

NAL FINANCIAL GROUP INC

Filed by
CONSECO INC

FORM SC 13D/A (Amended Statement of Beneficial Ownership)

Filed 07/08/97

Address	500 CYPRESS CREEK RD W STE 590 FORT LAUDERDALE, FL 33309
Telephone	9549388200
CIK	0000811644
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

NAL FINANCIAL GROUP INC

FORM SC 13D/A (Amended Statement of Beneficial Ownership)

Filed 7/8/1997

Address	500 CYPRESS CREEK RD W STE 590 FORT LAUDERDALE, Florida 33309
Telephone	954-938-8200
CIK	0000811644
Industry	Consumer Financial Services
Sector	Financial
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

AMENDMENT NO. 1

NAL Financial Group Inc.

(Name of Issuer)

Common Stock
(Title of Class of Securities)

62872M106
(CUSIP Number)

June 25, 1997
(Date of Event which requires filing of this Statement)

If the filing person has previously filed a Statement on Schedule 13G to report the acquisition which is the subject of this Statement and is filing this Statement because of Rule 13d-1(b)(3) or (4), check the following box:

Check the following box if a fee is being paid with this Statement:

This filing contains ____ pages.
The Exhibit Index appears on page ____.

CUSIP No.....62872M106

1. NAME OF REPORTING PERSON Conseco, Inc.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON.....35-1468632

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS.....AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION.....United States Citizen

Number of	7.	SOLE VOTING POWER.....	515,000
Shares			-----
Beneficially	8.	SHARED VOTING POWER.....	8,923,667
Owned By			-----
Each	9.	SOLE DISPOSITIVE POWER.....	515,000
Reporting			-----
Person With	10.	SHARED DISPOSITIVE POWER.....	8,923,667

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
9,438,667

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES SHARES
[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
46.9%

14. TYPE OF REPORTING PERSON.....HC, CO

CUSIP No.....62872M106

1. NAME OF REPORTING PERSON.....Conseco Private Capital Group, Inc.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON.....35-1882445

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS.....AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION.....United States Citizen

Number of	7.	SOLE VOTING POWER.....	257,000
Shares			-----
Beneficially	8.	SHARED VOTING POWER.....	0
Owned By			----
Each	9.	SOLE DISPOSITIVE POWER.....	257,000
Reporting			-----
Person With	10.	SHARED DISPOSITIVE POWER.....	0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
257,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES SHARES
[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
1.3%

14. TYPE OF REPORTING PERSON..... CO

CUSIP No.....62872M106

1. NAME OF REPORTING PERSON.....Beneficial Standard Life Insurance Company

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON.....95-0540891

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS..... PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e) []

6. CITIZENSHIP OR PLACE OF ORGANIZATION.....United States Citizen

Number of Shares Beneficially Owned By Each Reporting Person With
7. SOLE VOTING POWER.....4,333,333

8. SHARED VOTING POWER..... 0

9. SOLE DISPOSITIVE POWER.....4,333,333

10. SHARED DISPOSITIVE POWER..... 0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,333,333

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES SHARES
[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
21.5%

14. TYPE OF REPORTING PERSON..... IC

CUSIP No.....62872M106

1. NAME OF REPORTING PERSON.....Great American Reserve Insurance Company

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON.....75-0300900

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS.....PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e).....[]

6. CITIZENSHIP OR PLACE OF ORGANIZATION.....United States Citizen

Number of 7. SOLE VOTING POWER.....4,333,333

Shares

Beneficially 8. SHARED VOTING POWER..... 0

Owned By

Each 9. SOLE DISPOSITIVE POWER.....4,333,333

Reporting

Person With 10. SHARED DISPOSITIVE POWER..... 0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
4,333,333

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES SHARES
[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
21.5%

14. TYPE OF REPORTING PERSON..... IC

Item 1. Security and Issuer

This Schedule 13D is being filed by Conseco, Inc. ("Conseco"), Conseco Private Capital Group, Inc., a wholly owned subsidiary of Conseco, ("CPCG"), Beneficial Standard Life Insurance Company ("BSLIC"), a wholly owned subsidiary of Conseco, and Great American Reserve Insurance Company ("GARCO"), a wholly owned subsidiary of Conseco, relating to the Common Stock (the "Common Stock"), \$.15 par value, of NAL Financial Group Inc. (the "Company").

The Company's principle executive offices are located at 500 Cypress Creek Road West, Suite 590, Ft. Lauderdale, Florida 33309.

Item 2. Identity and Background

This statement is filed by Conseco, the principal business address and principal office address of which is 11825 N. Pennsylvania Street, Carmel, Indiana 46032. Conseco is a financial services holding company which owns and operates insurance companies. The insurance companies owned and operated by Conseco develop, market, issue and administer annuity, individual health insurance and life insurance products. Conseco also provides administrative, data processing and investment management services to non-affiliates.

The executive officers and directors of Conseco are:

Stephen C. Hilbert, whose business address is 11825 N. Pennsylvania Street, Carmel, Indiana 46032, is the Chairman of the Board, Chief Executive Officer and President of Conseco. Mr. Hilbert is also a Director of Conseco.

James S. Adams, whose business address is 11825 N. Pennsylvania Street, Carmel, Indiana 46032, is the Senior Vice President, Chief Accounting Officer and Treasurer of Conseco.

Ngairé E. Cuneo, whose business address is 745 Fifth Avenue, Suite 2700, New York, New York 10151, is Executive Vice President of Corporate Development and a Director of Conseco. Ms. Cuneo is also a Director of the Company.

Rollin M. Dick, whose business address is 11825 N. Pennsylvania Street, Carmel, Indiana 46032, is the Executive Vice President and Chief Financial Officer and a Director of Conseco.

Donald F. Gongaware, whose business address is 11825 N. Pennsylvania Street, Carmel, Indiana 46032, is the Executive Vice President and Chief Operations Officer and a Director of Conseco.

David R. Decatur, M.D., whose business address is 1303 North Arlington Avenue, Indianapolis, Indiana 46219, is a physician practicing in Indianapolis, Indiana and is President and Chief Executive Officer of Innovative Health Systems, Inc. Dr. Decatur is a Director of Conseco.

M. Phil Hathaway, whose home address is 4504 N. Northwood, Bloomington, Indiana, is retired. Mr. Hathaway is a Director of Conseco.

James D. Massey, whose business address is National City Bank of Indiana, 101 W. Washington Street, Indianapolis, Indiana 46255, is retired. Mr. Massey is a Director of Conseco.

Dennis E. Murray, Sr., whose business address is 111 East Shoreline Drive, Sandusky, Ohio 44870, is a partner and principal of the Ohio law firm of Murray and Murray, Co., L.P.A. Mr. Murray is a Director of Conseco.

John M. Mutz, whose business address is Mr. Mutz is 251 N. Illinois Street, Suite 1400, Indianapolis, Indiana 46204. Mr. Mutz is President of PSI Energy, Inc. Mr. Mutz is a director of Conseco.

This statement is also being filed by BSLIC, the principle business address and principle office address of which is 11825 N. Pennsylvania Street, Carmel, Indiana 46032. BSLIC is a California stock life insurance corporation which primarily develops, markets, issues and administers annuities and other life insurance products.

The executive officers and directors of BSLIC are: Messrs. Dick (Executive Vice President and Chief Financial Officer), Gongaware (President and Chief Operations Officer) and Hilbert (Chairman of the Board and Chief Executive Officer) Ms. Cuneo is a director of BSLIC.

This statement is also being filed by GARCO, the principle business address and principle office address of which is 11825 N. Pennsylvania Street, Carmel, Indiana 46032. GARCO is a Texas stock life insurance corporation that develops, markets, issues and administers annuity and life insurance products. The executive officers and directors of GARCO are Messrs. Dick, Gongaware and Hilbert and Ms. Cuneo. Such officers and directors hold the same position with GARCO as they hold with BSLIC.

This statement is also being filed by CPCG, the principle business address and principle office address of which is 11825 N. Pennsylvania Street, Carmel, Indiana 46032. CPCG provides consulting services to Consecro and its subsidiaries in connection with non-traditional investments. Ms. Cuneo is the President and Chief Executive Officer of CPCG, and Mr. Dick is Executive Vice President and Chief Financial Officer. Messrs. Hilbert, Dick and Gongaware and Ms. Cuneo are directors of CPCG.

All of the executive officers and directors of Consecro, CPCG, BSLIC and GARCO are United States citizens. During the last five years no executive officer or director of Consecro, CPCG, BSLIC or GARCO has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has any such person been party to civil proceedings of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or a finding of any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Effective April 23, 1996, BSLIC, GARCO and the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") pursuant to which each of GARCO and BSLIC purchased \$5 million of 9% Convertible Subordinated Debentures of the Company (the "Debentures"). GARCO and BSLIC made the investment out of their working capital. The Debentures are convertible into shares of Common Stock at a conversion price of the lesser of (i) \$7.50

per share or (ii) 80% of the closing bid price of a share of Common Stock as reported by the NASDAQ/NMS on the date the Debentures are converted to Common Stock. The closing bid price was \$1 19/32 on July 1, 1997 resulting in a conversion price of \$1.275 per share. All ownership information presented in this Schedule 13D for GARCO and BSLIC assumes such conversion price. Prior to the public offering of Common Stock in December at \$7.50 per share, the conversion price was \$12.00 per share which was the conversion price at the time of the filing of the initial Schedule 13D. Accordingly, this Amendment reflects a higher number of shares into which the Debentures are convertible. The accrued interest on the Debenture since the initial Schedule 13D has also resulted in an increase in the number of shares into which the Debentures are convertible.

Effective April 23, 1996, the Company also issued a warrant to Conseco to purchase 500,000 shares of Common Stock at an exercise price of \$12.625 per share and a warrant to Conseco to purchase 15,000 shares of Common Stock at an exercise price of \$14.25 per share (the "Warrants"). The Warrants are exercisable immediately and for a period ending April 23, 2001.

On June 25, 1997, CPCG made a \$5,000,000 loan to the Company (the "CPCG Loan"), and in connection with such loan, the Company issued to CPCG a warrant to purchase 257,000 shares of Common Stock at an exercise price of \$.15 per share (the "CPCG Warrant"). The CPCG Warrant may be exercised at any time through June 23, 2002. Also, in connection with the CPCG Loan, the exercise price for the Warrants was amended to \$.15 per share, and the Debentures were amended to, among other things, (i) provide for the payment to the

holders, at maturity, of the equity value of the Debentures or the amount of principal and accrued interest, at the election of the holders and (ii) allow for the transfer of the Debentures.

Item 4. Purpose of Transaction

The purpose of each of Conseco, CPCG, BSLIC and GARCO in making the investment in the Company was for investment purposes. Pursuant to the Securities Purchase Agreement, BSLIC and GARCO are entitled to nominate a director for election to the Board of Directors of the Company. BSLIC and GARCO selected Ngairé E. Cuneo as such nominee.

Item 5. Interest in Securities of the Issuer

(a) As a result of its ownership of the Warrants and its wholly owned subsidiaries ownership of the Debentures and CPCG Warrant, Conseco beneficially owns 9,438,667 shares of the Common Stock representing 46.9% of the shares of Common Stock deemed to be outstanding. Of such shares, GARCO beneficially owns 4,333,333 shares of Common Stock representing 21.5% of the outstanding shares, and BSLIC beneficially owns 4,333,333 shares of Common Stock representing 21.5% of the outstanding shares of Common Stock. Such beneficial ownership by GARCO and BSLIC is based upon a conversion price of \$1.275 per share under the Debentures. The Debentures are convertible into shares of Common Stock at a conversion price of the lesser of (i) \$7.50 per share or (ii) 80% of the closing bid price of a share of Common Stock as reported by the NASDAQ/NMS on the date the Debentures are converted to Common Stock. Because clause (ii) is currently controlling the conversion

price, the number of shares into which the Debentures are convertible is substantially affected by the market price of the Common Stock. Of the shares beneficially owned by Conseco, CPCG beneficially owns 257,000 shares of the Common Stock representing 1.3% of the shares of Common Stock deemed outstanding.

(b) Upon exercise of the Warrants, the CPCG Warrants and conversion of the Debentures, Conseco will have the sole power to vote or to direct the vote and the sole power to dispose or direct the disposition of 515,000 shares of Common Stock and the shared power to dispose or direct the disposition and the shared power to vote 8,923,667 shares of Common Stock through its wholly owned subsidiaries CPCG, GARCO and BSLIC. Upon conversion of the Debentures, based upon a \$1.275 per share conversion price, GARCO and BSLIC each individually will have the sole power to vote and the sole power to dispose of 4,333,333 shares of Common Stock. Upon the exercise of the CPCG Warrants, CPCG will have the sole power to vote and the sole power to dispose of 257,000 shares of Common Stock.

(c) The only transactions involving the Common Stock affected during the past 60 days by Conseco, CPCG, BSLIC or GARCO are described in this Schedule 13D.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

See Item 2 for a description of the conversion features of the Debentures and a description of the Warrants and the CPG Warrants. Additionally, BSLIC and GARCO entered into a Stockholders' Agreement, dated April 23, 1996, with the Company and two of the Company's employees. Such agreement provides (i) for the nomination of a person selected by GARCO and BSLIC to be elected to the Board of Directors of the Company; (ii) the vote of shares of Common Stock held by the parties to the Stockholders' Agreement in favor of such director; and (iii) a limitation on the number of shares of Common Stock the employee stockholders may sell in given periods. The Company also granted Conseco and BSLIC and GARCO registration rights pursuant to Registration Rights Agreements under which such holders have, among other things, the right to demand registration of their shares of Common Stock under the Securities Act of 1933. The Securities Purchase Agreement gives BSLIC and GARCO the right to cause the Company to repurchase the Debentures upon a Triggering Event (as defined in the Securities Purchase Agreement) at a price equal to the higher of (i) the principal amount of the Debentures plus 9% interest per annum or (ii) the market value of the Common Stock into which the Debentures are convertible as calculated pursuant to the Securities Purchase Agreement.

Item 7. Material to Be Filed as Exhibits

(1) Joint Filing Agreement by and among BSLIC, GARCO, Conseco and CPG;

- * (2) Securities Purchase Agreement, dated April 23, 1996, by and among the Company, BSLIC and GARCO;
- * (3) Warrant to purchase 500,000 shares of Common Stock issued to Conseco April 23, 1996;
- * (4) Warrant to purchase 15,000 shares of Common Stock issued to Conseco April 23, 1996;
- * (5) Stockholders' Agreement, dated April 23, 1996, by and among GARCO, BSLIC, the Company and the shareholders named therein;
- * (6) Registration Rights Agreement, dated April 23, 1996, by and among the Company, GARCO and BSLIC;
- * (7) Registration Rights Agreement, dated April 23, 1996, by and between the Company and Conseco;
- * (8) \$5,000,000 9% Subordinated Convertible Debenture issued to GARCO, dated April 23, 1996; and
- * (9) \$5,000,000 9% Subordinated Convertible Debenture issued to BSLIC, dated April 23, 1996.
- (10) First Amendment to 9% Subordinated Convertible Debenture, dated April 23, 1996, issued to BSLIC.
- (11) First Amendment to 9% Subordinated Convertible Debenture, dated April 23, 1996, issued to GARCO.

(12) First Amendment to Warrant to Purchase Common Stock in connection with the warrant for 500,000 shares issued to Conseco.

(13) First Amendment to Warrant to Purchase Common Stock in connection with the warrant for 15,000 shares issued to Conseco.

(14) Warrant to Purchase 257,000 shares of Common Stock issued to CPCG dated June 23, 1997.

* Incorporated by reference from schedule 13D, dated April 23, 1996.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Date: July 7, 1997.

CONSECO, INC.

By: /s/ Ngaire E. Cuneo

*Ngaire E. Cuneo,
Executive Vice President*

**CONSECO PRIVATE CAPITAL GROUP,
INC.**

By: /s/ Ngaire E. Cuneo

*Ngaire E. Cuneo,
President*

**BENEFICIAL STANDARD LIFE
INSURANCE COMPANY**

By: /s/ Rollin M. Dick

*Rollin M. Dick,
Executive Vice President*

**GREAT AMERICAN RESERVE
INSURANCE COMPANY**

By: /s/ Rollin M. Dick

*Rollin M. Dick,
Executive Vice President*

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JOINT FILING AGREEMENT

This will confirm the agreement by and among all the undersigned that the Schedule 13D filed on or about this date with respect to the beneficial ownership of the undersigned of shares of the Common Stock, \$.15 par value, of NAL Financial Group Inc. is being filed on behalf of each of the undersigned. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Dated: July 7, 1997

CONSECO, INC.

By: /s/ NGAIRE E. CUNEO

*Ngairé E. Cuneo,
Executive Vice President*

CONSECO PRIVATE CAPITAL GROUP, INC.

By: /s/ NGAIRE E. CUNEO

*Ngairé E. Cuneo,
President*

**BENEFICIAL STANDARD LIFE INSURANCE
COMPANY**

By: /s/ ROLLIN M. DICK

*Rollin M. Dick,
Executive Vice President*

**GREAT AMERICAN RESERVE INSURANCE
COMPANY**

By: /s/ ROLLIN M. DICK

*Rollin M. Dick,
Executive Vice President*

**FIRST AMENDMENT TO 9% SUBORDINATED
CONVERTIBLE DEBENTURE DATED APRIL 23, 1996**

On April 23, 1996 NAL Financial Group, Inc., a Delaware corporation ("Maker" or the "Company") entered into a convertible debenture in the principal amount of \$5,000,000 (the "Debenture") payable to the order of Beneficial Standard Life Insurance Company as lender ("Lender"). For good and valuable consideration, receipt of which is acknowledged, the parties agree to amend the Debenture as follows:

1. Paragraph 1 of the Debenture is hereby superseded and replaced in its entirety with the following:

"1. Principal and all unpaid interest which accrues thereon shall be payable in full at the election of Lender upon the earlier of (i) October 23, 1997, or (ii) a Change in Control, as hereinafter defined (hereinafter the "Maturity"). Interest on the outstanding principal balance of this Debenture at the rate of 9% per annum, shall be due and payable on a quarterly basis, on March 31, June 30, September 30 and December 31. Maker may not prepay part or all of the principal due under this Debenture without the consent of Lender. "Change in Control" means the time at which (i) any Person (including a Person's affiliates and associates) or group (as that term is understood under Section 13(d) of the Exchange Act and the rules and regulations thereunder), has become the beneficial owner of a percentage (based on voting power, in the event different classes of stock shall have different voting powers) of the voting stock of the Company equal to at least twenty-five percent (25%), other than existing shareholders which currently own in excess of twenty-five percent (25%) and existing debenture holders whether upon exercise of conversion rights currently existing or otherwise, (ii) there shall be consummated any consolidation or merger of the Company pursuant to which the Company's common stock (or other capital stock) would be converted into cash, securities or other property, other than a merger or consolidation of the Company in which the holders of such common stock (or such other capital stock) immediately prior to the merger have the same proportionate ownership, directly or indirectly, of common stock of the surviving corporation immediately after the merger as they had of the Company's common stock immediately prior to such merger, or (iii) all or substantially all of the Company's assets shall be sold, leased, conveyed or otherwise disposed of as an entirety or substantially as an entirety to any Person in one or a series of transactions."

2
Debenture:

The following language shall be added to paragraph 2 of the

"The Lender at its option shall be entitled to cause the Company to repay the Debenture at Maturity by paying to Lender the

"Equity Value" (as defined below) of the Debenture in lieu of the payment of outstanding principal and interest or the conversion thereof into the Common Stock of the Company. Lender may make this election by delivery of a written request for payment of the Equity Value one day prior to the Maturity date. Upon receipt of such request, the Company shall repay the Debenture by paying to the holder thereof the Equity Value. Equity Value means an amount equal to the market value of the greatest number of shares of common stock into which this Debenture is convertible (assuming conversion of both outstanding principal and interest) on the date of election. The market value of the maximum number of shares of common stock into which the Debenture is convertible shall be determined using the closing bid price of a share of common stock as reported by the Nasdaq system or the closing price of a share of common stock as reported by the principal stock exchange upon which shares of common stock are traded on the date Lender makes its election to receive the Equity Value. If the common stock is not listed for trading on a nationally recognized stock exchange or on the Nasdaq system on such date the market value of a share of common stock shall be determined by reference to the closing bid price of a share of common stock as reported by the Nasdaq/NMS system on June 23, 1997."

3. Paragraph 5 of the Debenture is hereby superseded and replaced in its entirety with the following:

"5. An Event of Default under this Debenture means any of the following events (whether the reason for such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body): (i) nonpayment of principal or interest when due which nonpayment is unremedied for a period of ten (10) days; (ii) any other material breach of the terms hereof which shall remain unremedied for a period ending on the first to occur of ten (10) days after the Maker shall receive written notice of any such failure from the Lender or fifteen (15) days after the Maker shall become aware thereof; (iii) a material breach of the terms of the Securities Purchase Agreement, the occurrence of a "Triggering Event" (as defined in the Securities Purchase Agreement) or the occurrence of a default under the Securities Purchase Agreement any or each of which remain unremedied after notice and to the extent set forth within Sections 9 or 10 of the Securities Purchase Agreement, whichever is applicable; or (iv) an Event of Default occurs under that certain credit agreement between Conseco Private Capital Group, Inc.

and NAL Acceptance Corporation dated June 23, 1997 (the "Credit Agreement")."

4. Paragraph 14 of the Debenture is amended and restated to read as follows:

"This Debenture is transferable at any time prior to maturity without the consent of Maker, but subject to compliance with all applicable federal and state securities laws."

5. The applicability of paragraph 7.5 of the Debenture is waived with respect to the transaction or transactions required by the Credit Agreement, including the reduction in the exercise price of 515,000 warrants previously issued to Conseco, Inc., and the granting of 257,000 additional warrants to Conseco, Inc., all for the price of \$.15 per share. The foregoing waiver shall be strictly construed to waive the application of such paragraph 7.5 to the foregoing transactions, and shall not constitute a waiver, or as a commitment by the Lender to waive the application thereof, to any other transactions.

6. In all other respects, the Debenture shall remain unamended and in full force and effect.

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WITNESS WHEREOF, the parties have executed this amendment to be effective as of June 23, 1997.

BENEFICIAL STANDARD LIFE
INSURANCE COMPANY
as Lender

NAL FINANCIAL GROUP INC.
as the Company

By: /s/ ROLLIN M. DICK

By: /s/ ROBERT R. BARTOLINI

Robert R. Bartolini
Chief Executive Officer

ss\50456

**FIRST AMENDMENT TO 9% SUBORDINATED
CONVERTIBLE DEBENTURE DATED APRIL 23, 1996**

On April 23, 1996 NAL Financial Group, Inc., a Delaware corporation ("Maker" or the "Company") entered into a convertible debenture in the principal amount of \$5,000,000 (the "Debenture") payable to the order of Great American Reserve Insurance Company as lender ("Lender"). For good and valuable consideration, receipt of which is acknowledged, the parties agree to amend the Debenture as follows:

1. Paragraph 1 of the Debenture is hereby superseded and replaced in its entirety with the following:

"1. Principal and all unpaid interest which accrues thereon shall be payable in full at the election of Lender upon the earlier of (i) October 23, 1997, or (ii) a Change in Control, as hereinafter defined (hereinafter the "Maturity"). Interest on the outstanding principal balance of this Debenture at the rate of 9% per annum, shall be due and payable on a quarterly basis, on March 31, June 30, September 30 and December 31. Maker may not prepay part or all of the principal due under this Debenture without the consent of Lender. "Change in Control" means the time at which (i) any Person (including a Person's affiliates and associates) or group (as that term is understood under Section 13(d) of the Exchange Act and the rules and regulations thereunder), has become the beneficial owner of a percentage (based on voting power, in the event different classes of stock shall have different voting powers) of the voting stock of the Company equal to at least twenty-five percent (25%), other than existing shareholders which currently own in excess of twenty-five percent (25%) and existing debenture holders whether upon exercise of conversion rights currently existing or otherwise, (ii) there shall be consummated any consolidation or merger of the Company pursuant to which the Company's common stock (or other capital stock) would be converted into cash, securities or other property, other than a merger or consolidation of the Company in which the holders of such common stock (or such other capital stock) immediately prior to the merger have the same proportionate ownership, directly or indirectly, of common stock of the surviving corporation immediately after the merger as they had of the Company's common stock immediately prior to such merger, or (iii) all or substantially all of the Company's assets shall be sold, leased, conveyed or otherwise disposed of as an entirety or substantially as an entirety to any Person in one or a series of transactions."

2. The following language shall be added to paragraph 2 of the Debenture:

"The Lender at its option shall be entitled to cause the Company to repay the Debenture at Maturity by paying to Lender the

"Equity Value" (as defined below) of the Debenture in lieu of the payment of outstanding principal and interest or the conversion thereof into the Common Stock of the Company. Lender may make this election by delivery of a written request for payment of the Equity Value one day prior to the Maturity date. Upon receipt of such request, the Company shall repay the Debenture by paying to the holder thereof the Equity Value. Equity Value means an amount equal to the market value of the greatest number of shares of common stock into which this Debenture is convertible (assuming conversion of both outstanding principal and interest) on the date of election. The market value of the maximum number of shares of common stock into which the Debenture is convertible shall be determined using the closing bid price of a share of common stock as reported by the Nasdaq system or the closing price of a share of common stock as reported by the principal stock exchange upon which shares of common stock are traded on the date Lender makes its election to receive the Equity Value. If the common stock is not listed for trading on a nationally recognized stock exchange or on the Nasdaq system on such date the market value of a share of common stock shall be determined by reference to the closing bid price of a share of common stock as reported by the Nasdaq/NMS system on June 23, 1997."

3. Paragraph 5 of the Debenture is hereby superseded and replaced in its entirety with the following:

"5. An Event of Default under this Debenture means any of the following events (whether the reason for such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body): (i) nonpayment of principal or interest when due which nonpayment is unremedied for a period of ten (10) days; (ii) any other material breach of the terms hereof which shall remain unremedied for a period ending on the first to occur of ten (10) days after the Maker shall receive written notice of any such failure from the Lender or fifteen (15) days after the Maker shall become aware thereof; (iii) a material breach of the terms of the Securities Purchase Agreement, the occurrence of a "Triggering Event" (as defined in the Securities Purchase Agreement) or the occurrence of a default under the Securities Purchase Agreement any or each of which remain unremedied after notice and to the extent set forth within Sections 9 or 10 of the Securities Purchase Agreement, whichever is applicable; or (iv) an Event of Default occurs under that certain credit agreement between Conseco Private Capital Group, Inc.

and NAL Acceptance Corporation dated June 23, 1997 (the "Credit Agreement")."

4. Paragraph 14 of the Debenture is amended and restated to read as follows:

"This Debenture is transferable at any time prior to maturity without the consent of Maker, but subject to compliance with all applicable federal and state securities laws."

5. The applicability of paragraph 7.5 of the Debenture is waived with respect to the transaction or transactions required by the Credit Agreement, including the reduction in the exercise price of 515,000 warrants previously issued to Conseco, Inc., and the granting of 257,000 additional warrants to Conseco, Inc., all for the price of \$.15 per share. The foregoing waiver shall be strictly construed to waive the application of such paragraph 7.5 to the foregoing transactions, and shall not constitute a waiver, or as a commitment by the Lender to waive the application thereof, to any other transactions.

6. In all other respects, the Debenture shall remain unamended and in full force and effect.

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WITNESS WHEREOF, the parties have executed this amendment to be effective as of June 23, 1997.

GREAT AMERICA RESERVE
INSURANCE COMPANY
as Lender

NAL FINANCIAL GROUP INC.
as the Company

By: /s/ ROLLIN M. DICK

By: /s/ ROBERT R. BARTOLINI

Robert R. Bartolini
Chief Executive Officer

ss\49945

**FIRST AMENDMENT TO
WARRANT TO PURCHASE COMMON STOCK**

On April 23, 1996, Consec, Inc. (the "Holder") and NAL Financial Group, Inc. (the "Company") executed a warrant under which the Company inter alia granted to Holder the right to purchase up to 500,000 shares of common stock of the Company (the "Warrant") subject to adjustment.

For good and valuable consideration, receipt of which is acknowledged, Holder and the Company agree to amend the Warrant as follows:

1. Section 2 shall be amended and restated to read as follows:

"2. Exercise Price and Number of Shares.

2.1. Exercise Price. The Exercise Price at which this Warrant may be exercised shall be \$0.15 per share of common stock, as adjusted pursuant to Section 11 hereof.

2.2. Number of Shares. The number of shares of the Company's Common Stock, \$.15 par value per share, ("Common Stock") which may be purchased pursuant to this Warrant shall be 500,000 shares, as adjusted pursuant to Section 11 hereof."

2. In all other respects the Warrant shall continue unamended and in full force and effect.

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IN WITNESS WHEREOF the parties have executed this First Amendment to be effective as of June 23, 1997

CONSECO, INC. NAL FINANCIAL GROUP, INC.

as Holder

as the Company

By: /s/ NGAIRE E. CUNEO

By: /s/ ROBERT R. BARTOLINI

Ngaire E. Cuneo
Executive Vice President

Robert R. Bartolini
Chief Executive Officer

49964

**FIRST AMENDMENT TO
WARRANT TO PURCHASE COMMON STOCK**

On April 23, 1996, Consec, Inc. (the "Holder") and NAL Financial Group, Inc. (the "Company") executed a warrant under which the Company *inter alia* granted to Holder the right to purchase up to 15,000 shares of common stock of the Company (the "Warrant") subject to adjustment.

For good and valuable consideration, receipt of which is acknowledged, Holder and the Company agree to amend the Warrant as follows:

1. Section 2 shall be amended and restated to read as follows:

"2. Exercise Price and Number of Shares.

2.1. Exercise Price. The Exercise Price at which this Warrant may be exercised shall be \$0.15 per share of common stock, as adjusted pursuant to Section 11 hereof.

2.2. Number of Shares. The number of shares of the Company's Common Stock, \$.15 par value per share, ("Common Stock") which may be purchased pursuant to this Warrant shall be 15,000 shares, as adjusted pursuant to Section 11 hereof."

2. In all other respects the Warrant shall continue unamended and in full force and effect.

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IN WITNESS WHEREOF the parties have executed this First Amendment to be effective as of June 23, 1997.

CONSECO, INC. NAL FINANCIAL GROUP, INC.

as Holder

as the Company

By: /s/ NGAIRE E. CUNEO

By: /s/ ROBERT R. BARTOLINI

Ngaire E. Cuneo
Executive Vice President

Robert R. Bartolini
Chief Executive Officer

50058

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED BY THE HOLDER IN CONNECTION WITH A CREDIT AGREEMENT DATED JUNE 23, 1997 BY AND BETWEEN NAL ACCEPTANCE CORPORATION AND CONSECO PRIVATE CAPITAL GROUP, INC., AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF REGISTRATION, OR THE AVAILABILITY OF EXEMPTION FROM REGISTRATION, UNDER THE SECURITIES ACT OF 1933, AS AMENDED, BASED ON AN OPINION LETTER OF COUNSEL SATISFACTORY TO THE COMPANY OR A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION."

**WARRANT TO PURCHASE COMMON STOCK
OF
NAL FINANCIAL GROUP INC.
Void after June 23, 2002**

WHEREAS, Conseco, Inc. ("Conseco" or "Holder") has arranged for Conseco Private Capital Group, Inc. to provide \$5,000,000 of financing to NAL Acceptance Corporation, a wholly-owned subsidiary of NAL Financial Group Inc., a Delaware corporation (the "Company") pursuant to the terms of a Credit Agreement, as of the date hereof, by and among Conseco Private Capital Group, Inc. and NAL Acceptance Corporation.

WHEREAS, for value received, Conseco, is entitled, subject to the terms set forth below, to purchase from the Company, shares of the Common Stock of the Company (the "Shares"), as constituted on the date hereof (the "Warrant Issue Date"), with the Notice of Exercise attached hereto duly executed, and simultaneous payment therefor in lawful money of the United States, at the Exercise Price as set forth in Section 2 below. The number, character and Exercise Price of the shares are subject to adjustment as provided below.

1. Term of Warrant. This Warrant shall be exercisable, in whole or in part, during the term commencing on the Warrant Issue Date and ending at 5:00 p.m. on June 23, 2002, and shall be void thereafter.

2. Exercise Price and Number of Shares.

2.1 Exercise Price. The Exercise Price at which this Warrant may be exercised shall be \$.15 per share of common stock, as adjusted pursuant to Section 11 hereof.

2.2 Number of Shares. The number of shares of the Company's Common Stock, \$.15 par value per share ("Common Stock") which may be purchased pursuant to this Warrant shall be 257,000 shares, as adjusted pursuant to Section 11 hereof.

3. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder in whole or in part, at any time, or from time to time, by the surrender of this Warrant and

the Notice of Exercise annexed hereto duly completed and executed on behalf of the Holder, at the office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), upon payment in cash or by check acceptable to the Company.

(b) This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the shares of Common Stock issuable upon such exercise shall be treated for all purposes as the holder of record of such shares as of the close of business on such date. As promptly as practicable on or after such date and in any event within ten (10) days thereafter, the Company at its expense shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of shares issuable upon such exercise. In the event that this Warrant is exercised in part, the Company at its expense will execute and deliver a new Warrant of like tenor exercisable for the number of shares for which this Warrant may then be exercised.

4. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. In lieu of any fractional share to which the Holder would otherwise be entitled, the Company shall make a cash payment equal to the Exercise Price multiplied by such fraction.

5. Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount.

6. Rights of Stockholders. Subject to Sections 9 and 11 of this Warrant and the provisions of any other written agreement between the Company and the Holder, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised as provided herein.

7. Transfer of Warrant.

7.1. Exchange of Warrant Upon a Transfer. On surrender of this Warrant for exchange, properly endorsed, the Company at its expense shall issue to or on the order of the Holder a new warrant or warrants of like tenor, in the name of the Holder or as the Holder (on

payment by the Holder of any applicable transfer taxes) may direct, of the number of shares issuable upon exercise hereof.

7.2. Compliance with Securities Laws; Restrictions on Transfers.

(a) The Holder of this Warrant, by acceptance hereof, acknowledges that this Warrant and the Shares to be issued upon exercise hereof are being acquired solely for the Holder's own account and not as a nominee for any other party, and for investment, and that the Holder will not offer, sell or otherwise dispose of this Warrant or any Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of applicable federal and state securities laws. Upon exercise of this Warrant, the Holder shall, if requested by the Company, confirm in writing, in a form satisfactory to the Company, that the shares of Common Stock so purchased are being acquired solely for the Holder's own account and not as a nominee for any other party, for investment, and not with a view toward distribution or resale.

(b) Neither this Warrant nor any share of Common Stock issued upon exercise of this Warrant may be offered for sale or sold, or otherwise transferred or sold in any transaction which would constitute a sale thereof within the meaning of the Securities Act of 1933, as amended (the "1933 Act"), unless (i) such security has been registered for sale under the 1933 Act and registered or qualified under applicable state securities laws relating to the offer an sale of securities, or (ii) exemptions from the registration requirements of the 1933 Act and the registration or qualification requirements of all such state securities laws are available and the Company shall have received an opinion of counsel satisfactory to the Company that the proposed sale or other disposition of such securities may be effected without registration under the 1933 Act and would not result in any violation of any applicable state securities laws relating to the registration or qualification of securities for sale, such counsel and such opinion to be satisfactory to the Company.

(c) All Shares issued upon exercise hereof shall be stamped or imprinted with a legend in substantially the following form (in addition to any legend required by state securities laws).

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED BY THE HOLDER IN CONNECTION WITH A CREDIT AGREEMENT DATED JUNE 23, 1997 BY AND BETWEEN NAL ACCEPTANCE CORPORATION AND CONSECO PRIVATE CAPITAL GROUP, INC., AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF REGISTRATION, OR THE AVAILABILITY OF EXEMPTION FROM REGISTRATION, UNDER THE SECURITIES ACT OF 1933, AS AMENDED, BASED ON AN OPINION LETTER OF COUNSEL SATISFACTORY TO THE COMPANY OR A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION."

Holder recognizes that investing in the Warrant and the Common Stock involves a high degree of risk, and Holder is in a financial position to hold the Warrant and the Common Stock indefinitely and is able to bear the economic risk and withstand a complete loss of its investment in the Warrant and the Common Stock. The Holder is a sophisticated investor and is capable of

evaluating the merits and risks of investing in the Company. The Holder has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management, has been given full and complete access to information concerning the Company, and has utilized such access to its satisfaction for the purpose of obtaining information or verifying information and have had the opportunity to inspect the Company's operation. Holder has had the opportunity to ask questions of, and receive answers from the management of the Company (and any person acting on its behalf) concerning the Warrant and the Common Stock and the agreements and transactions contemplated hereby, and to obtain any additional information as Holder may have requested in making its investment decision. The Holder is an "accredited investor", as defined by Regulation D promulgated under the Act.

8. **Reservation of Stock.** The Company covenants that during the term that this Warrant is exercisable, the Company will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the shares upon the exercise of this Warrant, from time to time, will take all steps necessary to amend its Certificate of Incorporation (the "Certificate") to provide sufficient reserves of shares of Common Stock issuable upon the exercise of the Warrant. The Company further covenants that all shares that may be issued upon the exercise of rights represented by this Warrant, upon exercise of the rights represented by this Warrant and payment of the Exercise Price, all as set forth herein, will be free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously or otherwise specified herein). The Company agrees that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the shares of Common Stock upon the exercise of this Warrant.

9. **Notices.**

(a) Whenever the Exercise Price or number of shares purchasable hereunder shall be adjusted pursuant to Section 11 hereof, the Company shall issue a certificate signed by its Chief Financial Officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Exercise Price and number of shares purchasable hereunder after giving effect to such adjustment, and shall cause a copy of such certificate to be mailed (by first-class mail, postage prepaid) to the Holder of this Warrant.

(b) All notices, advices and communications under this Warrant shall be deemed to have been given, (i) in the case of personal delivery, on the date of such delivery and (ii) in the case of mailing, on the third business day following the date of such mailing, addressed as follows:

If to the Company:

NAL Financial Group Inc.
500 Cypress Creek Road West, Suite 590
Ft. Lauderdale, FL 33309

With a Copy to:

Stephen M. Cohen, Esquire
Buchanan Ingersoll, Professional Corporation
Eleven Penn Center
1835 Market Street, 14th Floor
Philadelphia, PA 191032985

and to the Holder:

at the address of the Holder appearing on the books of the Company or the Company's transfer agent, if any.

Either of the Company or the Holder may from time to time change the address to which notices to it are to be mailed hereunder by notice in accordance with the provisions of this Paragraph 9.

10. Amendments.

(a) Any term of this Warrant may be amended with the written consent of the Company and the Holder. Any amendment effected in accordance with this Section 10 shall be binding upon the Holder, each future holder and the Company.

(b) No waivers of, or exceptions to, any term, condition or provision of this Warrant, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

11. Adjustments. The number of Shares of Common Stock purchasable hereunder and the Exercise Price is subject to adjustment from time to time upon the occurrence of certain events, as follows:

11.1. Reorganization, Merger or Sale of Assets. If at any time while this Warrant, or any portion thereof, is outstanding and unexpired there shall be (i) a reorganization (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), (ii) a merger or consolidation of the Company with or into another corporation in which the Company is not the surviving entity, or a reverse triangular merger in which the Company is the surviving entity but the shares of the Company's capital stock outstanding immediately prior to the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (iii) a sale or transfer of substantially all of the Company's properties and assets as, or substantially as, an entirety to any other person, then, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the holder of this Warrant shall thereafter be entitled to receive upon

payment of the Exercise Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 11. The foregoing provisions of this Section 11.1 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

11.2. Reclassification. If the Company, at any time while this Warrant, or any portion thereof, remains outstanding and unexpired, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 11.

11.3. Split, Subdivision or Combination of Shares. If the Company Company at any time while this Warrant, or any portion thereof, remains outstanding and unexpired shall split, subdivide or combine the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, the Exercise Price and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted.

11.4. Adjustments for Dividends in Stock or Other Securities or Property. If while this Warrant, or any portion hereof, remains outstanding and unexpired the holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible Stockholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property (other than cash) of the Company that such holder would hold on the date of such exercise had it been the holder of record of the security receivable upon exercise of this Warrant on the date hereof and

had thereafter, during the period from the date hereof to and including the date of such exercise, retained such shares and/or all other additional stock, other securities or property available by this Warrant as aforesaid during such period.

11.5. Cumulative Adjustments for Issuance(s) of Shares.

(a) If at any time while this Warrant shall remain outstanding, the Company shall offer and sell Additional Shares of Common Stock (as hereinafter defined) for consideration per share less than the Exercise Price in effect immediately prior to the issuance of such Additional Shares of Common Stock, the Exercise Price in effect immediately prior to each such issuance shall forthwith be adjusted upon such issuance to a price equal to the price paid per share for such Additional Shares of Common Stock;

(b) For the purpose of this Section 11.5, the consideration received by the Company for any issue or sale of securities shall, (i) to the extent it consists of cash, be computed at the gross amount of cash received by the Company before deduction of any underwriting or similar commissions, concessions or compensation paid or allowed by the Company in connection with such issue or sale, (ii) to the extent it consists of a service or property other than cash, be computed at the fair value of that service or property as determined in good faith by the Board of Directors; and (iii) if Additional Shares of Common Stock, Convertible Securities (as hereinafter defined), or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration that covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(c) For the purpose of the calculations provided in this Section 11.5, if at any time or from time to time while this Warrant remains outstanding the Company shall issue any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such Common Stock or securities being hereinafter referred to as "Convertible Securities"), then, and in each case, if the Effective Price (as hereinafter defined) of such rights, options or Convertible Securities shall be less than the Exercise Price, the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, payable to the Company upon exercise or conversion of such options or rights. "Effective Price" shall mean the quotient determined by dividing the total of all of such consideration by such maximum number of Additional Shares of Common Stock. No further adjustment shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. In the case of Convertible Securities which have a conversion price which is based, in whole or in part, upon a discount to the market price or value of the Common Stock, then for the purposes of calculating the

Effective Price, the consideration shall be deemed to include the minimum conversion price payable to the Company.

If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the adjustment to the number of shares available hereunder upon the issuance of such rights, options or Convertible Securities shall be readjusted to the number of shares that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted plus the consideration, if any, actually received by the Company on the conversion of such Convertible Securities.

(d) For the purpose of the calculations provided for in this Section 11.5, if at any time or from time to time while this Warrant remains outstanding the Company shall issue any rights or options for the purchase of Convertible Securities, then, in each such case, if the Effective Price thereof is less than the then Exercise Price, the Company shall be deemed to have issued at the time of the issuance of such rights or options the maximum number of Additional Shares of Common Stock issuable upon conversion of the total amount of Convertible Securities covered by such rights or options and to have received as consideration for the issuance of such Additional Shares of Common Stock an amount equal to the amount of consideration, if any, received by the Company for the issuance of such rights or options, plus the consideration, if any, payable to the Company upon the conversion of such Convertible Securities. "Effective Price" shall mean the quotient determined by dividing the total amount of such consideration by such maximum number of Additional Shares of Common Stock. No further adjustment of such Exercise Price adjusted upon the issuance of such rights or options shall be made as a result of the actual issuance of the Convertible Securities upon the exercise of such rights or options or upon the actual issuance of Additional Shares of Common Stock upon the conversion of such Convertible Securities.

The provisions of subsection (c) above for readjustment upon the expiration of rights or options or the rights of conversion of Convertible Securities, shall apply mutatis mutandis to the rights, options and Convertible Securities referred to in this subsection (d).

(e) The term "Additional Shares of Common Stock" as used herein shall mean all shares of Common Stock issued or deemed issued by the Company, other than (i) the Warrants covered by this Warrant Agreement or otherwise subject to repricing pursuant to the terms of the Credit Agreement; (ii) shares of Common Stock issued upon conversion of convertible securities or the exercise of common stock purchase warrants outstanding as of the Warrant Issue Date; (iii) shares of Common Stock issuable to employees, officers or directors pursuant to the Company's stock option plan; (iv) shares of Common Stock issued or issuable to

directors in connection with their service as directors; (v) shares of Common Stock issued or issuable to directors, officers or employees for services rendered or to be rendered pursuant to arrangements approved by the Board of Directors; and (vii) shares of Common Stock issued in connection with a business combination, merger, consolidation, asset acquisition or the acquisition of the business of another corporation (through the purchase of stock or assets) approved by the Board of Directors.

11.6 The Company will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 11 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders of this Warrant against impairment.

12. Registration Rights. The Shares of Common Stock issuable upon the exercise of this Warrant shall be subject to registration and the Holder shall be entitled to the registration rights set forth in that certain Registration Rights Agreement dated April 23, 1996 by and between the Company and such Holder.

13. Severability. Whenever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Warrant in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Warrant shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14. Governing Law. The corporate law of the State of Delaware shall govern all issues and questions concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, interpretation and enforceability of this Warrant and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

15. Jurisdiction. The Holder and the Company agree to submit to personal jurisdiction and to waive any objection as to venue in the federal or state courts in the County of Marion, State of Indiana. Service of process on the Company or the Holder in any action arising out of or relating to this Warrant shall be effective if mailed to such party at the address listed in Section 9 hereof.

16. Arbitration. If a dispute arises as to interpretation of this Warrant, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Company, one by the Holder and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American

Arbitration Association. The third arbitrator shall be chairman of the panel and shall be impartial. The arbitration shall take place in Carmel, Indiana. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officers thereunto duly authorized.

Dated: June 23, 1997

HOLDER: CONSECO, INC.

NAL FINANCIAL GROUP INC.

By: /S/ NGAIRE E. CUNEO

Ngaire E. Cuneo
Executive Vice President

By: /S/ ROBERT R. BARTOLINI

Robert R. Bartolini
Chief Executive Officer

NOTICE OF EXERCISE

TO: NAL FINANCIAL GROUP INC.

(1) The undersigned hereby elects to purchase _____ shares of Common Stock of NAL FINANCIAL GROUP INC. pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price for such shares in full.

(2) In exercising this Warrant, the undersigned hereby confirms and acknowledges that the shares of Common Stock to be issued upon conversion thereof are being acquired solely for the account of the undersigned and not as a nominee for any other party, and for investment, and that the undersigned will not offer, sell or otherwise dispose of any such shares of Common Stock except under circumstances that will not result in a violation of the Securities Act of 1933, as amended, or any state securities laws.

(3) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Name)

(4) Please issue a new Warrant for the unexercised portion of the attached Warrant in the name of the undersigned or in such other name as is specified below:

(Name)

(Date) (Signature)

End of Filing

