2001, and the changes in net assets available for benefits for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2002 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

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July 11, 2003

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CONSECOSAVE PLUS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2002 and 2001

| | 2002 |
|---|--------------|
| | ----- |
| Assets: | |
| Investments at fair value | \$158,896,04 |
| Employer contribution receivable | 5,147,35 |
| Employee contribution receivable | 391,60 |
| | ----- |
| Total assets | 164,435,00 |
| Liabilities: | |
| Excess contribution refunds due to participants | - |
| | ----- |
| Net assets available for benefits | \$164,435,00 |
| | ===== |

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CONSECOSAVE PLUS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the year ended December 31, 2002

| | |
|--|---------------|
| Investment income (loss): | |
| Interest and dividends | \$ 3,479,000 |
| Net depreciation in the fair value of investments | (44,398,410) |
| | ----- |
| Net investment loss | (40,919,410) |
| | ----- |
| Contributions: | |
| Employee contributions | 22,148,100 |
| Employer contributions | 5,147,350 |
| | ----- |
| Total contributions | 27,295,450 |
| | ----- |
| Deductions: | |
| Benefits paid | 43,425,390 |
| Administrative expenses | 11,060 |
| | ----- |
| Total deductions | 43,436,450 |
| | ----- |
| Net decrease | (57,060,400) |
| Net assets available for benefits, beginning of year | 221,495,400 |
| | ----- |
| Net assets available for benefits, end of year | \$164,435,000 |
| | ===== |

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CONSECOSAVE PLUS PLAN NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accompanying financial statements of the ConsecoSaves Plus Plan (the "Plan", formerly the ConsecoSaves Plan prior to its name change effective October 1, 2002) have been prepared in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results may differ from these estimates.

On December 17, 2002, Consecos Inc. ("Consecos") and certain other affiliates (collectively referred to as the "Debtors") filed petitions for reorganization under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court"). On March 18, 2003, the Bankruptcy Court approved the Debtors Plan of Reorganization (the "Plan of Reorganization") as described in the Debtors' Disclosure Statement, as containing adequate information, as such term is defined in Section 1125 of the Bankruptcy Code, to permit the solicitation of votes from creditors on whether or not to accept the Plan of Reorganization. Consecos Services, LLC ("CSL"), a wholly-owned subsidiary of Consecos and the Plan Sponsor, was not included in the petitions filed by the Debtors. The impact that the Plan of Reorganization may have on the operations of Consecos and its subsidiaries, including the Plan sponsor, cannot be accurately predicted or quantified.

The assets of the Plan are not subject to the claims of the creditors of the Debtors' that have filed petitions for reorganization and the Plan is continuing to operate as in the past.

Investments

The Plan provides the following investment options for voluntary employee contributions:

- Consecos 20 Fund (a)
- Consecos Balanced Fund (a)
- Consecos Convertible Securities Fund (a)
- Consecos Equity Fund (a)
- Consecos Fixed Income Fund (a)
- Consecos High Yield Fund (a)
- American Funds Growth Fund of America (c)
- American Funds Euro Pacific Growth Fund (c)
- Ariel Appreciation Fund (c)
- Dreyfus Bond Market Index Fund (c)
- Dreyfus International Stock Index Fund (c)
- Dreyfus Midcap Index Fund (c)
- Dreyfus Small Cap Stock Index Fund (c)
- MFS Value Fund (c)
- Prudential Jennison Equity Opportunity Fund (c)
- Prudential Stable Value Fund (c)
- Vanguard Institutional Index (b)
- Interest Income Fund
- Consecos Stock Portfolio

-
- (a) Such funds are offered by Conseco Fund Group, which is managed by Conseco Capital Management, Inc., a wholly owned subsidiary of Conseco.
 - (b) Such investment option was added in 2001.
 - (c) Such investment options were added in 2002.

The Conseco Fund Group Money Market Fund was discontinued as an investment option in 2002.

CONSECOSAVE PLUS PLAN
NOTES TO FINANCIAL STATEMENTS - (Continued)

1. Summary of Significant Accounting Policies (Continued)

Investments (continued)

The Conseco Stock Portfolio invests solely in the common stock of Conseco. The Conseco common stock is valued at the average of the high and low quoted market prices in the over the counter market at the end of each trading day. Effective August 9, 2002, no additional participant contributions were permitted to be invested in the Conseco Stock Portfolio.

The Interest Income Portfolio consists of guaranteed interest contracts. The guaranteed interest contracts are carried at accumulated contract values, which are cost adjusted for interest credited (at an average rate of 4.88 percent for the year ended December 31, 2002). Such carrying value approximates fair value. The interest rate on the guaranteed interest contracts at December 31, 2002 and 2001, was 4.75 percent and 5.00 percent, respectively. Effective January 1, 2003, the Interest Income Fund was discontinued and such amounts were invested in the Prudential Stable Value Fund.

The Prudential Stable Value Fund is a bank collective investment fund which invests in investment contracts and security-backed contracts, both of which are benefit responsive. The investment contracts are carried at contract value which represents contributions made under the contract less any participant-directed withdrawals plus accrued interest at the contract rate. The security-backed contracts are carried at contract value, in the aggregate, which consists of the market value of the underlying securities, accrued interest on the underlying securities, and the fair value of the contract value liquidity agreements, which generally represents the difference between the contract amounts and market values of the underlying securities plus accrued interest. The contract value approximates fair value for all investment contracts and security-backed contracts.

The remaining funds are valued using the net asset value at the end of each New York Stock Exchange business day.

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CONSECOSAVE PLUS PLAN NOTES TO FINANCIAL STATEMENTS - (Continued)

1. Summary of Significant Accounting Policies (Continued)

Investments (continued)

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains (losses) and the unrealized appreciation (depreciation) on those investments.

Administrative Expenses

Operating expenses and maintenance fees incurred during the year ended December 31, 2002, of \$432,237, were paid by CSL, the Plan sponsor on behalf of the Plan. Future payment of such expenses by CSL is at its discretion.

Tax Status

Under Sections 401(a) and 501(a), respectively, of the Internal Revenue Code (the "IRC"), the Plan is qualified and the Consecosave Trust, a trust established under the Plan, is tax-exempt as stated in a determination letter received from the Internal Revenue Service dated May 12, 2003. The Plan has been amended since receiving its last determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

The net assets available for benefits in the accompanying financial statements are approximately \$47,000 higher than such assets available for benefits as reported in the Form 5500. Such amount represents accrued benefits approved for distribution but not paid as of December 31, 2002.

Risks and Uncertainties

The Plan provides for various investment options pursuant to which the underlying investments are exposed to various risks, such as interest rate, market or credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

2. Plan Description

The Plan is a defined contribution plan pursuant to Section 401(k) of the IRC. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Established on April 1, 1989, and amended and restated on January 1, 1993, October 1, 1995, January 1, 1997, and November 15, 1999, the Plan includes all employees of CSL as determined pursuant to the Plan of CSL and any participating employer (unless otherwise excluded pursuant to the Plan). Participation is voluntary. Every employee is eligible to become a participant on the first day of the first month (fourth month prior to October 1, 2002) immediately following the employee's date of hire.

Employee contributions to the Plan are made through periodic payroll deductions in increments of 1.0 percent of the participant's annual earnings, not to exceed the lesser of 30.0 percent (15 percent prior to October 1, 2002) of the

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participant's annual earnings or the maximum amount specified by federal tax law (\$11,000 for pre-tax contributions for 2002). Participants can make pre-tax and/or after-tax contributions. Participants designate the portfolios in which their contributions are invested.

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CONSECO SAVE PLUS PLAN NOTES TO FINANCIAL STATEMENTS - (Continued)

2. Plan Description (continued)

Employer contributions are at the discretion of the Plan sponsor and may be made in Conseco Stock, cash to be used to purchase Conseco Stock, or in cash. Prior to 2002, the employer contributions were made in Conseco Stock and were equal to 50 percent of each eligible participant's pre-tax contributions, up to a maximum of 6 percent of the participant's annual earnings. For 2002, the employer contributions were made in cash and were equal to 50 percent of each eligible pre-tax contributions to the Plan during the first nine months of 2002, up to a maximum of 6 percent of the participant's earnings compensation earned through the nine months ended September 30, 2002. The employer contribution receivable at December 31, 2002 represents the employer contributions for 2002 as described in the previous sentence. There was no employer contribution related to the last three months of 2002.

ERISA and the IRC provide that qualified plans, such as the Plan, cannot discriminate in favor of highly compensated individuals. Certain highly compensated individuals may be required to receive refunds of any contributions in excess of the IRC Sections 401(k)(3) and 401(m) limits and all earnings attributable to such contributions. Amounts in excess of the limits discussed above are presented in the statement of net assets available for benefits as "Excess contribution refunds due to participants" and generally were refunded within 2-1/2 months of the Plan's year end.

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Participants have a gradual vesting schedule based upon length of service and are fully vested in Conseco's contributions after five years of service (six years prior to October 1, 2002). At December 31, 2002 and 2001, forfeited non-vested amounts totaled \$227,700 and \$328,613, respectively. These non-vested interests of withdrawn participants were used to reduce the employer contribution receivable at December 31, 2002 and 2001. Participant accounts are credited for the return on their investments in proportion to their investment in the respective fund within the Plan.

Benefits under the Plan are paid in cash in a lump sum, in quarterly or annual installment payments, whole shares of Conseco common stock, or a combination thereof. Participants may make withdrawals after reaching age 55 or 59 1/2, and under certain circumstances are allowed to make hardship withdrawals and after-tax deposit account withdrawals. Participants are permitted to transfer account balances between portfolios at any time in 1.0 percent increments. Prior to the suspension of additional investments in the Conseco Stock Portfolio on August 9, 2002, transfers involving participant-directed contributions to the Conseco Stock Portfolio could only be made during a 10-business day period each quarter, beginning on the 3rd business day following the quarterly earnings release. Benefits approved for distribution but not paid at December 31, 2002, totaled approximately \$47,000.

Participants may obtain loans up to 50.0 percent of the vested portion of their

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account balances, excluding employer contributions, to a maximum loan of \$50,000. Only one loan may be outstanding at a time. Repayment of both principal and interest is made to the participant's account via payroll deduction or a lump sum. As of December 31, 2002, the participant loans had interest rates ranging from 4.75 percent to 9.5 percent, and maturity dates ranging from January 2003 to April 2019. The loans are collateralized by the participants' vested account balances.

The Plan is administered by CSL, which establishes the rules and procedures necessary for the Plan's operations. Although it has not expressed any intent to do so, CSL has the right to terminate the Plan. In the event that the Plan is terminated, each participant's account shall be non-forfeitable with respect to both the participant's and employer's contributions and the net assets shall be set aside for payment to the participants. Distribution shall be made by the trustee in a lump sum or in substantially equal installments during a period not exceeding one year following such termination.

The Plan was amended in 2002 to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001.

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CONSECOSAVE PLUS PLAN
NOTES TO FINANCIAL STATEMENTS - (Continued)

2. Plan Description (continued)

The foregoing description of the Plan provides only limited information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

3. Investments

Investments that represent 5 percent or more of the Plan's net assets available for benefits as of December 31, 2002 and 2001, are summarized as follows:

| | 2002 ---- | 2001 ---- |
|-----------------------------------|--------------|--------------|
| Conseco Equity Fund | \$54,226,573 | \$78,423,637 |
| Prudential Stable Value Fund | 26,552,303 | |
| Vanguard Institutional Index Fund | 20,837,050 | 30,788,904 |
| Interest Income Fund | 16,727,705 | 16,428,441 |
| Conseco Fixed Income Fund | 15,867,384 | 17,391,698 |
| Conseco Stock Portfolio (a) | | 17,100,082 |
| Conseco Money Market Fund | | 30,557,814 |

During 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) as follows:

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| | |
|-------------------------|----------------|
| Mutual funds | \$(20,918,774) |
| Collective fund | 314,055 |
| Conseco Stock Portfolio | (23,793,697) |
| | ----- |
| | \$(44,398,416) |
| | ===== |

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CONSECOSAVE PLUS PLAN

NOTES TO FINANCIAL STATEMENTS - (Continued)

4. Conseco Stock Portfolio

The Conseco Stock Portfolio includes both participant-directed and nonparticipant-directed investments. At December 31, 2002, the Conseco Stock Portfolio consisted of shares of Conseco stock. At December 31, 2001, the Conseco Stock Portfolio consisted primarily of Conseco stock and short-term investments. Changes in net assets relating to this portfolio for the year ended December 31, 2002, are as follows:

Net investment income (loss):

| | |
|---|--------------|
| Interest and dividends | \$ 3,351 |
| Net depreciation in fair value of stock | (23,793,697) |
| | ----- |
| Net investment loss | (23,790,346) |
| | ----- |

Contributions:

| | |
|------------------------|-----------|
| Employee contributions | 1,412,541 |
| Employer contributions | 7,683,168 |
| | ----- |
| Total contributions | 9,095,709 |
| | ----- |

Deductions:

| | |
|-------------------------|-----------|
| Benefits paid | 2,219,603 |
| Administrative expenses | 11,063 |
| | ----- |
| Total deductions | 2,230,666 |
| | ----- |

Net employee transfers to participant-directed investments

57,280

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| | |
|----------------------------|--------------|
| Net decrease for the year | (16,868,023) |
| Balance, beginning of year | 17,100,082 |
| | ----- |
| Balance, end of year | \$ 232,059 |
| | ===== |

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CONSECOSAVE PLUS PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (held at end of year)

| (a) | (b) | (c) |
|--|---------------------------------|---|
| Identity of Issuer, Borrower, Lessor or Similar Party | | Description of Investment |
| ----- | | |
| Mutual funds: | | |
| * Prudential Insurance Company of America | American Funds | Prudential Jennison Equity Opportunity Fund |
| | Vanguard U.S. Stock Index Funds | Euro Pacific Growth Fund |
| | Ariel Funds | Vanguard Institutional Index Fund |
| | American Funds | Ariel Appreciation Fund |
| | MFS Value Funds | Growth Fund of America |
| | Dreyfus Funds | MFS Value Fund A |
| | Dreyfus Funds | Dreyfus International Stock Index Fund |
| | Dreyfus Funds | Dreyfus Small Cap Stock Index Fund |
| | Dreyfus Funds | Dreyfus Bond Market Index Fund |
| | Dreyfus Funds | Dreyfus Mid Cap Index Fund |
| * Consecoco Fund Group | | Consecoco Fixed Income Fund |
| * Consecoco Fund Group | | Consecoco High Yield Fund |
| * Consecoco Fund Group | | Consecoco 20 Fund |
| * Consecoco Fund Group | | Consecoco Balanced Fund |
| * Consecoco Fund Group | | Consecoco Convertible Securities |
| * Consecoco Fund Group | | Consecoco Equity Fund |
| Collective funds: | | |
| * Prudential Insurance Company of America | | Prudential Stable Value Fund |
| Guaranteed interest contract: | | |
| * Consecoco Annuity Assurance Company | | Interest Income Fund |
| * Consecoco Company Stock | | Consecoco Company Stock (4,629,162 shares) |
| * Participant Loans | | Interest rates from 4.75% to 9.50%, maturity dates from January 2003 to April 2019 |
| Total assets (held at end of year) | | |

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CONSECOSAVE PLUS PLAN

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees of the Plan have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

CONSECOSAVE PLUS PLAN

Dated: July 11, 2003

By: /s/ William J. Shea

William J. Shea, Trustee

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