CNO FINANCIAL GROUP, INC.

FORM T-3

(Application for qualification of trust indentures)

Filed 03/31/03

Address	11825 N PENNSYLVANIA ST CARMEL, IN 46032
Telephone	3178176100
CIK	0001224608
Symbol	CNO
SIC Code	6321 - Accident and Health Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

CONSECO INC

FORM T-3
(Application for qualification of trust indentures)

Filed 3/31/2003

Address	11825 N PENNSYLVANIA ST
	CARMEL, Indiana 46032
Telephone	317-817-6100
CIK	0001224608
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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

FORM T-3

FOR APPLICATION FOR QUALIFICATION OF INDENTURES
UNDER THE TRUST INDENTURE ACT OF 1939

CONSECO, INC.
(Name of applicant)

11825 N. Pennsylvania Street
P.O. Box 1911 (46082)
Carmel, Indiana 46032
(Address of principal executive offices)

Securities to be Issued Under the Indenture to be Qualified

Title of Class	Amount
8.125% Senior Notes due 2006	$63,547,000

Approximate date of proposed public offering: Upon the effectiveness of the Joint Plan of Reorganization of Conseco, Inc., an Indiana corporation, presently anticipated to be on or about June 1, 2003, or as soon as possible thereafter.

Name and address of agent for service:

Karl W. Kindig Conseco, Inc. 11825 N. Pennsylvania Street P.O. Box 1911 (46082) Carmel, Indiana 46032 (317) 817-6100

with copies to:

James S. Rowe, Esq.

Kirkland & Ellis
200 E. Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

The applicant hereby amends this application for qualification on such date or dates as may be necessary to delay its effectiveness until: (i) the 20th day after the filing of a further amendment which specifically states that it shall supercede this application for qualification, or (ii) such date as the Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), may determine upon the written request of the applicant.

GENERAL

1. General information.

(a) The applicant, Conseco, Inc. (the "Applicant"), is a corporation.

(b) The Applicant is organized under the General Corporation Law of the State of Delaware.

2. Securities Act exemption application.

On December 17, 2002 (the "Petition Date"), Conseco, Inc., an Indiana corporation ("Conseco"), and several of its direct and indirect subsidiaries filed a petition 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.

In 1993, Conseco issued $200,000,000 of 8.125% senior notes due February 15, 2003 (the "93 Notes"). The 93 Notes are secured by the stock of certain direct and indirect subsidiaries of Conseco and certain intercompany notes. As of March 21, 2003, the aggregate outstanding principal amount of the 93 Notes was $63,547,000 and there was an aggregate of $5,693,855 of unpaid interest on the 93 Notes.

The Applicant will succeed to substantially all of the assets of Conseco in connection with the effectiveness of Conseco's Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code (as the same may be further modified or amended, the "Plan"). The Applicant proposes to issue to the holders of the 93 Notes, as part of the Plan, an equivalent principal amount of 8.125% Senior Notes due 2006 (the "New Senior Notes") in exchange for the 93 Notes, which will be cancelled pursuant to the Plan. Capitalized terms used in this Application but not otherwise defined shall have the meaning set forth in the Plan, a copy of which is attached as Exhibit T3E-2.

The New Senior Notes will mature on February 15, 2006 and will bear an interest rate of 8.125%, payable semi-annually on June 30 and December 30 each year, commencing December 30, 2003. All accrued but unpaid interest outstanding as of the Effective Date of the Plan will be satisfied through the issuance of Common Stock of the Applicant having a value equal to such interest amount. The New Senior Notes will be issued as a series of senior debt securities under an indenture to be entered into between the Applicant and Wilmington Trust Company, as trustee, a form of which is attached as Exhibit T3C (the "Indenture"). To the extent that, pursuant to Section 506 of the Bankruptcy Code, the 93 Notes are secured, the New Senior Notes will be secured by (a) first-priority liens (pari passu with certain subtranches of the loans under the New Credit Facility) on those assets securing the 93 Notes, to the extent such assets are reinstated pursuant to the Plan, and (b) silent liens, junior in priority to the Banks, in assets of value equal to any collateral securing the 93 Notes that is not reinstated or is otherwise applied/set off against liabilities pursuant to the Plan.

The Applicant believes that the issuance of the New Senior Notes is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 1145(a)(1) of the Bankruptcy Code. Generally, Section 1145(a)(1) of the Bankruptcy Code exempts the issuance of securities from the registration requirements of the Securities Act and equivalent state securities and "blue sky" laws if the following conditions are satisfied: (i) the securities are issued by a debtor, an affiliate participating in a joint plan of reorganization with the debtor, or a successor of the debtor under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or a claim for an administrative expense against, the debtor, and (iii) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or are issued "principally" in such exchange and "partly" for cash or property. The Applicant believes that the issuance of securities contemplated by the Plan will satisfy the aforementioned requirements.

AFFILIATIONS

3. Affiliates.

(a) The Applicant was incorporated on March 25, 2003. The Applicant has not issued any shares of capital stock. The sole incorporator of the Applicant was Conseco.

Upon the Effective Date of the Plan, the relationship among the Applicant and all of its affiliates as of that date are currently expected to be as follows:

	Percent of Voting Securities Owned by Immediate Parent
CDOC, Inc.	100%
Conseco Entertainment, Inc.	100%
Conseco Entertainment, LLC	100%
Conseco Equity Sales, Inc.	100%
Conseco Risk Management, Inc.	100%
Conseco Capital Management, Inc.	100%
CIHC, Incorporated	99.9%(1)
Conseco Securities, Inc.	100%
Conseco Life Insurance (Bermuda) Limited	100%
Conseco Life Insurance Company of Texas	100%
Colonial Penn Life Insurance Company	100%
Conseco Annuity Assurance Company	100%
Conseco Senior Health Insurance Company	100%
Conseco Life Insurance Company of New York	100%
Washington National Insurance Company	100%
Conseco Life Insurance Company	100%
Pioneer Life Insurance Company	100%
Conseco Medical Insurance Company	100%
Conseco Health Insurance Company	100%
Bankers Life Insurance Company of Illinois	100%
Bankers Life and Casualty Company	100%
BLC Financial Services, Inc.	100%
Carmel Fifth LLC	50%(2)
Bankers National Life Insurance Company	100%
Conseco Management Services Company	100%
Conseco Services, LLC	89.1%(3)
CFIHC, Inc.	100%
Conseco Private Capital Group, Inc.	100%

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1 Remaining shares of common stock held by Conseco Annuity Assurance Company, an indirect wholly owned subsidiary of CIHC, Incorporated.

2 Remaining interests are held by Conseco Annuity Assurance Company (8.25%), Conseco Senior Health Insurance Company (25%) and Washington National Insurance Company (16.75%).

3 Remaining interests are held by Conseco (9.9%) and Conseco Management Services Company (1%).

	Percent of Voting Securities Owned by Immediate Parent
Performance Matters Associates, Inc.	100%
Performance Matters Associates of Texas, Inc.	100%
Performance Matters Associates of Kansas, Inc.	100%
Performance Matters Associates of Ohio, Inc.	100%
Conseco Finance Corp.(4)	100%
Conseco Financing Servicing Corp.	100%
P. Financial Services, Inc.	100%
Green Tree Retail Services Bank, Inc.	100%
Conseco Finance Loan Company	100%
Green Tree Titling Holding Company I	100%
G.T. Titling, LLC I	100%
G.T. Titling, LLC II	100%
Green Tree Titling Limited Partnership I	100%
Green Tree Titling Limited Partnership II	100%
Conseco Finance Leasing Trust	100%
Conseco Finance Vendor Services Corporation	100%
Green Tree Lease Finance I, Inc.	100%
Green Tree Lease Finance I, LLC	100%
Green Tree Lease Finance II, Inc.	100%
Green Tree Lease Finance 1997-1, LLC	100%
Green Tree Lease Finance 1998-1, LLC	100%
Conseco Finance Lease 2000-1, LLC	100%
Green Tree Warehouse I, LLC	100%
Conseco Agency, Inc.	100%
Conseco Agency of Alabama, Inc.	100%
Conseco Agency of Kentucky, Inc.	100%
Crum-Reed General Agency, Inc.	100%
Dealer Service Trust Corporation	100%
Conseco Agency Reinsurance Limited	100%
Consolidated Acceptance Corporation	100%
Woodgate Consolidated Incorporated	100%
Woodgate Utilities, Inc.	100%
Woodgate Place Owners Association	100%
Conseco Finance Canada Holding Company	100%
Conseco Finance Canada Company	100%
MaHCS Guaranty Corporation	100%
Conseco Finance Corp. - Alabama	100%
Conseco Agency of Nevada, Inc.	100%
Conseco Agency of New York, Inc.	100%
Green Tree Floorplan Funding Corp.	100%
Conseco Bank, Inc.	100%

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4 On March 14, 2003, Conseco Finance Corp. ("CFC") entered into an Amended and Restated Asset Purchase Agreement with CFN Investment Holdings LLC, an affiliate of Fortress Investment Group LLC, J.C. Flowers & Co. LLC and Cerberus Capital Management, L.P. and into an Asset Purchase Agreement with General Electric Capital Corporation (the "Sale Agreements"). The Bankruptcy Court entered an order on that date approving the terms of the sale of all or substantially all of CFC's assets (including the stock of its subsidiaries) free and clear of all liens pursuant to the Sale Agreements. The closing of the sale of the CFC assets under the Sale Agreements is subject to various closing conditions, but is currently expected to occur in May 2003, prior to the anticipated Effective Date of the Plan and the issuance of the New Senior Notes. If such sale occurs at such time or at any time prior to the Effective Date of the Plan, none of the subsidiaries of CFC will be affiliates of the Applicant.

	Percent of Voting Securities Owned by Immediate Parent
Green Tree Financial Corp. - Texas	100%
Green Tree Residual Finance Corp. I	100%
Conseco Finance Securitizations Corp.	100%
Conseco Finance Vehicle Securitizations Corp.	100%
Green Tree Manufactured Housing Net Interest Margin Finance Corp.	100%
Green Tree Manufactured Housing Net Interest Margin Finance Corp.	100%
Green Tree Finance Corp. - One	100%
Green Tree Finance Corp. - Two	100%
Green Tree Finance Corp. - Three	100%
Green Tree Finance Corp. - Five	100%
Green Tree Finance Corp. - Six	100%
Green Tree RECS Guaranty Corporation	100%
Green Tree RECS II Guaranty Corporation	100%
Conseco Finance Credit Corp.	100%
Conseco Finance Consumer Discount Company	100%
Green Tree First GP Inc.	100%
Green Tree Second GP Inc.	100%
Rice Park Properties Corporation	100%
Green Tree Retail Services Funding Corp.	100%
BizGuild, Inc.	100%
HIRC, Inc.	100%

The names of approximately 60 subsidiaries have been omitted. In the aggregate these subsidiaries do not constitute a significant subsidiary.

Immediately following the Effective Date, the Applicant anticipates that Appaloosa Management, LP will own 10% or more of the Applicant's voting securities, based on their present holdings of debt securities of Conseco and their projected distributions under the Plan.

(b) See Item 4 for directors and executive officers of the Applicant, some of whom may be deemed to be affiliates of the Applicant by virtue of their position.

MANAGEMENT AND CONTROL

4. Directors and executive officers.

(a) Current directors and executive officers. The following table sets forth the names of and offices held by all current executive officers (as defined in Sections 303(5) and 303(6) of the Trust Indenture Act) of the Applicant.

Name	Position
William J. Shea	President and Chief Executive Officer
Eugene M. Bullis	Executive Vice President and Chief Financial Officer
John R. Kline	Senior Vice President and Chief Accounting Officer
Daniel J. Murphy	Senior Vice President and Treasurer
Tammy M. Hill	Senior Vice President, Investor Relations
Karl W. Kindig	Secretary

The following are the current directors of the Applicant: William J. Shea and Eugene M. Bullis.

The mailing address for each director and executive officer is c/o Conseco, Inc., 11825 N. Pennsylvania Street, P.O. Box 1911 (46082), Carmel, Indiana 46032.

(b) Directors and executive officers as of the Effective Date. It is anticipated that the board of directors of the Applicant will consist of seven members, including two members from senior management and five outside members selected by the Conseco Creditors Committee. These members have not yet been identified.

5. Principal owners of voting securities.

Since there is no restriction on trading the Applicant's debt securities, the Applicant is unable to estimate persons owning 10% or more of the Applicant's voting securities as of the Effective Date. Based on their present holdings of debt securities of Conseco and their projected distributions under the Plan, the Applicant anticipates that Appaloosa Management, LP, 26 Main Street, Chatham, NJ 07928, will own will own 10% or more of the Applicant's voting securities immediately following the Effective Date.

6. Underwriters.

(a) Within the three years prior to the date of the filing of this Application, no person has acted as an underwriter of the Applicant.

(b) No person is acting, or proposed to be acting, as principal underwriter of the securities proposed to be offered pursuant to the Indenture.

CAPITAL SECURITIES

7. Capitalization.

(a) As of March 31, 2003, the Applicant has the following securities issued and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
Common Stock, par value $0.01 per share	1,000	0

Immediately following the Effective Date, the Applicant currently expects to have the following securities authorized and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
8.125% Senior Notes due 2006.....		
10.5% Senior Notes due 2007.....		
Class A Senior Cumulative Convertible Exchangeable Preferred Stock, par value $0.01 per share		
Common Stock, par value $0.01 per share(1).....		

(1) The Applicant intends to issue Warrants pursuant to the Plan that will be exercisable for 5% of the Common Stock (subject to certain dilution). The exercise price of warrants for 2.5% of the Common Stock will be based on a $3 billion enterprise valuation of the Applicant ("Tranche A Warrants") and the exercise price of warrants for 2.5% of the Common Stock will be based on a $3.85 billion enterprise valuation of the Applicant ("Tranche B Warrants"). The exercise price of warrants will be equal to the applicable equity value divided by the number of shares of Common Stock outstanding on a fully diluted basis (as defined) and will be determined pursuant to an agreed upon formula.

(b) Preferred Stock. Holders of Preferred Stock will be entitled to one vote per share and will vote as a class on each of the following events or transactions, unless all of the Preferred Stock will be redeemed concurrently with such event or transaction: (i) sale of all or substantially all of the Applicant's assets; (ii) merger or consolidation of the Applicant; (iii) liquidation or dissolution of the Applicant; (iv) issuances of subsidiary preferred stock to a third party; (v) issuances of debt (with certain exceptions) or senior equity securities (unless the proceeds are used to pay down debt under the New Credit Facility, subject to certain limitations); (vi) issuances of pari passu securities unless the proceeds are used to pay down debt under the New Credit Facility or to redeem Preferred Stock (subject to certain limitations); (vii) charter amendments that adversely change the rights or preferences of the Preferred Stock; and
(viii) redemptions of and payment of cash dividends on pari passu and junior securities (subject to exceptions). Following the occurrence of a Trigger Event (defined to include, (i) reduction in certain A.M. Best ratings (A.M. Best Company is a nationally recognized insurance company ratings organization), (ii) any payment default under the New Credit Facility, (iii) any material adverse regulatory event (as defined in the New Credit Facility) affecting any material insurance subsidiary, (iv) conversion rights under the Preferred Stock becoming exercisable, (v) failure to comply with the minimum EBITDA requirement and (vi) failure to maintain certain minimum risk-based capital ratios), the holders of Preferred Stock will have the right to vote on an as-converted basis on all corporate matters on which holders of Common Stock have the right to vote and will have the right to call a shareholders meeting for the election of directors and nominate directors to serve on the board of directors (subject to the Applicant having a right to cure certain Trigger Events until the first anniversary of the Effective Date). Upon the occurrence of a Trigger Event and with respect to matters which holders of Preferred Stock vote such shares on an as-converted basis, each share of Preferred Stock will have a number of votes equal to the number of shares of Common Stock that the Preferred Stock could be converted into as of such time.

Common Stock. Holders of Common Stock will be entitled to one vote per share on all matters submitted to a vote of holders of Common Stock. In the event that any person or group of affiliated persons has direct or indirect beneficial ownership of shares of capital stock of the Applicant as of the Effective Date providing such person(s) of 10% or more of the voting power with respect to a particular stockholder vote, such person(s) will be entitled to vote only such number of shares of capital stock as do not in the aggregate equal or exceed 10% of the voting power with respect to that stockholder vote, unless, prior to that stockholder vote, the acquisition, ownership and voting of such shares of capital stock by such person(s) equal to or in excess of 10% has been approved, or exempted from approval, pursuant to all applicable insurance regulatory requirements.

INDENTURE SECURITIES

8. Analysis of Indenture Provisions.

The following is a general description of certain provisions of the Indenture. The description is qualified in its entirety by reference to the form of the Indenture filed as Exhibit T3C hereto. Capitalized terms used below and not defined herein have the meanings given to such terms in the Indenture.

(a) Events of Default; Withholding of Notice

The following events are defined in the Indenture as "Events of Default": (i) default in the payment when due of the principal of any Security at its Stated Maturity; (ii) default in the payment of any interest on any Security when it becomes due and payable, and continuance of such default for a period of 30 days; (iii) default in the performance, or breach, of any terms, covenant or warranty of the Company contained in the Securities or this Indenture, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; (iv) default with respect to any Obligation of the Company (other than its Obligations under the Securities), or of any Subsidiary, whether as principal, guarantor, surety or other obligor, for the payment of any Indebtedness having an aggregate principal amount in excess of $40 million and (x) either (1) such default is upon the Stated Maturity of such

Indebtedness or (2) as a result of such default the maturity of such Indebtedness has been accelerated prior to its Stated Maturity and (y) such Indebtedness has not been paid in full or such acceleration has not been rescinded, annulled, or waived prior to the entry of a final judgment in favor of the holders thereof; (v) one or more final and nonappealable judgments, orders or decrees which require the payment in money, either individually or in an aggregate amount, of more than $50 million shall be entered against the Company or any Subsidiary or any of their respective properties which is not adequately covered by insurance or bond (subject to reasonable deductibles) and shall not be discharged and there shall have been a period of 60 days during which stays of the enforcement of such judgments or orders, by reason of pending appeal or otherwise, shall not be in effect; (vi) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar law now or hereafter in effect or appointing a custodian, rehabilitator, conservator, supervisor, trustee, sequestrator or other similar official of the Company or any Significant Subsidiary for any substantial part of its or their property, or ordering the winding up or liquidation of its or their affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; (vii) the commencement by the Company or any Significant Subsidiary of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar applicable law now or hereafter in effect, or the consent by the Company or any Significant Subsidiary to the entry of a decree or order for relief in respect of the company or such Significant Subsidiary in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar applicable law now or hereafter in effect, or to the commencement of any bankruptcy, insolvency or similar case or proceeding against it, or the consent by the Company or any Significant Subsidiary to the filing of such petition or the appointment of or taking possession by a receiver, liquidator, assignee, custodian, rehabilitator, conservator, supervisor, trustee, sequestrator or similar official of the Company of any such Significant Subsidiary or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by the Company or any Significant Subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or any Significant Subsidiary in furtherance of any such action.

The Indenture provides that the Trustee shall, within 90 days after the occurrence of a default with respect to the New Senior Notes (unless such default has been cured or waived), give the holders of the New Senior Notes notice of such default known to it (the term default to mean the events specified above without grace periods); provided that, except in the case of a default in the payment of principal of or interest, if any, on any of the New Senior Notes, the Trustee shall be protected in withholding such notice if and so long as a trust committee of the Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

The holders of a majority in principal amount of the Outstanding Securities have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee. The Indenture provides that in case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers under the Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any of the holders of the New Senior Notes unless they shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

(b) Authentication and Delivery of New Senior Notes; Use of Proceeds

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon or attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile. Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices one the date of such Securities. At any time after the execution and delivery of the Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication

and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities as provided in the Indenture and not otherwise. No Security shall be entitled to any benefit under the Indenture or be valid or obligatory for any such purpose unless there appears on such Security a certificate of authentication substantially in the form provided for in the Indenture, duly executed by the Trustee by manual signature of an authorized signer and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered.

The Securities shall be issuable only in fully registered form, without coupons, and only in denominations of $1,000 and any integral multiple thereof.

There will be no proceeds (and therefore no application of such proceeds) from the issuance of the New Senior Notes because the New Senior Notes will be issued, as part of an exchange, as provided in the Plan.

(c) Release and Substitution of Property Subject to the Lien of the Indenture

To the extent that, pursuant to Section 506 of the Bankruptcy Code, the 93 Notes are secured, the New Senior Notes will be secured by (a) first-priority (pari passu with certain subtranches of the loans under the New Credit Facility) liens on those assets securing the 93 Notes to the extent such assets are reinstated pursuant to the Plan, and (b) silent liens, junior in priority to the Banks, in assets of value equal to any collateral securing the 93 Notes that is not reinstated or is otherwise applied/set off against liabilities pursuant to the Plan.

(d) Satisfaction and Discharge

The Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Securities herein expressly provided for) as to all Outstanding Securities and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge, when: (a) either (1) all Securities theretofore authenticated and delivered (other that (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Section titled "Mutilated, Destroyed, Lost and Stolen Securities" and
(ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in the Section titled "Money for Security Payments to Be Held in Trust") have been delivered to the Trustee for cancellation; or (2) all such securities not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in the trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit; (b) the Company has paid or caused to be paid all other sums payable under the Indenture by the Company; and (c) the Company has delivered to the Trustee and Officers' Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

(e) Evidence Required to be Furnished by the Applicant to the Trustee as to Compliance with the Conditions and Covenants Contained in the Indenture

The Applicant shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Applicant and its Subsidiaries during the preceding fiscal year has been made under the supervision of the Signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under the Indenture, and further stating as to each such officer signing such Officers' Certificate, that to the best of his or her knowledge, each has kept, observed, performed and fulfilled each and every covenant contained in the Indenture and is not in default in the performance or observance of any terms, provisions and conditions thereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto). The Officers' Certificate delivered pursuant to Section 10.5 of the Indenture shall include the signature of the Applicant's principal executive officer, the principal financial officer or the principal accounting officer.

9. Other obligors.

The Applicant is the sole obligor of the New Senior Notes.

Contents of application for qualification. This application for qualification comprises (a) pages numbered 1 to 10, consecutively, (b) the statement of eligibility of the trustee under the indenture to be qualified, and
(c) the following exhibits in addition to those filed as part of the statement of eligibility and qualification of the trustee:

T3A	Certificate of Incorporation of the Applicant.
T3B	Bylaws of the Applicant.
T3C	Form of Indenture, to be dated as of the Effective Date, by and between the Applicant and Wilmington Trust Company, as Trustee.
T3D	Not applicable.
T3E-1	Second Amended Disclosure Statement For Reorganizing Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3E-2	Reorganizing Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the applicant, Conseco, Inc., a corporation organized and existing under the laws of the State of Delaware, has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Carmel and State of Indiana, on the 28th day of March, 2003.

By: /s/ Eugene M. Bullis
Eugene M. Bullis
Executive Vice President
and Chief Financial Officer

Attest: /s/Richard R. Dykhouse
Richard R. Dykhouse
Assistant Secretary

By: /s/ John R. Kline
John R. Kline
Senior Vice President
and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
T3A	Certificate of Incorporation of the Applicant.
T3B	Bylaws of the Applicant.
T3C	Form of Indenture, to be dated as of the Effective Date, by and between the Applicant and Wilmington Trust Company, as Trustee.
T3D	Not applicable.
T3E-1	Second Amended Disclosure Statement For Reorganizing Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3E-2	Reorganizing Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3F	A cross-reference sheet showing the location in the Indenture of the provisions therein pursuant to Section 310 through 313(a), inclusive, of the Trust Indenture Act (to be included in Exhibit T3C).
25.1	Statement of Eligibility of Trustee on Form T-1.

Exhibit T3A

CERTIFICATE OF INCORPORATION
OF
CONSECO, INC.

ARTICLE ONE

The name of the corporation is Conseco, Inc.

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, County of New Castle, DE 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares of stock which the corporation has authority to issue is one thousand (1,000) shares of Common Stock, par value one cent ($0.01) per share.

ARTICLE FIVE

The corporation is to have perpetual existence.

ARTICLE SIX

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the corporation is expressly authorized to make, alter or repeal the by-laws of the corporation.

ARTICLE SEVEN

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the corporation may provide. The books of the corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Election of directors need not be by written ballot unless the by-laws of the corporation so provide.

ARTICLE EIGHT

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director of this corporation shall not be liable to the corporation or its stockholders for monetary damages for a breach of fiduciary

duty as a director. Any repeal or modification of this ARTICLE EIGHT shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

ARTICLE NINE

The corporation expressly elects not to be governed by ss.203 of the General Corporation Law of the State of Delaware.

ARTICLE TEN

The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE ELEVEN

The name and mailing address of the sole incorporator are as follows:

NAME AND MAILING ADDRESS

Conseco, Inc.
11825 North Pennsylvania St.
Carmel, IN 46032

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I, THE UNDERSIGNED, being the undersigned officer on behalf the sole incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this certificate, hereby declaring and certifying that this is my act and deed and the facts stated herein are true, and accordingly have hereunto set my hand on the 25th day of March, 2003.

Conseco, Inc., an Indiana corporation

By:/s/Eugene M. Bullis

Name: Eugene M. Bullis
Title: Executive Vice President

Exhibit T3B

BY-LAWS

OF

CONSECO, INC.

A Delaware corporation

(Adopted as of March 25, 2003)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be located at 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801. The name of the corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the corporation may be changed from time to time by action of the board of directors.

Section 2. Other Offices. The corporation may also have offices at such other places, both within and without the State of Delaware, as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders shall be held each year within one hundred twenty (120) days after the close of the immediately preceding fiscal year of the corporation for the purpose of electing directors and conducting such other proper business as may come before the meeting. The date, time and place of the annual meeting shall be determined by the president of the corporation; provided, that if the president does not act, the board of directors shall determine the date, time and place of such meeting.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called at any time by the board of directors or the president and shall be called by the president upon the written request of holders of shares entitled to cast not less than a majority of the votes at the meeting, such written request shall state the purpose or purposes of the meeting and shall be delivered to the president.

Section 3. Place of Meetings. The board of directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the board of directors, the president or the secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the corporation. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the corporation shall make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the certificate of incorporation of the corporation or any

amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to one (1) vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Action by Written Consent. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the dates of signature of the stockholders who signed the consent or consents, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the state of Delaware, or the corporation's principal place of business, or an officer or agent of the corporation having custody of the book or books in which proceedings of meetings of the stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested provided, however, that no consent or consents delivered by certified or registered mail shall be deemed delivered until such consent or consents are actually received at the registered office. All consents properly delivered in accordance with this section shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation as required by this section, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III
DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by or under the direction of the board of directors.

Section 2. Number, Election and Term of Office. The number of directors which shall constitute the first board shall be two (2). Thereafter, the number of directors shall be established from time to time by resolution of the board. The directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in Section 4 of this Article III. Each director elected shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal and Resignation. Any director or the entire board of directors may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the corporation's certificate of incorporation, the provisions of this section shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole. Any director may resign at any time upon written notice to the corporation.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided.

Section 5. Annual Meetings. The annual meeting of each newly elected board of directors shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders.

Section 6. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the board. Special meetings of the board of directors may be called by or at the request of the president on at least twenty-four (24) hours notice to each director, either personally, by telephone, by mail, or by telegraph.

Section 7. Quorum, Required Vote and Adjournment. A majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, which to the extent provided in such resolution or these by-laws shall have and may exercise the powers of the board of directors in the management and affairs of the corporation except as otherwise limited by law. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Section 9. Committee Rules. Each committee of the board of directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the board of directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. In the event that a member and that member's alternate, if alternates are designated by the board of directors as provided in Section 8 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member.

Section 10. Communications Equipment. Members of the board of directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 11. Waiver of Notice and Presumption of Assent. Any member of the board of directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 12. Action by Written Consent. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

ARTICLE IV
OFFICERS

Section 1. Number. The officers of the corporation shall be elected by the board of directors and shall consist of a president, chief financial officer, one or more vice-presidents, secretary, a treasurer, and such other officers and assistant officers as may be deemed necessary or desirable by the board of directors. Any number of offices may be held by the same person. In its discretion, the board of directors may choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the board of directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as conveniently may be. The president shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of stockholders or as soon thereafter as conveniently may be. The president shall appoint other officers to serve for such terms as he or she deems desirable. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term by the board of directors then in office.

Section 5. Compensation. Compensation of all officers shall be fixed by the board of directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the corporation.

Section 6. The President. The president shall be the chief executive officer of the corporation; shall preside at all meetings of the stockholders and board of directors at which he is present; subject to the powers of the board of directors, shall have general charge of the business, affairs and property of the corporation, and control over its officers, agents and employees; and shall see that all orders and resolutions of the board of directors are carried into effect. The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The president shall have such other powers and perform such other duties as may be prescribed by the board of directors or as may be provided in these by-laws.

Section 7. Chief Financial Officer. The chief financial officer of the corporation shall, under the direction of the chief executive officer, be responsible for all financial and accounting matters and for the direction of the offices of treasurer and controller. The chief financial officer shall have such other powers and perform such other duties as may be prescribed by the chairman of the board, the chief executive officer or the board of directors or as may be provided in these by-laws.

Section 8. Vice-presidents. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors or by the president, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the board of directors, the president or these by-laws may, from time to time, prescribe.

Section 9. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the board of directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the president's supervision, the secretary shall give, or cause to be given, all notices required to be given by these by-laws or by law; shall have such powers and perform such duties as the board of directors, the president or these by-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors, the president, or secretary may, from time to time, prescribe.

Section 10. The Treasurer and Assistant Treasurer. The treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation; shall deposit all monies and other valuable effects in the name and to the credit of the corporation as may be ordered by the board of directors; shall cause the funds of the corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the president and the board of directors, at its regular meeting or when the board of directors so requires, an account of the corporation; shall have such powers and perform such duties as the board of directors, the president or these by-laws may, from time to time, prescribe. If required by the board of directors, the treasurer shall give the corporation a bond (which shall be rendered every six (6) years) in such sums and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of the office of treasurer and for the restoration to the corporation, in case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in the possession or under the control of the treasurer belonging to the corporation. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall in the absence or disability of the treasurer, perform the duties and exercise the powers of

the treasurer. The assistant treasurers shall perform such other duties and have such other powers as the board of directors, the president or treasurer may, from time to time, prescribe.

Section 11. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these by-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the board of directors.

Section 12. Absence or Disability of Officers. In the case of the absence or disability of any officer of the corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the board of directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V
INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director or officer, of the corporation or is or was serving at the request of the corporation as a director, officer, employee, fiduciary, or agent of another corporation or of a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the corporation to the fullest extent which it is empowered to do so unless prohibited from doing so by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees actually and reasonably incurred by such person in connection with such proceeding) and such indemnification shall inure to the benefit of his heirs, executors and administrators; provided, however, that, except as provided in Section 2 hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the board of directors of the corporation. The right to indemnification conferred in this Article V shall be a contract right and, subject to Sections 2 and 5 hereof, shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition. The corporation may, by action of its board of directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the corporation under Section 1 of this Article V or advance of expenses under Section 5 of this Article V shall be made promptly, and in any event within thirty (30) days, upon the written request of the director or officer. If a determination by the corporation that the director or officer is entitled to indemnification pursuant to this Article V is required, and the corporation fails to respond within sixty (60) days to a written request for indemnity, the corporation shall be deemed to have approved the request. If the corporation

denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty (30) days, the right to indemnification or advances as granted by this Article V shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Article Not Exclusive. The rights to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, whether or not the corporation would have the power to indemnify such person against such liability under this Article V.

Section 5. Expenses. Expenses incurred by any person described in Section 1 of this Article V in defending a proceeding shall be paid by the corporation in advance of such proceeding's final disposition unless otherwise determined by the board of directors in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. Employees and Agents. Persons who are not covered by the foregoing provisions of this Article V and who are or were employees or agents of the corporation, or who are or were serving at the request of the corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the board of directors.

Section 7. Contract Rights. The provisions of this Article V shall be deemed to be a contract right between the corporation and each director or officer who serves in any such capacity at any time while this Article V and the relevant provisions of the General Corporation Law of the State of Delaware or other applicable law are in effect, and any repeal or modification of this Article V or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing.

Section 8. Merger or Consolidation. For purposes of this Article V, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the president or a vice-president and the secretary or an assistant secretary of the corporation, certifying the number of shares of a specific class or series owned by such holder in the corporation. If such a certificate is countersigned (1) by a transfer agent or an assistant transfer agent other than the corporation or its employee or (2) by a registrar, other than the corporation or its employee, the signature of any such president, vice-president, secretary, or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. Shares of stock of the corporation shall only be transferred on the books of the corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The board of directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or

registrar, or both in connection with the transfer of any class or series of securities of the corporation.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against the corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Action by Written Consent. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

Section 5. Fixing a Record Date for Other Purposes. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Section 6. Registered Stockholders. Prior to the surrender to the corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. The corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 7. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation.

ARTICLE VII
GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the corporation and all notes and other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner, as shall be determined by resolution of the board of directors or a duly authorized committee thereof.

Section 3. Contracts. The board of directors may authorize any officer or officers, or any agent or agents, of the corporation to enter into any contract or to execute and deliver any

instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the board of directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 6. Corporate Seal. The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other corporation held by the corporation shall be voted by the president, unless the board of directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in the State of Delaware or at its principal place of business.

Section 9. Section Headings. Section headings in these by-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these by-laws is or becomes inconsistent with any provision of the certificate of incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these by-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII
AMENDMENTS

These by-laws may be amended, altered, or repealed and new by-laws adopted at any meeting of the board of directors by a majority vote. The fact that the power to adopt, amend, alter, or repeal the by-laws has been conferred upon the board of directors shall not divest the stockholders of the same powers.

Exhibit T3C

CONSECO, INC.,

as Issuer,

and

WILMINGTON TRUST COMPANY,

as Trustee

INDENTURE

Dated as of , 2003

8 1/8% Senior Notes due February, 2006

TABLE OF CONTENTS

Reconciliation and tie between Trust Indenture Act of 1939 and Indenture, dated as of , 2003

Trust Indenture Act Section			Indenture Section
ss.ss.310	(a) (1)		6.9
	(a) (2)		6.9
	(a) (3)		Not Applicable
	(a) (4)		Not Applicable
	(a) (5)		6.9
	(b)		6.8, 6.10
ss.ss.311	(a)		6.13
	(b)		6.13
ss.ss.312	(a)		7.1
	(b)		7.2
	(c)		7.2
ss.ss.313	(a)		7.3
	(b)		7.3
	(c)		7.3
	(d)		7.3
ss.ss.314	(a)		7.4
	(a) (4)		1.2
	(b)		Not Applicable
	(c) (i)		1.2
	(c) (2)		1.2
	(c) (3)		Not Applicable
	(d)		Not Applicable
	(e)		1.2
ss.ss.315	(a)		6.1(a)
	(b)		1.5, 6.2
	(c)		6.1(b)
	(d)		6.1
	(e)		1.7
ss.ss.316	(a)		5.12
	(a) (1)	(A)	5.2, 5.12
	(a) (1)	(B)	5.13
	(a) (2)		Not Applicable
	(b)		5.8
	(c)		5.12
ss.ss.317	(a) (1)		5.3
	(a) (2)		5.4
	(b)		10.3
ss.ss.318	(a)		1.7

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

INDENTURE

THIS INDENTURE (this "Indenture") is made and entered into as of _____ __, 2003, by and between Conseco, Inc., a Delaware corporation (together with its successors, the "Company"), and Wilmington Trust Company, a Delaware corporation, as Trustee (the "Trustee")

RECITALS

WHEREAS, the Company deems it necessary to issue from time to time for its lawful purposes securities (hereinafter called the "Securities") evidencing its secured indebtedness and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Securities, unlimited as to principal amount, to have such titles, to bear such rates of interest, to mature at such time or times and to have such other provisions as shall be fixed as hereinafter provided; and

WHEREAS, all things necessary have been done to make the Securities, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company, and to make this Indenture a valid agreement of the Company, in accordance with their and its terms.

NOW THEREFORE, for and in consideration of the premises and the mutual covenants contained herein and in the Indenture and for other good valuable consideration, the receipt and sufficiency of which are herein acknowledged, the Company and the Trustee hereby agree for the equal and ratable benefit of all holders of the Securities as follows:

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular,

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to then in accordance with GAAP; and,

(d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Articles IV, VI and X, are defined in those Articles.

"Act" when used with respect to any Holder has the meaning specified in Section 1.4.

"Affiliate" of any Person (hereinafter "first Person") means (i) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such first Person; or (ii) any Person who is a director or executive officer (as defined in Rule 3b-7 of the Exchange Act) of either (1) such first Person, or (2), any Person described in clause (i) above. For the purpose of this definition, "control" of a Person means the power, direct or indirect, to direct or cause the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Board of Directors" means the board of directors of the Company or any duly authorized committee of the Board of Directors of the Company.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York or Delaware are authorized or obligated by law, regulation or executive order to close.

"Capital Lease Obligation" of a Person means any obligation that is required to be classified and counted for as a capital lease on the face of a balance sheet of such person prepared in accordance with generally accepted accounting principles; the amount of such obligations shall be the capitalized amount thereof, determined in accordance with generally accepted accounting principles; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interest in (however designated) corporate stock, including any Common Stock or Preferred Stock.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after he execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" means the common stock of the Company, par value $.__ per share.

"Company" means the Person named as the "Company" in the first paragraph of this Indenture, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by any one of its Chairman of the Board, its President or a Vice President, and by any one of its Treasurer, an Assistant Treasurer its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of execution of this Indenture is located at Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890.

"Credit Facility" means that certain Credit Agreement, dated as of _____ __, 2003, among the Company, Bank of America, N.A., and the other financial institutions party thereto, as amended, modified, extended, renewed, replaced, or refinanced from time to time.

"Default" means any event which is, or after notice or passage of time or both would be, an event of Default.

"Defaulted Interest" has the meaning specified in Section 3.7.

"Depositary" means, with respect to the Securities issuable or issued in whole or in part in the form of one or more Global Securities, initially The Depository Trust Company, a limited-purpose trust company organized under the Banking Law of the State of New York ("DTC"), or any successor Depositary which shall succeed DTC pursuant to the applicable provisions of Article III this Indenture.

"Event of Default" has the meaning specified in Article V.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Generally accepted accounting principles" or "GAAP" means generally accepted accounting principles as in effect from time to time and as implemented by the Company.

"Global Security" means a Security evidencing all or part of the Securities issued in accordance with Article III herein.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indebtedness" means (a) any liability of any Person (1) for borrowed money, or under any reimbursement obligation relating to a letter of credit (other than letters of credit obtained in the ordinary course of business, or (2) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures (other than accounts payable or other indebtedness to trade creditors arising in the ordinary course of business), or
(3) for the payment of money relating to a Capital Lease Obligation; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement,

modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Lien" means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement and any lease in the nature thereof).

"Obligation(s)" means any principal, interest, premium, penalties, fees and other liabilities and obligations due under the documentation governing any Indebtedness (including interest after the commencement of any bankruptcy, insolvency, rehabilitation, liquidation, conservation, supervision or similar proceedings).

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President or a Vice President, and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company or the Trustee, and who shall be reasonably acceptable to the Trustee.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for whose payment money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities, and Securities, except to the extent provided in Sections 4.2 and 4.3, with respect to which the Company has effected defeasance or covenant defeasance as provided in Article IV; and

(c) Securities in exchange for, or in lieu of, which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands the Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee

shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any Affiliate of the Company.

"Paying Agent" means any Person authorized by the company to pay the principal of, or interest on, any Securities on behalf of the Company and initially shall be the Trustee.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation over shares of Capital Stock of any other class of such corporation.

"Regular Record Date" for the interest payable on any Interest Payment Date means the first day (whether or not a Business Day) in the month of the Interest Payment Date.

"Responsible Officer", when used with respect to the Trustee, means any officer assigned to the Corporate Trust Office, including any Vice President, Assistant Vice President, Assistant Secretary or any other officer of the Trustee to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Securities" or "Security" has the meaning specified in the first recital of this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.5.

"Significant Subsidiary" means any Subsidiary with (i) assets which constituted at least 10% of the Company's consolidated total assets, or (ii) revenues which constituted at least 10% of the company's consolidated total revenues, or (iii) net earnings which constituted at least 10% of the Company's consolidated total net earnings, all as determined as of the date of the Company's most recently prepared quarterly financial statements for the 12-month period then ended.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.7.

"Stated Maturity", when used with respect to any security or any installment of interest on any security, means the date specified in such security as the fixed date on which the principal of such security or such installment of interest, respectively, is finally due and payable, except as otherwise provided in the case of Capital Lease Obligations.

"Subsidiary" means a corporation of which a majority of the Capital Stock having voting power under ordinary circumstances to elect a majority of the board of directors is owned or controlled by the Company or by one or more Subsidiaries, or by the Company and one or more Subsidiaries.

"Trustee" means the Person named as "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed, except as provided in Section 9.5.

"Trust Officer" means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

Section 1.2 Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenants the compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and, if requested by the Trustee, an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than certificates provided pursuant to Section 314(a)(4) of the Trust Indenture Act) shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of such individual, such condition or covenant has been complied with.

Section 1.3 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, any one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons

as to other maters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Any certificate or opinion of an officer of the Company or any opinion of Counsel may be based, insofar as it relates to accounting matters, upon a certificate, statement or opinion of an accountant or firm of accountants, unless such officer or counsel, as the case maybe, knows, or in the exercise of reasonable care should know, that the certificate, statement or opinion with respect to the accounting matters upon which such certificate or opinion is based is erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions, or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.4 Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing, or of a writing appointing any such agent, may be proved in any reasonable manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the transfer thereof or in exchange therefore or in lieu thereof, in respect of anything done, suffered or omitted to be done by

the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 1.5 Notices, etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this indenture to be made upon, given or furnished to or filed with:

(a) the Trustee by any Holder or by the company shall be sufficient for every purpose hereunder if mailed by registered or certified mail, return-receipt requested, to the Trustee addressed to it at its principal corporate Trust Office and to the attention of Corporate Trust Administration or at any other address previously furnished in writing to the Holders and the Company by the Trustee; or

(b) the Company by the Trustee or by any Holder shall be sufficient for every purpose (except as provided in Section 5.1(c)) hereunder if in writing and mailed by certified or registered ail, return-receipt requested, to the Company addressed to it at 11825 North Pennsylvania Street, Carmel, Indiana 46032, Attention: General Counsel, or any other address previously furnished in writing to the Trustee by the Company.

Section 1.6 Notice to Holders Waiver. Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed first-class postage prepaid, to each Holder affected by such event, at such Holder's address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice when mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder whether or not actually received by such Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event as required by any provision of this Indenture, then any method of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 1.7 Conflict with Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

Section 1.8 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.9 Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and Assigns, whether so expressed or not.

Section 1.10 Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.11 Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person (other than the parties hereto and their successors hereunder, any Paying Agent and the Holders) any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.12 Governing Law. THE LAWS OF THE STATE OF NEW YORK
SHALL GOVERN THIS INDENTURE AND THE SECURITIES, WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 1.13 Legal Holidays. In any case where any Interest Payment Date or Stated Maturity of any Security shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or at the Stated Maturity and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or Stated Maturity, as the case may be, to the next succeeding Business Day.

Section 1.14 Counterparts. This Indenture may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Indenture.

Section 1.15 Immunity of Shareholders, Directors, Officers and Agents of the Company and the Trustee. The Trustee recognizes and agrees that the obligations of the Company under the Indenture and the Securities and all documents delivered in the name of the Company in connection herewith and therewith do not and shall not constitute personal obligations of the directors, officers or shareholders, as such, past, present or future, of the Company, and shall not involve any claim against or personal liability on the part of any of them, and the Trustee agrees to look solely to the assets of the Company in respect thereof and agrees not to seek recourse against such directors, officers or shareholders of the Company or any of their personal assets for such satisfaction.

The obligations of the Trustee under the Indenture and the Securities do not and shall not constitute personal obligations of the directors, officers, shareholders or agents, as such, past present or future, of the Trustee and shall not involve any claim against or personal liability on the part of any of them and no person shall seek recourse against such directors, officers, shareholders or agents of the Trustee or any of their personal assets for satisfaction thereof.

ARTICLE II

SECURITY FORMS

Section 2.1 Forms Generally. The Securities and the Trustee's certificate of authentication shall be in substantially the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Any portion of the text of any security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The Securities shall be typed, printed, lithographed, photocopied or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

Section 2.2 Form of Face of Security. The form of the face of the Global Securities shall be as set forth below (If a Security is issued in definitive form, the form of such definitive security will be identical to the form of the face of the Global Security, except that the three legends appearing immediately beneath the title of the Security shall be omitted):

CONSECO, INC.

8 1/8% Senior Notes due 2006

THIS NOTE IS A REGISTERED GLOBAL NOTE AND IS REGISTERED IN THE NAME OF CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY ("DTC").

UNLESS THIS REGISTERED GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE REGISTERED FORM, THIS REGISTERED GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC, OR BY DTC

OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

No. _____ $ _____
CUSIP NO. _____

Conseco, Inc., a Delaware corporation (herein called the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on February__, 2006 at the office or agency of the Company referred to below, and to pay interest thereon on December 30, 2003, and semi-annually thereafter, on June 30 and December 30, in each year, accruing from _____ __, 2003 at the rate of 8 1/8% per annum until the principal hereof is paid or duly provided for. The interest so payable, and punctually paid duly provided for, on any Interest Payment Date will, as provided in such indenture, be paid to the Person in whose name this Security (or one or more predecessor securities of the same series) is registered at the close of business on the Regular Record Date for such interest, which shall be the June 1 or December 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid, or duly provided for, and interest on such defaulted interest at the then applicable interest rate borne by the Securities, to the extent lawful, shall forthwith cease to be payable to the Holder on such Regular Record Date, and may be paid to the Person in whose name this Security (or one or more predecessor securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such defaulted interest, notice whereof shall be given to Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Payment of the principal of, and interest on, this Security will be made at the office or agency of the Company maintained for that purpose in Wilmington, Delaware or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the Company by check mailed to the address of the Person entitled thereto as such address shall appear on the Security Register. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: _____ __, ____ CONSECO, INC.

By: --------------------------------

Name: --------------------------------

Title: --------------------------------

SEAL

Attest: ------------------------------

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities referred to in the within-mentioned Indenture.

WILMINGTON TRUST COMPANY,
as Trustee

By
Authorized Signature

Section 2.3 Form of Reverse of Security. (a) The form of the reverse of the Securities shall be as set forth below:

This Security is one of a duly authorized issue of Securities of the Company designated as its 8 1/8% Senior Notes due 2006 (herein called the "Securities") limited (except as otherwise provided in the Indenture referred to below) in aggregate principal amount to $____ million, issued and to be issued under an indenture (herein called the "Indenture") dated as of _____ __, 2003, between the Company and Wilmington Trust Company, as trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered.

The Indenture contains provisions for defeasance at any time of
(a) the entire indebtedness on this Security and (b) certain restrictive covenants and certain Events of Default, in each case upon compliance with certain conditions set forth therein.

The Securities may not be redeemed prior to their maturity.

If an Event of Default shall occur and be continuing, there may be declared due and payable in the manner and with the effect provided in the Indenture the principal of this Security, plus all accrued and unpaid interest to and including the date the Securities become due and payable.

The Indenture permits, with certain exception as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Security at the times, place, and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registerable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company maintained for such purpose in Wilmington, Delaware or at such other office or agency of the Company as may be maintained for such purpose, duly endorsed by, or accompanied by a

written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form, without coupons, in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made to the Holders for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to and at the time of due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ARTICLE III

THE SECURITIES

Section 3.1 Title and Terms. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is limited to $____ million, except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities pursuant to Sections 3.3, 3.4, 3.5, 3.5, or 9.6.

The Securities shall be known and designated as the "8 1/8% Senior Notes due 2006." Their Stated Maturity shall be February __, 2006. The Securities shall bear interest at the rate of 8 1/8% per annum from _____ __, 2003, or from the most recent interest payment date to which interest has been paid, as the case may be, payable on December 30, 2003 and semiannually thereafter on June 30 and December 30 of each year to the Person in whose name the Security or any predecessor Security is registered at the close of business on the June 1 or December 1 next preceding such interest payment date until the principal thereof is paid or duly provided for. Interest on any overdue principal amount shall be payable on demand.

The principal of, and interest on, the Securities shall be payable, at the office or agency of the Company maintained for such purpose in Wilmington, Delaware or at such other office or agency of the Company as may be maintained for such purpose; provided, however, that, at the option of the Company, interest may be paid by check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Security Registrar.

The Securities are not redeemable prior to Stated Maturity.

At the election of the Company, the entire indebtedness on the Securities or certain of the Company's Obligations and covenants and certain Events of Default thereunder may be defeased as provided in Article V.

Section 3.2 Denominations. The Securities shall be issuable only in fully registered form, without coupons, and only in denominations of $1,000 and any integral multiple thereof.

Section 3.3 Execution, Authentication, Delivery and Dating. The Securities shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices on the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company order shall authenticate and deliver such Securities as provided in this Indenture and not otherwise.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signer and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

In case the Company, pursuant to Article VIII, shall be consolidated or merged with or into any other Person or shall convey, transfer or lease substantially all of its properties and assets to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company shall have been merged, or the Person which shall have received a conveyance, transfer or disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article VIII, any of the Securities authenticated or delivered prior to such consolidation, merger, conveyance, transfer or disposition may, from time to time, at the request of the successor Person, be exchanged for other Securities executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the securities surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor person, shall authenticate and deliver Securities as specified in such request for the purpose of such exchange. If Securities shall at any time be authenticated and

delivered in any new name of a successor Person pursuant to this Section in exchange or substitution for or upon registration of transfer of any Securities, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all securities at the time Outstanding for Securities authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so except upon original issuance. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agency has the same rights as any Security Registrar or Paying Agent to deal with the Company and its Affiliates.

Section 3.4 Temporary Securities. Pending the preparation of definitive Securities or a permanent Global Security, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities or a permanent Global Security in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, a conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities or beneficial interest in a permanent Global Security, as the case may be, upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to
Section 10. 2, without charge to the Holder Upon surrender for cancellation of anyone or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefore like principal amount of definitive Securities of authorized denominations. Until so exchanged the temporary securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities or beneficial interests in a permanent Global Security, as the case may be.

Section 3.5 Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at one of its offices or agencies maintained pursuant to Section 10. 2 a register (the register maintained in such office and in any other office or agency designated pursuant to Section 10.2 being herein sometimes referred to as the "Security Register") in which subject to such reasonable regulations as the Security Registrar may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby initially appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided, subject to Section 10.2.

Upon surrender for registration of transfer of any Security at the office or agency of the Company designated pursuant to Section 10.2, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate principal amount.

At the option of the Holder, Securities (except a Global Security) may be exchanged for other Securities of any authorized denomination or denominations, of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for securities in definitive registered form, a Global Security representing all or a portion of the securities may not be transferred except as a whole by the Depositary to the nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to successor Depositary or to a nominee of such successor Depositary.

The Depositary must, at the time of its designation and at all times while it serves as Depositary, be a clearing agency registered under the Exchange Act, and any other applicable statute or regulation.

If at any time the Depositary for the Securities notifies the Company that it is unwilling or unable to continue as Depositary for the Securities or if at any time the Depositary for the Securities shall no longer be eligible as provided in the preceding paragraph, the Company shall appoint a successor Depositary with respect to the Securities. If a successor Depositary for the Securities is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company will execute, and the Trustee, upon receipt of a written order of the Company for the authentication and delivery of definitive Securities, will authenticate and deliver as specified in such written order, Securities in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Securities in exchange for such Global Security or Securities.

The Company may at any time and in its sole discretion determine that the Securities issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities, will authenticate and deliver as specified in such written order, Securities in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Securities in exchange for such Global Security or Securities.

In any exchange provided for in either of the preceding two paragraphs, the Company will execute and the Trustee will authenticate and deliver securities in definitive registered form in authorized denominations.

Upon the exchange of a Global Security for Securities in definitive form, such Global Security shall be cancelled by the Trustee. Securities issued in exchange for the Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary shall instruct the Trustee. The Trustee shall deliver such Securities to the persons in whose names such Securities are so registered.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer, or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his or her attorney duly authorized in writing.

No service charges shall be made to a Holder for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Sections 3.3, 3.4 or 9.6 not involving any transfer.

Section 3.6 Mutilated, Destroyed, Lost and Stolen Securities. If
(a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company and the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new security, pay any such security.

Upon the issuance of any new securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section 3.6 in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other securities duly issued hereunder.

The provisions of this Section 3.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 3.7 Payment of Interest; Interest Rights Preserved. Interest on any Security which is payable, and is punctually paid or duly provided for, on any interest Payment

Date shall be paid to the Person in whose name the Security (or one or more predecessor securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date and interest on such defaulted interest at the then applicable interest rate borne by the Securities, to the extent lawful (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the Regular Record Date by virtue of having been such Holder; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective predecessor securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, and such money when deposited shall be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company in writing of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first-class postage prepaid, to each Holder at his or her address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore having been so called, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or their respective predecessor securities are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the securities ay be listed, and upon such notice as may be required by such exchange, if, after written notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 3.8 Persons Deemed Owners. Prior to and at the time of due presentment for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payment of principal of, and (subject to Section 3 .7) interest on, such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 3.9 Cancellation. All Securities surrendered for payment, registration of transfer or exchange shall be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be destroyed and certification of their destruction delivered to the Company, unless by a Company order the Company directs that cancelled Securities be returned to it.

Section 3.10 Computation of Interest. Interest on the Securities shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE IV

DEFEASANCE AND COVENANT DEFEASANCE

Section 4.1 Company's Option to Effect Defeasance or Covenant Defeasance The Company may, at its option by Board Resolution, at any time, with respect to the Outstanding Securities, elect to have either Section 4.2 or
Section 4.3 be applied to the Outstanding Securities upon compliance with the conditions set forth below in this Article IV.

Section 4.2 Defeasance and Discharge. Upon the Company's exercise under Section 4.1 of the option applicable to this Section 4.2, the Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Securities on the date the conditions set forth below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness as represented by the Outstanding Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 4.5 and the other Sections of this Indenture referred to in (A) and (B) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, and, upon written request, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of Outstanding Securities to

receive solely from the trust fund described in Section 4.4 and as more fully set forth in such Section, payments in respect of the principal of, and interest on, such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 3.4, 3.5, 3.6 and 10.2, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder, including, without limitation, the Trustee's rights under Section 6.7, and (D) this Article IV.

Section 4.3 Covenant Defeasance. Upon the Company's exercise under Section 4 1 of the option applicable to this Section 4 3, the Company shall be released front its obligations under any covenant contained in Section
10.4 (except to the extent it applies to the continued corporate existence of the Company) and Sections 10.6 and 10.7, with respect to the Outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"), and the Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders and the consequences of any thereof in connection with such covenants, but shall continue to be deemed Outstanding for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or Article, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.1(c), but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

Section 4.4 Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of either Section 4.2 or Section 4.3 to the Outstanding Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirement of Section 6.9 who shall agree to comply with the provisions of this Article IV applicable to it) as trust funds in trust for the purpose of the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) cash in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of, and interest on, the Outstanding Securities on the Stated Maturity; provided that the Trustee shall have been irrevocably instructed, by Company Order, to apply such money or the proceeds of such U.S. Government Obligations to said payments with respect to the Securities. For this purpose, "U.S. Government Obligation" means securities that are (x) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment on which is unconditionally guaranteed as full faith and credit obligation by the United States of

America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended), a custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by such custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit or, insofar as subsections 5.1(f) and (g) are concerned, at any time during the period ending on the 91st day after the date of such deposit.

(3) Such defeasance or covenant defeasance shall not cause the Trustee for the Securities to have a conflicting interest as defined in Section 6.8 and for purposes of the Trust Indenture Act with respect to any securities of the Company.

(4) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

(5) In the case of an election under Section 4.2, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (y) since the date hereof, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of an election under Section 4.3, the Company shall have delivered to the Trustee an Opinion of Counsel stating that the Holders of the Outstanding Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance.

(7) In the case of an election under either Sections 4.2 or 4.3, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the trust resulting from the deposit neither constitutes, nor is qualified as, a regulated investment company under the Investment Company Act of 1940.

(8) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 4.2 or the covenant defeasance under Section 4.3 (as the case may be) have been complied with.

Section 4.5 Deposited Money And U.S. Government Obligations to be Held in Trusts; Other Miscellaneous Provisions. All money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee -- collectively for purposes of this Section 4.5, the "Trustee") pursuant to Section 4.4 in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 4.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Securities.

Anything in this Article IV to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in
Section 4.4 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

Section 4.6 Reinstatement. If the Trustee is unable to apply any money or U.S. Government Obligations in accordance with this Article IV by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to this Article IV until such time as the Trustee is permitted to apply all such money or U.S. Government Obligations in accordance with this Article IV; provided, however, that, if the Company has made any payment of interest on, or principal of, any Securities because of the reinstatement of its obligations, the Company shall be subrogated to the right of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee.

ARTICLE V

REMEDIES

Section 5.1 Events of Default.

"Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it 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):

(a) default in the payment when due of the principal of any Security at its Stated Maturity; or

(b) default in the payment of any interest on any Security when it becomes due and payable, and continuance of such default for a period of 30 days; or

(c) default in the performance, or breach, of any terms, covenant or warranty of the Company contained in the Securities or this Indenture, and continuance of such default or breach for period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(d) default with respect to any Obligation of the Company (other than its Obligations under the Securities), or of any Subsidiary, whether as principal, guarantor, surety or other obligor, for the payment or any indebtedness having an aggregate principal amount in excess of $40 million and (1) either (1) such default is upon the Stated Maturity of such Indebtedness or (2) as a result of such default the maturity of such Indebtedness has been accelerated prior to its Stated Maturity and (ii) such Indebtedness has not been paid in full or such acceleration has not been rescinded, annulled, or waived prior to the entry of a final judgment in favor of the holders thereof; or

(e) one or more final and nonappealable judgments, orders or decrees which require the payment in money, either individually or in an aggregate amount, of more than $50 million shall be entered against the Company or any Subsidiary or any of their respective properties which is not adequately covered by insurance or bond (subject to reasonable deductibles) and shall not be discharged and there shall have been a period of 60 days during which stays of the enforcement of such judgments or orders, by reason of pending appeal or otherwise, shall not be in effect; or

(f) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar law now or hereafter in effect or appointing a custodian, rehabilitator, conservator, supervisor, trustee, sequestrator or other similar official of the Company or any Significant Subsidiary for any substantial part of its or their property, or ordering the winding up or liquidation of its or their affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(g) the commencement by the company or any Significant Subsidiary of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar applicable law now or hereafter in effect, or the consent by the Company or any significant Subsidiary to the entry of a decree or order for relief in respect of the Company or such Significant Subsidiary in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, rehabilitation, liquidation, conservation or supervision or other similar applicable law now or hereafter in effect, or to the commencement of any bankruptcy, insolvency or similar case or preceding against

it, or the consent by the Company or any Significant Subsidiary to the filing of such petition or the appointment of or taking possession by a receiver, liquidator, assignee, custodian, rehabilitator, conservator, supervisor, trustee, sequestrator or similar official of the Company or any such Significant Subsidiary or of any substantial part of its property, or the taking by it of an assignment for the benefit of creditors, or the admission by the Company or any Significant Subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or any Significant Subsidiary in furtherance of any such action.

Section 5.2 Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities Outstanding may, and the Trustee upon the request of the Holders of not less than 25% in aggregate principal amount of the Securities Outstanding shall, declare the principal of all the Securities to be due and payable immediately in an amount equal to the principal amount of the Securities, together with accrued and unpaid interest to the date the securities become due and payable, by a notice in writing to the Company and, upon any such declaration such principal and all interest and other amounts shall become due and payable, immediately. If an Event of Default specified in Section 5.1(f) or (g) occurs and is continuing, then the principal of all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after such declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay

(1) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(2) all overdue interest on all Securities,

(3) the principal of any Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Securities, and

(4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Securities; and

(b) all Events of Default, other than the non-payment of principal of the Securities which have become due solely by such declaration o acceleration, shall have been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

Section 5.3 Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if:

(a) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of principal of any Security at the Stated Maturity thereof, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and interest, with interest upon the overdue principal and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid and my prosecute such proceeding to judgment or final decree, and may enforce the same against the Company and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.4 Trustee May File Proofs of Claims. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, rehabilitation, conservation, arrangement, adjustment, composition or other judicial proceeding relative to the Company or the property of the Company, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the hole amount of principal and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.7.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of organization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 5.5 Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities my be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expanses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 5.6 Application of Money Collected. Any money collected by the Trustee pursuant to this Article, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under
Section 6.7;

SECOND: To the payment of the amounts then due and unpaid upon the Securities for principal and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such securities for principal and interest; and

THIRD: The balance, if any, to the Person or Persons entitled thereto.

Section 5.7 Limitation on Suits. No Holder of any Securities shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity satisfactory to the Trustee against the cost, expenses and liabilities to be incurred in compliance with such request:

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities; it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, distribute or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

Section 5.8 Unconditional Right of Holders to Receive Principal and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right on the terms stated herein, which is absolute and unconditional, to receive payment of the principal of, and (subject to Section 3.7) interest on, such Security on the respective Stated Maturities expressed in such Security and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 5.9 Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such came the Company, the Trustee and the Holder shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding has been instituted.

Section 5.10 Rights and Remedies Cumulative. Except as provided in Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Trustee and the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 5.12 Control by Holders. The Holders of a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture;

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction: and

(c) the Trustee shall not determine that the action so directed would be unduly prejudicial to the Holders not taking part in such direction or shall not have reasonable cause to believe adequate indemnity against risk or liability is not reasonably assured to it.

The Company may set record date for purposes of determining the identity of Holders of Securities entitled to vote or consent to any action by vote or consent authorized or permitted by Subsection 316(a) of the Trust Indenture Act. Such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders of Securities furnished to the Trustee pursuant to Section 7.1 of this Indenture prior to such solicitation.

Section 5.13 Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past Default hereunder and its consequences, except a Default:

(a) in the payment of the principal of or interest on any Security, for which a waiver of past default shall require the consent of each Holder of Outstanding Securities, or

(b) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security affected for which a waiver of past default shall require the consent of each Holder of Outstanding Securities.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have bean cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 5.14 Waiver or Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder,

delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

THE TRUSTEE

Section 6.1 Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default:

(A) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificate or opinions which by provision hereof are specifically required to be furnished to the trustee, the Trustee shall be under duty to examine the same to determine whether or not they conform to the requirements for this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its negligent action, its own negligent failure to act, or its own willful misconduct, except that no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.2 Notice of Defaults. Within 90 days after the occurrence of any Default hereunder, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

Section 6.3 Certain Rights of Trustee. Subject to the provisions of Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence or bad faith on its part, rely upon an Officers' Certificate and Opinion of Counsel;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it herein in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, condition, consent, order, bond, debenture, note, other evidence or indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 6.4 Not Responsible for Recitals or Issuance of Securities. The recitals contained herein, and in the Securities, except the Trustee's certificate of authentication, shall be taken as the statements of the Company and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this

indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of the securities or the proceeds thereof.

Section 6.5 May Hold Securities. The Trustee, any Paying Agent, Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities, and, subject to Sections 6.8 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

Section 6.6 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder.

Section 6.7 Compensation and Reimbursement. The company agrees:

(a) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

To secure the Company's payment obligations in this Section 6.7, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee except such money and property held in trust to pay principal of and interest on particular Securities. Such lien shall survive satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.1(f) or (g) occurs, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy law.

Section 6.8 Qualification of Trustee; Conflicting Interests. The Trustee shall be subject to and comply with the provisions of Section 310(b) of the Trust Indenture Act regarding the disqualification or the Trustee in the event that it acquires any conflicting interest as therein defined.

Section 6.9 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which satisfies the requirements of Trust Indenture Act Sections 310(a)(1) and 310(a) (5), has a combined capital and surplus of at least $50,000,000 and is subject to supervision or examination by Federal or State authority. If at any time the Trustee shall cease to

be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.10 Resignation and Removal; Appointment of Successor.
(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 6.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by an Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Company.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 310(b) of the Trust Indenture Act pursuant to Section 6.8 hereof after written request therefore by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months unless the Trustee's duty to resign i stayed in accordance with
Section 310(b) of the Trust Indenture Act, or

(ii) the Trustee shall case to b eligible under Section 6.9 and shall fail to resign after written request therefore by the Company or by any such Holder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any case, (1) the Company by a Board Resolution may remove the Trustee, or (2) subject to Section 315(e) of the Trust Indenture Act, the Holder of any Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall not have been appointed by the Company, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the Successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor

Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders of the Securities and accepted appointment in the manner hereinafter provided, the Trustee or the Holder of any Security who has been a bona fide Holder for at least six months may, subject to Section 315(e) of the Trust Indenture Act, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by written notice of such event by first-class mail, postage prepaid, to the Holders of Securities as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust office.

Section 6.11 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers, trust and duties of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder subject to the lien provided in Section 6.7. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers, trusts and duties.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Notwithstanding replacement of the Trustee pursuant to Section 6.10, the Company's obligations under Section 6.7 shall continue for the benefit of the retiring Trustee with respect to expenses, losses and liabilities incurred by it prior to such replacement.

Section 6.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.13 Preferential Collection of Claims Against Company. The Trustee shall comply with Section 311(a) of the Trust Indenture Act, excluding any credit or relationship listed in Section 311(b) of that Act. If the present or any future Trustee shall resign or be removed, it shall be subject to Section 311(a) of the Trust Indenture Act to the extent provided therein.

ARTICLE VII

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 7.1 Preservation of Information; Company to Furnish Trustee Names and Addresses of Holders. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. Neither the Company nor the Trustee shall be under any responsibility with regard to the accuracy such list. The Company, in furnishing information concerning Holders to the Trustee, and the Trustee will satisfy the requirements imposed upon each of them by Section 312(a) of the Trust Indenture Act.

Section 7.2 Communications to Holders. Holders may communicate with other Holders with respect to their rights under this Indenture or under the Securities pursuant to Section 312(h) of the Trust Indenture Act. The Company and the Trustee and any and all other Persons benefited by this Indenture shall have the protection afforded by Section 312(c) of the Trust Indenture Act.

Section 7.3 Reports by Trustee. Within 60 days after each May 15, commencing May 15, 2004, the Trustee shall mail to Holders a brief report dated as of such date that complies with Section 313(a) of the Trust Indenture Act, but only if such report is required in any year under such Section 313(a) of the Trust Indenture Act. The Trustee shall also comply with sections 313(b) and 313(c) of the Trust Indenture Act. At the time of its mailing to Holders, a copy of each report shall be filed with the Commission and with each stock exchange on which the Securities are listed. The Company shall notify the Trustee when and if the Securities are listed on any stock exchange.

Section 7.4 Reports by Company. The Company shall file such annual and/or periodic reports and certificates with the Trustee and/or with the Commission and/or with the Holders as are required by the provisions of Section 314(a) of the Trust Indenture Act.

ARTICLE VIII

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

Section 8.1 Company May Consolidate, etc., Only on Certain Terms. The Company shall not consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to any Person, unless:

(i) either (1) the Company shall be the continuing corporation or
(2) the Person (if other than the Company) formed by such consolidation or into which the Company is

merged or the Person that acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all o the properties and assets of the Company as an entirety (A) shall be a corporation, partnership or trust organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and (B) shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of, and interest on, all the Securities and the performance and observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(ii) immediately before or immediately after giving pro forma effect to such transaction (and treating any Indebtedness not previously an obligation of the Company or a Subsidiary which becomes the obligation of the Company or any of its Subsidiaries in connection with or as a result of such transaction as having been incurred at the time of such transaction), no Default shall have occurred and be continuing; and

(iii) the Company or such Person shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the conditions specified in clauses (i) and (ii) above have been satisfied.

Section 8.2 Successor Substituted. Upon any consolidation or merger, or any sale, assignment, conveyance, transfer or disposition of all or substantially all of the properties and assets of the Company, as an entirety in accordance with Section 8.1, the successor Person formed by such consolidation or into which the Company is merged or the successor Person to which such sale, assignment, conveyance, transfer or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and thereafter, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.1 Supplemental Indentures without Consent of Holders. Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company, and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(b) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(c) to cure any ambiguity, to correct or supplementary provision herein which may be defective or inconsistent with any other provision herein, or to make any other

provisions with respect to matters arising under this Indenture; provided, that, in each such came, such provisions shall not adversely affect the interests of the Holders; or

(d) to comply with the requirements of the commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act, as contemplated by Section 9.5 or otherwise.

Section 9.2 Supplemental Indentures with Consent of Holders. With the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon, or change the coin or currency in which any Security or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof; or

(b) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of his Indenture or certain Defaults hereunder and their consequences) provided for in this Indenture; or

(c) modify any of the provisions of this Section or Section 5.13 except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Security affected thereby.

Upon the request of the Company, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture.

It shall not be necessary for any Act of Holders under this
Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.3 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to
Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter

into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.4 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.5 Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.6 Reference in Securities to Supplemental Indentures. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

Section 9.7 Record Date. The company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any supplemental indenture or any waiver. If a record date is fixed those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such supplemental indenture or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

ARTICLE X

COVENANTS

Section 10.1 Payment of Principal and Interest. The Company will duly and punctually pay the principal of, and interest on, the Securities in accordance with the terms of the Securities and this Indenture.

Section 10.2 Maintenance of Office or Agency. The Company will maintain an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Trustee at its Corporate Trust Office shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust

Office, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes, and may from time to time rescind such designation. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such office or agency.

Section 10.3 Money for Security Payments to be Held in Trust. If the Company shall at any time act as its own Paying Agent, it will, on or not more than one Business Day before each due date of the principal of, or interest on, any of the Securities, segregate and hold in trust for the benefit of the Holders entitled thereto a sum sufficient to pay the principal or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

If the Company is not acting as Paying Agent, the company will, on or before each due date of the principal of, or interest on, any Securities, deposit with a Paying Agent a sum in same day funds sufficient to pay the principal or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

If the Company is not acting a Paying Agent, the Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of the principal of, or interest on, Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any default by the Company in the making of any payment of principal or interest;

(c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent: and

(d) acknowledge, accept and agree to comply in all aspects with the provisions of this Indenture relating to the duties, rights and disabilities of such Paying Agent.

The company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent, and, upon such payment by any Paying Agent to the

Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, or interest on, any Security and remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the older of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, or mail to each such Holder, or both, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification, publication or ailing, any unclaimed balance of such money than remaining will be repaid to the Company.

Section 10.4 Corporate Existence. Subject to Article VIII of this Indenture, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence, rights (charter and statutory) and franchises of the Company and each Significant Subsidiary; provided, however, that the Company shall not be required to preserve any such right or franchise if it shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries as a whole and that the loss thereof is not disadvantageous in any material respect to the Holders; and provided, further, however, that the foregoing shall not prohibit a sale, transfer or conveyance in compliance with the terms of this Indenture.

Section 10.5 Compliance Certificate. The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating as to each such officer signing such Officers' Certificate, that to the best of his knowledge, each has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto). The Officers' Certificate delivered pursuant to this Section 10.5 shall include the signature of the Company's principal executive officer, the principal financial officer or the principal accounting officer.

Section 10.6 Limitation on Issuance or Disposition of Stock of Significant Subsidiaries. The Company will not, nor will it permit any Significant Subsidiary to, issue, sell or otherwise dispose of any shares of Capital Stock (other than Preferred Stock or Common Stock issued upon conversion of such Preferred Stock) of any Significant Subsidiary, except for (i) directors' qualifying shares; (ii) sales or other dispositions to the Company or to one or more

wholly-owned Subsidiaries; (iii) the sale or other disposition of all or any part of the Capital Stock of any Significant Subsidiary for consideration which is at least equal to the fair value of such Capital Stock as determined by the Company's board of directors (acting in good faith); or (iv) any issuance, sale, assignment, transfer or other disposition made in compliance with an order of a court or regulatory authority of competent jurisdiction, other than an order issued at the request of the Company or any Significant Subsidiary.

Section 10.7 Limitation on Liens. Except as provided below, neither the Company nor any Significant Subsidiary may incur, issue, assume or guarantee any Indebtedness secured by a Lien on any property or assets of the Company or any Significant Subsidiary, or any shares of Capital Stock of any Significant Subsidiary, without effectively providing that the Securities (together with, if the Company shall so determine, any other Indebtedness which is not subordinated to the Securities) shall be secured equally and ratably with (or prior to) such Indebtedness, so long as Indebtedness shall be so secured; provided, however, that this covenant shall not apply to Indebtedness secured by (i) Liens existing on the date of this Indenture; (ii) Liens under the Credit Facility, as amended, modified, extended, renewed, replaced or refinanced from time to time; (iii) Liens on property of, or on any shares of stock of, any corporation existing at the time such corporation becomes a Significant Subsidiary or merges into or consolidates with the Company or a Significant Subsidiary; (iv) Liens on property or on shares of stock existing at the time of acquisition thereof by the Company or any Significant Subsidiary; (v) Liens to secure the financing of the acquisition, construction or improvement of property, or the acquisition of shares of stock by the Company or any Significant Subsidiary, provided that such Liens are created not later than one year after such acquisition or, in the case of property, not later than one year after completion of construction or commencement of commercial operation, whichever is later, are limited to the property acquired, constructed or improved or the shares of stock acquired and do not secure Indebtedness in excess of the cost of such acquisition, construction or improvement; (vi) Liens in favor of the Company or any wholly-owned Subsidiary; (vii) Liens required by governmental authorities; (viii) Liens securing Indebtedness not in excess of 25% of the consolidated total assets of the Company and its Subsidiaries and (ix) any extension, renewal or replacement in whole or in part, of any Lien referred to in the foregoing clauses (i) to (viii) inclusive; provided, however, that (a) such extension, renewal or replacement Lien shall be limited to all or a part of the same property or shares of stock that secured the Lien extended, renewed or replaced and (b) the Indebtedness secured by such Lien at such time is not so increased.

ARTICLE XI

REDEMPTION OF SECURITIES

Section 11.1 No Right of Redemption. The Securities may not be redeemed prior to their Stated Maturity.

ARTICLE XII

SATISFACTION AND DISCHARGE

Section 12.1 Satisfaction and Discharge of Indenture. This Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange

of Securities herein expressly provided for) as to all outstanding Securities and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either (1) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6 and
(ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation; or

(2) all such Securities not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in the trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and interest to the date of such deposit;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 6.7 shall survive and, if money shall have been deposited with the Trustee pursuant to subclause (2) of Subsection (a) of this Section, the obligations of the Trustee under Section 12.2 and the last paragraph of Section 10.3 shall survive.

Section 12.2 Application of Trust Money. Subject to the provisions of the last paragraph of Section 10.3, all money deposited with the Trustee pursuant to Section 12.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

* * * * * * *
[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as or the day and year first above written.

CONSECO, INC.

By:

Name:

Title:

Attest:
Name:
Title:

WILMINGTON TRUST COMPANY

By:

Name:

Title:

Attest:
Name:
Title:

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____, 2003, before me personally came _____, to me known, who being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of WILMINGTON TRUST COMPANY and one of the entities described in and which executed the above instrument; that he knows the corporate seal of such corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed pursuant to authority of the Board of Directors of such entity; and that he/she signed his/her name thereto pursuant to like authority.

(NOTARIAL SEAL)

Name:

Notary Public for the State of My Commission Expires:

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____, 2003, before me personally came _____, to me known, who being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of CONSECO, INC. and one of the entities described in and which executed the above instrument; that he knows the corporate seal of such corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed pursuant to authority of the Board of Directors of such entity; and that he/she signed his/her name thereto pursuant to like authority.

(NOTARIAL SEAL)

Name:

Notary Public for the State of My Commission Expires:

Exhibit T3E-1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
Conseco, Inc., et al.,	)	
	)	Case No. 02-49672
Debtors.(1)	)	(Jointly Administered)
	)	Honorable Carol A. Doyle

SECOND AMENDED DISCLOSURE STATEMENT FOR REORGANIZING DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

IMPORTANT DATES

o Date by which Ballots must be received: May 14, 2003
o Date by which objections to Confirmation of the Plan must be filed and served: May 14, 2003
o Hearing on Confirmation of the Plan: May 28, 2003 at 11:00 a.m.

James H.M. Sprayregen, P.C.

Anne M. Huber
Anup Sathy
KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

Counsel for the Debtors.

Dated: March 18, 2003

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1 The Reorganizing Debtors are the following entities: Conseco, Inc., CIHC, Incorporated, CTIHC, Inc. and Partners Health Group, Inc. The Plan is not a chapter 11 plan for the Finance Company Debtors (as defined herein).

THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, GENERALLY IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS WHICH ARE ATTACHED HERETO OR INCORPORATED BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN, OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND EQUITY INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN UNLESS SO SPECIFIED. EACH HOLDER OF AN IMPAIRED CLAIM OR IMPAIRED EQUITY INTEREST SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR, SUBSEQUENT TO A FILING BY DEBTORS UNDER THE BANKRUPTCY CODE, BY THE BANKRUPTCY COURT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN OR INCONSISTENT WITH THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR EQUITY INTEREST.

ALTHOUGH DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED, EXCEPT FOR THE FINANCIAL STATEMENTS INCLUDED IN CONSECO'S ANNUAL REPORT ON FORM 10-K.

THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY CONSECO'S MANAGEMENT. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND

ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND CONSECO'S CONTROL. CONSECO CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS OR TO CONSECO'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

SEE ARTICLE VIII OF THIS DISCLOSURE STATEMENT, "RISK FACTORS," FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM OR IMPAIRED EQUITY INTEREST TO ACCEPT THE PLAN.

TABLE OF CONTENTS

EXHIBITS

Exhibit A	-	Joint Plan of Reorganization
Exhibit B	-	Liquidation Analysis
Exhibit C	-	Projections
Exhibit D	-	Petition Date Organizational Chart
Exhibit E	-	Post-Confirmation Organizational Chart
Exhibit F	-	List of Discharged Intercompany Claims
Exhibit G	-	List of Reinstated Intercompany Claims
Exhibit H	-	Form of Adjustment Agreement
Exhibit I	-	List of Prepetition Derivative Lawsuits
Exhibit J	-	List of Prepetition Lawsuits Filed Against the Releasees

I.

SUMMARY

The following summary is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in this Disclosure Statement. Capitalized terms used herein but not otherwise defined herein have the meanings given to such terms in the Plan.

Conseco, Inc. ("CNC") is the top tier holding company for our two operating businesses: insurance and finance. Our insurance business is operated through subsidiaries owned directly and indirectly by CIHC, Incorporated ("CIHC"), an intermediate holding company that is controlled by CNC. Our finance business is operated through Conseco Finance Corp. ("CFC"), a wholly-owned subsidiary of CIHC, and its subsidiaries. We sometimes collectively refer to CNC, together with its consolidated subsidiaries, as "we," "Conseco" or the "Company."

Our insurance subsidiaries develop, market and administer supplemental health insurance, annuity, individual life insurance and other insurance products. Our finance business has historically provided a variety of finance products including manufactured housing and floor plan loans, home equity mortgages, home improvement and consumer product loans and private label credit cards.

On December 17, 2002 (the "Petition Date"), CNC, CIHC, CTIHC, Inc. and Partners Health Group, Inc. filed petitions 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 foregoing entities are sometimes referred to collectively as the "Debtors" or the "Reorganizing Debtors" and individually as a "Debtor" or a "Reorganizing Debtor" and, on or after the Effective Date, together with New CNC, as the "Reorganized Debtors" and individually as a "Reorganized Debtor."

CFC and Conseco Finance Servicing Corp. also filed petitions under the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois on the Petition Date. In addition, on February 3, 2003, the following subsidiaries of CFC filed petitions under the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois: Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Consumer Discount Company, Conseco Finance Canada Holding Company, Conseco Finance Canada Company, Conseco Finance Loan Company, Rice Park Properties Corporation, Landmark Manufactured Housing, Inc., Conseco Finance Net Interest Margin Finance Corp. I, Conseco Finance Net Interests Margin Finance Corp. II, Green Tree Finance Corp. - Two, Green Tree Floorplan Funding Corp., Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., Crum-Reed General Agency, Inc. The foregoing entities are sometimes referred to collectively as the "Finance Company Debtors" and individually as a "Finance Company Debtor." The Finance Company Debtors are not proponents of the Plan. The Finance Company Debtors may file a separate plan and disclosure statement in connection with their chapter 11 cases.

This Disclosure Statement is being furnished by the Debtors as proponents of the Joint Plan of Reorganization (the "Plan," a copy of which is attached hereto as Exhibit A), pursuant to section 1125 of the Bankruptcy Code and in connection with the solicitation of votes (the "Solicitation") for the acceptance or rejection of the Plan, as it may be amended or supplemented from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules.

This Disclosure Statement describes certain aspects of the Plan, including the treatment of Holders of Claims against and Equity Interests in the Debtors, and also describes certain aspects of the Company's operations, the Company's projections and other related matters.

A. Events Leading to the Chapter 11 Cases and Related Post-Petition Events

Since commencing operations in 1982, CNC pursued a strategy of growth through acquisitions. Primarily as a result of these acquisitions and the funding requirements necessary to operate and expand the acquired businesses, CNC amassed outstanding indebtedness of approximately $6.0 billion as of June 30, 2002. During the past two years, we undertook a series of steps designed to reduce and extend the maturities of our parent company debt. Notwithstanding these efforts, the Company's financial position continued to deteriorate, principally due to our leveraged condition, losses experienced by our finance business and losses in the value of our investment portfolio.

As a result of these developments, on August 9, 2002, we announced that we would seek to fundamentally restructure the Company's capital, and announced that we had retained legal and financial advisors to assist us in these efforts.

Shortly after our August 9 announcement, the New York Stock Exchange ("NYSE") halted trading in CNC's common stock and other listed securities, and we experienced a number of ratings downgrades with respect to our outstanding securities. In addition, we experienced a further downgrade with respect to the financial strength ratings of our insurance subsidiaries and have been operating under increased scrutiny from insurance regulators in each of the states in which our insurance subsidiaries are domiciled.

In October 2002, we announced that we had engaged financial advisors to pursue various alternatives with respect to our finance business and that CNC's board of directors had approved a plan to sell or seek new investors for our finance business. On December 19, 2002, CFC entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with CFN Investment Holdings LLC ("CFN"), an affiliate of Fortress Investment Group LLC, J.C. Flowers & Co. LLC and Cerberus Capital Management, L.P., pursuant to which CFC would, subject to the satisfaction of certain conditions, sell all or substantially all of its assets (the "CFC Assets") in a sale pursuant to Section 363 of the Bankruptcy Code as part of CFC's chapter 11 proceedings, subject to the right of CFN to exclude certain assets from its purchase. In accordance with section 363 of the Bankruptcy Code and the terms of the Asset Purchase Agreement, CFC continued to seek alternative transactions that would provide greater value to CFC and its creditors than the transactions contemplated by the Asset Purchase Agreement.

As part of CFC's efforts to seek alternative transactions that would provide greater value to CFC, and in accordance with the bidding procedures order approved by the Bankruptcy Court, CFC conducted an auction for the sale of its businesses and assets. Potential bidders that submitted bids for the purchase of the CFC Assets that, by their own terms or aggregated with other bids, were for more than the purchase price payable under the Asset Purchase Agreement, plus the amount of the break-up fee, plus $5 million, plus the profit sharing rights relating to the manufactured housing business, were allowed to participate in the auction. The auction, which commenced on February 28, 2003, promptly adjourned, and was continued to March 4, 2003, ultimately concluding the morning of March 5, 2003.

Prior to and at the auction, CFC, with the assistance of its advisors, analyzed each of the bids presented at the auction and determined that CFN's bid of $970 million in cash, plus the assumption of certain liabilities, represented the highest and best bid. The terms of the sale included an option for CFC to sell the assets of Mill Creek Bank to General Electric Capital Corporation ("GE") for approximately $310 million in cash, plus certain assumed liabilities, which option, if exercised, would provide CFN with a credit of $270 million to its $970 million bid.

On March 6, 2003, CFC received an offer from Berkadia Equity Holdings, L.L.C. ("Berkadia") that purported to be a bid in the recently concluded auction. Concurrently therewith, Berkadia filed an objection to the sale that the Bankruptcy Court heard, and summarily dismissed, on March 7, 2003. After further negotiations during the March 7-14, 2003 period, CFN and GE significantly increased the amount of cash to be paid for the CFC Assets. Ultimately, each of the major constituencies, including the CFC Committee, the Ad Hoc Securitization Holders' Committee, U.S. Bank as securitization trustee for the B-2 certificate holders, and Federal National Mortgage Association, as a major B-2 certificate holder, agreed to support the sale of CFC Assets to CFN and GE. The total value to be received as part of the transactions with CFN and GE upon closing is expected to be approximately $1.3 billion, representing approximately $1.11 billion in cash and approximately $200 million in assumed liabilities, subject to certain purchase price adjustments. On March 14, 2003, the Bankruptcy Court entered orders approving the terms of the sale of the CFC Assets free and clear of all liens to each of CFN and GE. The closing of the sale of the CFC Assets is subject to various closing conditions, but is currently expected to occur in May 2003.

B. The Purpose of the Plan

The purpose of the Plan is to provide the Company with a capital structure that can be supported by cash flows from operations. To this end, the Plan will reduce CNC's debt and Trust Preferred Securities obligations by more than $5.0 billion and its future annual interest expense and distributions on Trust Preferred Securities by approximately $380 million. The Debtors believe that the reorganization contemplated by the Plan is in the best interests of their creditors as a whole. If the Plan is not confirmed, the Debtors believe that they will be forced to either file an alternate plan of reorganization or liquidate under chapter 7 of the Bankruptcy Code. In either event, the Debtors believe that the Company's unsecured creditors (including the holders of public debt) would realize a less favorable distribution of value, or, in certain cases, none at all, for their Claims. See Section II.I hereof and the Liquidation Analysis set forth in Exhibit B attached hereto.

C. Treatment of Claims and Equity Interests

The Plan is comprised of four Subplans. The tables set forth below summarize the Classes of Claims and Equity Interests under each Subplan, projected aggregate amounts of such Classes, the treatment of such Classes, and the projected recoveries of such Classes under the Plan. The amounts in the column entitled "Projected Claims/Equity Interests" represent amounts outstanding on the Petition Date.(2) The projected recoveries (if the Plan is approved) are based upon certain assumptions contained in the Valuation Analysis developed by Lazard Freres & Co. LLC set forth in Section II.J hereof.

Pursuant to the terms of the Plan, the Lenders will receive (x) New Tranche A Bank Debt and New Tranche B Bank Debt (together, the "New Bank Debt"),
(y) New CNC Preferred Stock and (z) New CNC Warrants in respect of their claims for principal and interest through the Effective Date ("Total Bank Debt Balance"). In the context of a consensual plan, the Lenders' distribution are intended to reflect their structural seniority to creditors of CNC by virtue of their claims against CIHC, as well as contractual subordination provisions requiring the Lenders be paid in full in cash prior to any distributions in respect of any Exchange Note Claims and other contractually subordinated Claims. In addition, certain of the Lender Claims are secured by various collateral, including a pledge of the stock of CIHC and certain intercompany notes, on a pari passu basis with the 93/94 Note Claims. In the context of a consensual Plan, the Holders of Claims subordinated to the Lender Claims would receive the recoveries set forth in the Plan even in the absence of the payment in full in cash of the Lender Claims on the Effective Date.

As set forth in Section II.J below, "General Information -- Financial Projections and Liquidation Analysis," New CNC's enterprise value is estimated to be approximately $3.8 billion. Accordingly, the estimated value of the New CNC Common Stock is equal to New CNC's estimated enterprise value less the Total Bank Debt Balance (the "Equity Value").

Pursuant to the terms of the Plan, New CNC Common Stock will be distributed to holders of (i) Class 6B Reorganizing Debtor General Unsecured Claims against CIHC, (ii) Class 6A Exchange Note Claims (on account of such Claims and their related Class 5B Exchange Note Claims), (iii) Class 7A Original Note Claims, (iv) Class 8A Reorganizing Debtor General Unsecured Claims against CNC, (v) Class 10A Trust Related Claims and (vi) Class 11A-1 Old CNC Preferred Stock Interests. In addition, the Holders of Class 4A 93/94 Note Claims may receive New CNC Common Stock. As discussed below, Holders of Class 6B Claims and Class 5B Claims have Claims against CIHC which are structurally senior to all Claims against CNC. Holders of 93/94 Note Claims have Claims against CNC which are secured by various collateral, including a pledge of the stock of CIHC. As a result of such pledge, the 93/94 Note Claims are senior to all other Claims solely against CNC to the extent of the value of this pledge.

As discussed below, under the compromise embodied by the Plan, the Holders of Claims at the CNC level are receiving not only more than they would receive in a liquidation of the Debtors, they are also receiving more than they would have received pursuant to a chapter 11 plan that strictly applied contractual and structural subordination principles (the "Absolute Priority Alternative").

Under the Plan, Holders of Class 6B Claims (Reorganizing Debtor General Unsecured Claims against CIHC) will receive shares of New CNC Common Stock representing their Pro Rata share of the Equity Value. The Holders of 93/94 Note Claims will receive either New Senior Notes or New CNC Common Stock having an Equity Value equal to the Allowed amount of such 93/94 Note Claims as described in the Class 4A Notice, which will be mailed 30 days before the Voting Deadline.

Holders of Exchange Note Claims, by virtue of their Class 5B Exchange Note Claims, under an Absolute Priority Alternative, would be entitled to receive distributions equal in value to the full amount of their Allowed Claims before any value would be distributed to CNC (or any Holders of Claims against CNC) as a result of CNC's equity ownership of CIHC. However, under the Plan, Holders of Class 6A Exchange Note Claims and the related Class 5B Exchange Note Claims will allow value to be distributed to Holders of Claims against CNC in an amount that is significantly greater than the value such claimants would be entitled to receive in an Absolute Priority Alternative. Such value is being provided to the Holders of Claims against CNC to ensure that the Debtors' reorganization efforts are completed consensually and as expeditiously as possible. In addition, such recovery is also being provided to the Holders of Claims against CNC in full

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2 The amounts in the tables below assume an Effective Date of June 1, 2003 and do not give effect to (i) dilution from exercise of the New CNC Warrants, equity that may be issued pursuant to the equity incentive plan or equity that may be issued to certain professionals involved with the Debtors' restructuring efforts pursuant to their engagement letters, and
(ii) any postpetition interest claim that Holders of Exchange Note Claims may be entitled to under the Bankruptcy Code.

and complete settlement of any claims or Causes of Actions that may exist with respect to the Claims against CIHC (including, without limitation, any claims or causes of action related to the Class 5B Exchange Note Claims).

Specifically, under the Plan, instead of the Exchange Note Claims being paid in full prior to any distribution to the Holders of Claims against CNC, the Exchange Note Claims will share the recovery they would be entitled to on a pro rata basis at the CIHC level, together with any remaining Equity Value, with the Original Note Claims, and the Reorganizing Debtor General Unsecured Claims against CNC on a pro rata basis; provided that for purposes of such pro rata allocation, (i) the amount of the Exchange Note Claims will be increased by a multiple of 1.7 to partially reflect their structural seniority, (ii) the amount of Reorganizing Debtor General Unsecured Claims against CNC is assumed to be $140 million and (iii) the amount of Reorganizing Debtor General Unsecured Claims against CIHC is assumed to be at least $60 million. In addition, the distributions to the Holders of the Exchange Note Claims and the Original Note Claims reflects the benefit of the contractual subordination to which such Claims are entitled with respect to the Trust Related Claims. Specifically, under the Plan, the recoveries that the Trust Related Claims may have been entitled to, but for the contractual subordination provisions to which they are subject, are distributed in the manner set forth in the Plan to the Holders of Exchange Note Claims and Original Note Claims. The Holders of Class 8A Reorganizing Debtor General Unsecured Claims are not subject to such contractual subordination.

The distribution to the Holders of Lender Claims reflects the benefits of contractual subordination set forth in the Senior Credit Facility and the D&O Credit Facilities. Specifically, under the Plan, the Total Bank Debt Balance upon which Holders of Lender Claims receive their distributions includes postpetition interest. The subordination language with respect to the Exchange Notes provides that Holders of the Lender Claims will receive postpetition interest. The amount of postpetition interest paid to the Lenders proportionally reduces the recovery to the Holders of Exchange Note Claims and Holders of Claims against CNC (who would not receive the recovery provided for under the Plan if not for the consent of the Holders of the Exchange Notes). The recoveries by Holders of Class 6B (Reorganizing Debtor General Unsecured Claims against CIHC) and 93/94 Notes will not be affected by the payment of postpetition interest to the Lenders.

The formulation above results in a significantly higher recovery to Holders of certain Claims against CNC than such Holders would receive in an Absolute Priority Alternative. In an Absolute Priority Alternative, Holders of
(w) the Exchange Note Claims would receive a recovery of approximately 100%, (x) Original Note Claims would receive a recovery of approximately 11.5%, (y) Reorganizing Debtor General Unsecured Claims against CNC would receive a recovery of no more than approximately 4.4%, (z) Trust Related Claims would not receive a recovery due to contractual subordination provisions in the relevant prepetition documents governing the Trust Preferred Securities, which require the Holders of Trust Related Claims to contribute their recovery to the Holders of Original Note Claims and Exchange Note Claims. The distributions under the Plan are set forth in the tables below. These recoveries are based on Reorganizing Debtor General Unsecured Claims against CIHC being no less than $60 million and Reorganizing Debtor General Unsecured Claims against CNC being $140 million. To the extent that the Allowed amount of Reorganizing Debtor General Unsecured Claims against CIHC exceeds $60 million, all recoveries to the Holders of the Exchange Notes, Original Notes, and the Reorganizing Debtor General Unsecured Claims against CNC would be reduced. To the extent that the Allowed amount of Reorganizing Debtor General Unsecured Claims against CNC (i) exceeds $140 million, the recoveries to the Holders of such Reorganizing Debtor General Unsecured Claims would be reduced proportionately (the recoveries to the Holders of Exchange Note Claims and Original Note Claims would not be reduced) or (ii) are less than $140 million, the recoveries to Holders of such Reorganizing Debtor General Unsecured Claims would be increased proportionately (the recoveries to the Holders of Exchange Note Claims and Original Note Claims would not be increased).

Claims against all of the Debtors

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Administrative Claims	De minimis	Paid in full	100%
Priority Tax Claims	De minimis	Paid in full	100%

CNC Subplan

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 1A - Other Priority Claims	De minimis	Paid in full	100%
Class 2A - Other Secured Claims	De minimis	Paid in full	100%
Class 3A - Reinstated Intercompany Claims	$8.9 million plus the Stated Cure Amount	Reinstated	100%
Class 4A - 93/94 Note Claims	$93. 7 million plus postpetition interest, fees and expenses to the extent permitted under the Bankruptcy Code	Each Holder will receive a Pro Rata share of the 93/94 Notes Distribution	100%
Class 5A Subclass 5A-1 Subclass 5A-2	$2.035 billion plus postpetition interest, Waiver Consideration and fees andexpenses, as set forth in the Plan	Each Holder will receive its Pro Rata share of (i) New Tranche A Bank Debt; (ii) New Tranche B Bank Debt; (iii) New CNC Preferred Stock and(iv) New CNC Warrants.	100%
Class 6A - Exchange Note Claims against CNC	$1.37 billion plus postpetition interest to the extent permitted under the Bankruptcy Code	Each Holder will receive its Pro Rata share of the Exchange Note Distribution.	70.3% (assuming CIHC General Unsecured Claims are less than $60 million)
Class 7A - Original Note Claims	$1.24 billion	Each Holder will receive its Pro Rata share of the Original Note Distribution.	41.3% (assuming CIHC General Unsecured Claims are less than $60 million)
Class 8A - Reorganizing Debtor General Unsecured Claims	$140 million	Each Holder will receive its Pro Rata share of the CNC Unsecured Distribution.	26.8% (assuming CNC and CIHC General Unsecured Claims are less than $200 million)
Class 9A - Convenience Class Claims	De minimis	Each Holder will receive cash equal to the lesser of (i) $500 or (ii) the amount of the Allowed Class 9A Claim	100%

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 10A - Trust Related Claims	$2.019 billion	If Class 10A accepts the Plan, each Holder will receive a portion of the Junior Recovery to be allocated by the Debtors. If Class 10A does not accept the Plan, then Class 10A will not receive a distribution under the Plan.	Approximately 1% of Allowed amount of Class 10-A Claims
Class 11A - Old CNC Preferred Interests Subclass 11A-1 Subclass 11A-2	11A-1 -- $550 million 11A-2 -- $900 million	If Class 10A and Class 11A-1 accept the Plan, each Holder will receive a portion of the Junior Recovery to be allocated by the Debtors. If either Class 10A or Class 11A-1 do not accept the Plan, then Class 11A-1 will not receive a distribution under the Plan. Class 11A-2 is not entitled to receive any distribution or retain any property under the Plan.	11A-1 -- Approximately 1% of Allowed amount of Class 11A-1 Claims 11A-2 -- 0%
Class 12A - Old CNC Common Stock Interests	348.4 million shares	Not entitled to receive any distribution or retain any property under the Plan	0%
Class 13A - Discharged Intercompany Claims	$901.4 million	Not entitled to receive any distribution or retain any property under the Plan	0%
Class 14A - Securities Claims	Unknown	Not entitled to receive any distribution or retain any property under the Plan	0%

CIHC Subplan

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 1B - Other Priority Claims	De minimis	Paid in full	100%

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 2B - Other Secured Claims	De minimis	Paid in full	100%
Class 3B - Reinstated Intercompany Claims	$927 million	Reinstated	100%
Class 4B - Lender Claims Subclass 4B-1 Subclass 4B-2	$2.035 billion plus postpetition interest, Waiver Consideration, fees and expenses, as set forth in the Plan	Each Holder will receive its Pro Rata share of (i) New Tranche A Bank Debt of New CNC; (ii) New Tranche B Bank Debt of New CNC; (iii) New CNC Preferred Stock and (iv) New CNC Warrants	100%
Class 5B - Exchange Notes Claims	$1.371 billion plus postpetition interest to the extent permitted under the Bankruptcy Code	Each Holder will receive its Pro Rata share of the Exchange Note Distribution.	68.8%(3) (assuming CIHC General Unsecured Claims are less than $60 million)
Class 6B - Reorganizing Debtor General Unsecured Claims	$60 million	Each Holder will receive its Pro Rata share of the CIHC Unsecured Distribution.	100%(4) (assuming CIHC General Unsecured Claims are less than $60 million)
Class 7B - Convenience Class Claims	De minimis	Each Holder will receive cash equal to the lesser of (i) $500 or (ii) the Allowed Class 6B Claim	100%
Class 8B - Reinstated CIHC Preferred Stock Interests	All stock	Reinstated	100%
Class 9B - Old CIHC Common Stock Interests	All stock	Reinstated	100%
Class 10B - Discharged Intercompany Claims	$573 million	Not entitled to receive any distribution or retain any property under the Plan	0%
Class 11B - Securities Claims	Unknown	Not entitled to receive any distribution or retain any property under the Plan	0%

3 A contractual subordination provision in the indentures governing the Exchange Notes requires that the Lender Claims be paid in full before the Exchange Notes receive any recovery from the Debtors. Pursuant to this provision, the Total Bank Debt Balance includes postpetition interest, notwithstanding that Lender Claims are partially unsecured. In addition, under the Plan, the Holders of Exchange Note Claims will allow value to be distributed to the Holders of certain junior Claims against CNC. Accordingly, the Exchange Note Distribution will yield less than full recovery to Class 5B.

4 Because Class 6B Claims are not contractually subordinated to the Lender Claims, the CIHC Unsecured Distribution is not reduced by virtue of postpetition interest being included in the Total Bank Debt Balance.

CTIHC Subplan

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 1C - Other Priority Claims	De minimis	Paid in full	100%
Class 2C - Other Secured Claims	De minimis	Paid in full	100%
Class 3C - Reorganizing Debtor General Unsecured Claims	Unknown	If there are any Allowed Class 3C Claims, Holders thereof will receive a Pro Rata share of the Old CTIHC Common Stock.	Unknown (will receive stock if claims allowed)
Class 4C - Old CTIHC Common Stock Interests	All stock	Class 4C Interests will be allocated to the Holders of Class 3C Claims, if any, and if none, shall be held by New CNC.	Unknown (will maintain stock if no allowed claims)

PHG Subplan

Class/Type of Claim or Equity Interest	Projected Claims/Equity Interests	Plan Treatment of Class	Projected Recovery under the Plan
Class 1D - Other Priority Claims	De minimis	Paid in full	100%
Class 2D - Other Secured Claims	De minimis	Paid in full	100%
Class 3D - Reorganizing Debtor General Unsecured Claims	$105,955	Not entitled to receive any distribution or retain any property under the Plan	0%
Class 4D - Old PHG Common Stock Interests	All stock	The Old PHG Common Stock will be transferred to the Residual Trust.	0%

D. Voting and Confirmation

Each Holder of a Claim or Equity Interest in Classes 4A, 5A-1, 5A-2, 6A, 7A, 8A, 10A, 11A-1, 4B-1, 4B-2, 5B, 6B and 3C is entitled to vote either to accept or reject the Plan. Classes 4A, 5A-1, 5A-2, 6A, 7A, 8A, 10A, 4B-1, 4B-2, 5B, 6B and 3C shall have accepted the Plan if (i) the Holders of at least two-thirds in dollar amount of the Allowed Claims actually voting in each such Class have voted to accept the Plan and (ii) the Holders of more than one-half in number of the Allowed Claims actually voting in each such Class have voted to accept the Plan. Class 11A-1 shall be deemed to have accepted the Plan if the Holders of at least two-thirds of the shares of Allowed Equity Interests actually voting in such Class have voted to accept the Plan. Assuming the requisite acceptances are obtained, the Debtors intend to seek confirmation of the Plan at the Confirmation Hearing (as defined in Article VII.D herein) scheduled for May 28, 2003, before the Bankruptcy Court. Notwithstanding the foregoing, the Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to the Impaired Classes presumed to reject the Plan, and reserve the right to do so with respect to any other rejecting Class or to modify the Plan in accordance with Article XII.E of the Plan.

Article VII of this Disclosure Statement specifies the deadlines, procedures and instructions for voting to accept or reject the Plan and the applicable standards for tabulating Ballots. The Bankruptcy Court has established March 19, 2003 (the "Voting Record Date") as the date for determining which Holders of Claims and Equity Interests are eligible to vote on the Plan. Ballots will be mailed to all registered Holders of Claims or Equity Interests as of the Voting Record Date that are entitled to vote to accept or reject the Plan. An appropriate return envelope will be included with your Ballot, if necessary. Beneficial Holders of Claims or Equity Interests who receive a return envelope addressed to their bank, brokerage firm or other nominee (or its agent) (each, a "Nominee") should allow sufficient time for their votes to be received by the Nominee and processed on a Master Ballot before the Voting Deadline, as defined below.

The Debtors have engaged the Solicitation Agent to assist in the voting process. The Solicitation Agent will answer questions, provide additional copies of all materials and oversee the voting tabulation. The Solicitation Agent will also process and tabulate ballots for each Class entitled to vote to accept or reject the Plan. The Solicitation Agent is Bankruptcy Management Corporation, 1330 E. Franklin Avenue, El Segundo, CA 90245, (888) 909-0100 (toll free).

TO BE COUNTED, YOUR BALLOT (OR MASTER BALLOT OF YOUR NOMINEE HOLDER) INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY THE SOLICITATION AGENT NO LATER THAN 4:00 P.M., CENTRAL TIME, ON MAY 14, 2003 (THE "VOTING DEADLINE"), UNLESS THE BANKRUPTCY COURT EXTENDS OR WAIVES THE PERIOD DURING WHICH VOTES WILL BE ACCEPTED BY THE DEBTORS, IN WHICH CASE THE TERM "VOTING DEADLINE" FOR SUCH SOLICITATION SHALL MEAN THE LAST TIME AND DATE TO WHICH SUCH SOLICITATION IS EXTENDED. ANY EXECUTED BALLOT OR COMBINATION OF BALLOTS REPRESENTING CLAIMS OR EQUITY INTERESTS IN THE SAME CLASS OR SUBCLASS HELD BY THE SAME HOLDER THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED IN THE DISCRETION OF THE DEBTORS.

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF ALL OF THEIR CREDITORS AS A WHOLE. THE DEBTORS RECOMMEND THAT ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN.

E. Consummation of the Plan

Following Confirmation of the Plan, the Plan will be consummated on the date selected by the Debtors which is a business day after the Confirmation Date on which (a) no stay of the Confirmation Order is in effect, and (b) all conditions to consummation of the Plan have been (i) satisfied or (ii) waived (the "Effective Date"). Distributions to be made under the Plan will be made on or as soon after the Effective Date as practicable.

F. Risk Factors

Prior to deciding whether and how to vote on the Plan, each Holder of Impaired Claims and Impaired Equity Interests should consider carefully all of the information in this Disclosure Statement, especially the Risk Factors contained in Article VIII hereof.

The following section of this Summary sets forth the views of the TOPrS Committee with respect to certain matters contained in this Disclosure Statement. This language has been written by the TOPrS Committee and is included herein at the request of the TOPrS Committee. Although the Debtors strongly disagree with many of the allegations contained in the TOPrS Committee's statement below, the Debtors have agreed to include it herein in order to respond to certain objections raised by the TOPrS Committee with respect to this Disclosure Statement and to facilitate an expeditious resolution of the Company's restructuring.

G. The Position of THE TOPrS Committee with respect to Certain Matters in this Disclosure Statement

READERS SHOULD CAREFULLY CONSIDER THE TOPrS COMMITTEE'S POSITION, WHICH IN MATERIAL RESPECTS DIFFERS FROM THAT OF THE DEBTORS.

I. INTRODUCTION AND BACKGROUND

A. The Conseco Arrangement To Issue TOPrS

In 1996, Conseco, Inc. ("Conseco") confected a complicated financing arrangement in order to raise money from the public. Pursuant to that arrangement, Conseco issued an indenture (as supplemented from time to time, the "Base Indenture"), which provided for the issuance of debt securities in multiple series (the "Debentures"). Over a three-year period beginning in November 1996, Conseco issued six (6) series of Debentures with various interest rates and due dates, raising approximately $2 billion for Conseco. Conseco caused each series of Debentures to be sold to separate business trusts (the "Trusts"). In order to fund the purchase of the Debentures, Conseco effectuated the Trusts' issuance of both preferred and common trust securities (the "Trust Securities"). Conseco purchased the common Trust Securities and caused the preferred Trust Securities to be sold to the public (to the "TOPrS") in underwritten public offerings.

State Street, as successor trustee to Fleet National Bank, serves as the Property and Indenture Trustee (the "Trustee") for the Trusts.

B. The TOPrS Committee

On January 3, 2003, the Office of the United States Trustee appointed the TOPrS Committee. The TOPrS Committee represents the interests of the TOPrS whose claims in the aggregate amount to approximately $2.1 billion. The members of the TOPrS Committee are: United Capital Markets, Inc.; Oppenheimer Capital; and Paul Floto.

C. The Prepetition Negotiations Did Not Include the TOPrS

In October 2002, prior to the filing of these bankruptcy cases, Conseco commenced discussions with certain holders of the TOPrS Debt, who were formally recognized as an Ad Hoc Committee (the "TOPrS Ad Hoc Committee"). The members of the TOPrS Ad Hoc Committee were United Capital Markets; Oppenheimer Capital; Marion Polk Real Estate (a real estate services business owned by Paul Floto); and Smith Hayes Financial Services. Saul Ewing LLP served as the legal advisor to the Ad Hoc Committee, while Raymond James served as the financial advisor to the Ad Hoc Committee.

Prior to filing its bankruptcy cases, Conseco entered into negotiations with its Prepetition Bank Committee and Prepetition Noteholder Committee regarding the terms of a consensual restructuring of Conseco's debt obligations. The TOPrS Ad Hoc Committee was specifically excluded from such negotiations. Although the Debtors did meet once, with the TOPrS Ad Hoc Committee representatives, the Debtors did not enter into negotiations with such Committee.

II. INFORMATION THE TOPrS COMMITTEE BELIEVES IS MATERIAL FOR CREDITORS TO CONSIDER

A. The Value of Conseco's Assets

The TOPrS Committee believes the reorganized Conseco will have a value which is significantly greater than the $3.8 billion enterprise value suggested by the Debtors and their financial and investment banking advisor, Lazard.

If the Court determines that the value of New CNC is substantially greater than $3.8 billion, the Plan may not be confirmable. Based on information previously reviewed by the TOPrS Committee, the TOPrS Committee believes that New CNC does have a value substantially above $3.8 billion. The TOPrS Committee's financial advisors and valuation experts are in the process of performing their own independent analyses of the value of New CNC. As of the date of this Disclosure Statement their work has not yet been concluded.

In addition to the value of the Debtors' insurance business, property of the bankruptcy estates also includes the following assets, to which the Debtors ascribe no value.

o Tax Refunds and Cash - Conseco holds interests in tax refunds and certain cash, but fails to disclose the amount or value of such interests.

o Causes of Action - The Debtors hold certain claims or causes of actions against others, including claims against current and former officers and directors of Conseco or its affiliated companies. In particular, during the period 1997 to 2000 Conseco paid in excess of $700 million in cash and noncash compensation and other benefits to the top dozen officers of Conseco. Two of the officers, Stephen Hilbert and Rollin Dick, received over $360 million in cash and noncash compensation and other benefits during that four-year period. The excessive compensation and staggering benefits paid to Conseco's officers raises questions as to whether claims may be asserted against the insiders for self dealing, abuse of their positions, and/or breaches of fiduciary duties. The Debtors fail to disclose the value of the claims it is releasing, let alone whether it has investigated such claims. The TOPrS Committee believes that the claims to be released against insiders represent another significant source of recovery to the TOPrS's interests. Conseco does not ascribe any value to any such claims or causes of action. The TOPrS Committee believes these claims or causes of action could result in substantial recoveries for the benefit of creditors.

o Claims under the D&O Loan Facilities - Beginning in 1996, certain officers and directors of Conseco personally borrowed money to purchase the common stock of Conseco under credit facilities provided by Bank of America, N.A., JP Morgan Chase Bank and various other lending institutions (the "D&O Facilities"). Conseco guaranteed the personal loans of its officers and directors under the D&O Facilities. The principal amount due and owing under the D&O Facilities currently exceeds $483 million. In addition to the principal amounts still owed to the lending banks, the directors and officers also owe Conseco and/or its affiliates certain amounts under the D&O Facilities for the amounts paid by Conseco and/or its affiliates to the lending banks under the D&O Facilities. The Plan proposes to pay the amounts due and owing under the D&O Facilities directly to the lending banks. The Plan also proposes to release certain of the directors and officers from any responsibility to repay the amounts borrowed under the D&O Facilities. Conseco fails to provide the total dollar amount of the claims Conseco is releasing against the directors and officers. Conseco also fails to disclose the total dollar amount Conseco expects to recover under the D&O Facilities from the directors and officers. The TOPrS Committee believes the D&O Facilities represent another significant source of recovery.

o Releases Of Undisclosed Claims Against Insiders and Professionals - The Plan provides for Conseco to grant broad releases to various insiders and professionals employed by Conseco as of the date of the filing of the bankruptcy petition or thereafter. The professionals include lawyers, accountants, financial advisors, investment bankers and other advisors, all of whom may have contributed to Conseco's financial problems. In fact, the TOPrS Committee understands that the Securities and Exchange Commission is investigating possible accounting irregularities at Conseco. Conseco fails to disclose what investigation, if any, it has conducted in regard to the claims against any such professionals. The TOPrS Committee believes the claims to be released represent another significant source of recovery to the estate.

B. Benefits To Insiders

The TOPrS Committee believes that it is important for creditors voting on the Plan to be informed about the enormous benefits to be enjoyed under the Plan by Conseco's insiders-- particularly their officers and directors. These benefits include the following:

o The Improper Releases and Indemnities -- A key component of the Plan is the releases that will be given to Conseco's directors and officers, as well as the releases that will be provided to other third parties, if serving in such capacity as of the date of the filing of the bankruptcy petition or thereafter. If allowed, no relief could ever be sought against any of these persons, including claims for any misconduct such as breach of fiduciary duty or insider self-dealing.

o Broad Indemnification of Current Officers and Directors -- Under the Plan, current officers and directors will be indemnified by New CNC for acts occurring before and after the filing of the bankruptcy. The amount of the potential liabilities proposed to be indemnified by New CNC could be significant. The Debtors have not identified the amount of potential liability under the proposed indemnification.

o Assumption of Compensation and Benefit Plans -- The Debtors will assume under the Plan existing compensation and benefit plans, without disclosing the amount of liabilities being so assumed.

o Settlement of Claims under the D&O Credit Facilities -- Many officers, directors and key employees, current and former, would be released from any obligations to pay Conseco for amounts borrowed by them under the D&O Credit Facilities.

o Other Benefits -- As disclosed elsewhere under this Disclosure Statement, the Debtors propose under the Plan to assume and maintain all insurance policies for directors and officers' liability for a period of ten years. There can be no certainty as to what the cost of maintaining such insurance would be.

o Management Stock Options -- The Plan provides that management of New CNC may receive up to 10% of new common stock of New CNC. This is ten times the amount of the stock that the TOPrS would receive under the Plan in the event that the TOPrS were to vote to accept the Plan. (If the TOPrS vote to reject the Plan, they receive nothing.)

II.

GENERAL INFORMATION

A. DESCRIPTION OF CONSECO'S BUSINESS

1. Corporate Structure

CNC is the top tier holding company for our two operating businesses:
insurance and finance. Our insurance business is operated through subsidiaries owned directly and indirectly by CIHC, an intermediate holding company that is controlled by CNC. Our finance business is operated through CFC, a wholly-owned subsidiary of CIHC, and its subsidiaries. An organizational chart of CNC and its subsidiaries as of the Petition Date is attached hereto as Exhibit D.

2. The Company's Business

Insurance Business

Our insurance subsidiaries develop, market and administer supplemental health insurance, annuity, individual life insurance and other insurance products. We sell these products through three primary distribution channels:
career agents, professional independent producers and direct marketing. We had over $5.4 billion of annual premium and asset accumulation product collections during 2001 and $3.7 billion of collections during the nine months ended September 30, 2002.

Supplemental health products include Medicare supplement, long-term care and specified-disease insurance products. During 2001, we collected Medicare supplement premiums of $975.1 million, long-term care premiums of $888.3 million, specified-disease premiums of $371.8 million, and other supplemental health premiums of $109.3 million. During the nine months ended September 30, 2002, we collected Medicare supplement premiums of $759.0 million, long-term care premiums of $680.4 million, specified-disease premiums of $276.4 million, and other supplemental health premiums of $78.6 million. Supplemental health premiums represented 49% of our total premiums collected from continuing lines of business in 2001 and 54% of our total premiums collected from continuing lines of business during the first nine months of 2002.

Annuity products include equity-indexed annuity, traditional fixed rate annuity and market value-adjusted annuity products. During 2001, we collected annuity premiums of $1,223.7 million, or 26% of our total premiums collected from continuing lines of business. During the nine months ended September 30, 2002, we collected annuity premiums of $804.1 million, or 24% of our total premiums collected from continuing lines of business.

Life products include traditional life, universal life and other life insurance products. During 2001, we collected life product premiums of $839.6 million, or 18% of our total premiums collected from continuing lines of business. During the nine months ended September 30, 2002, we collected life product premiums of $483.9 million, or 15% of our total premiums collected from continuing lines of business.

Conseco Capital Management, Inc. ("CCM"), a registered investment advisor and wholly owned subsidiary of CNC, manages the investment portfolios of our insurance subsidiaries. CCM had approximately $26.8 billion of assets (at fair value) under management at September 30, 2002, of which $22.0 billion were assets of Conseco's subsidiaries, $3.9 billion were assets held by registered and structured products and $0.9 billion were assets owned by other parties. Our investment philosophy is to maintain a largely investment-grade fixed-income portfolio, provide adequate liquidity for expected liability durations and other requirements and maximize total return through active investment management. As of September 30, 2002, the average yield of our portfolio of fixed maturity securities, computed on the cost basis, was approximately 6.9%. We are subject to the risk that our investments will decline in value. This has occurred in the past and may occur again. During the first nine months of 2002, we recognized net realized investment losses of $524.9 million, compared to net realized investment losses of $302.7 million during the comparable period of 2001. The net realized investment losses during the first nine months of 2002 included:
(i) $489.8 million of writedowns of fixed maturity investments, equity

securities and other invested assets as a result of conditions which caused us to conclude a decline in fair value of the investment was other than temporary and (ii) $35.1 million of net losses from the sales of investments (primarily fixed maturities) which generated proceeds of $15.6 billion.

In the fourth quarter of 2002, we sold Conseco Variable Insurance Company, a company engaged in the variable annuity business. During 2001, we decided to discontinue a large block of major medical business by non-renewal of policies because such business was not profitable. Unless otherwise noted, the foregoing financial information and other financial information in this Disclosure Statement excludes amounts related to the business of Conseco Variable Insurance Company that was sold and the Company's major medical line of business that is no longer being sold and is not being renewed by the Company when the contractual terms of the existing insurance policies expire.

Finance Business

Our finance business has historically provided a variety of finance products, including manufactured housing and floor plan loans, home equity mortgages, home improvement and consumer product loans and private label credit cards. At September 30, 2002, we had managed receivables of $38.2 billion.

CFC has historically provided financing for consumer purchases of manufactured housing and floor plan loans to manufactured housing dealers. A manufactured home is a structure, transportable in one or more sections, designed to be a dwelling with or without a permanent foundation. During 2001, we originated $2.5 billion of consumer contracts for manufactured housing purchases, or 22% of our total finance company originations, and $2.1 billion of floor plan loans. At September 30, 2002, our managed receivables included $23.9 billion of contracts for manufactured housing purchases, or 63% of total managed receivables, and $0.2 billion of floor plan loans. On November 25, 2002, CFC discontinued the origination of manufactured housing loans as a result of CFC's recent funding constraints and the unprofitable nature of these loans under CFC's current financial condition and prevailing market conditions.

Mortgage services products include home equity and home improvement loans. During 2001, we originated $3.0 billion of contracts for these products, or 27% of our total originations. At September 30, 2002, our managed receivables included $10.0 billion of contracts for home equity and home improvement loans, or 26% of total managed receivables. During 2001, we originated $3.6 billion of private label credit card receivables, primarily through our bank subsidiaries, or 32% of our total originations. At September 30, 2002, our managed receivables included $2.9 billion of contracts for credit card loans, or 7% of total managed receivables. Private label credit card programs are offered to select retailers with a core focus on the home improvement industry. At September 30, 2002, we offered consumer finance products through 90 home equity offices, approximately 1,280 home improvement dealers and approximately 3,700 private label retail outlets.

As described in "Planned Sale of CFC," we have agreed to sell all or substantial portions of our finance business.

Government Regulation

Our insurance and finance subsidiaries are subject to extensive regulation and supervision in the jurisdictions in which they operate. This regulation and supervision is primarily for the benefit and protection of our customers and policyholders, and not for the benefit of our investors or creditors.

Insurance

State laws generally establish supervisory agencies with broad regulatory authority, including the power to: (i) grant and revoke business licenses; (ii) regulate and supervise trade practices and market conduct; (iii) establish guaranty associations; (iv) license agents; (v) approve policy forms;
(vi) approve premium rates for some lines of business; (vii) establish reserve requirements; (viii) prescribe the form and content of required financial statements and reports; (ix) determine the reasonableness and adequacy of statutory capital and surplus; (x) perform financial, market conduct and other examinations; (xi) define

acceptable accounting principles; (xii) regulate the type and amount of permitted investments; and (xiii) limit the amount of dividends and surplus debenture payments that can be paid without obtaining regulatory approval.

Since the August 9, 2002 announcement of our restructuring efforts, we have been working closely with insurance regulators in each of the states in which our insurance subsidiaries are domiciled (Arizona, Illinois, Indiana, New York, Pennsylvania and Texas) in connection with their monitoring of the operations and financial status of our insurance subsidiaries. The Commissioner of Insurance for the State of Texas has acted as the lead regulator among these states and has coordinated the oversight and monitoring efforts associated with our financial restructuring.

On October 30, 2002, Bankers National Life Insurance Company and Conseco Life Insurance Company of Texas (on behalf of itself and its subsidiaries), our two insurance subsidiaries domiciled in Texas, each entered into consent orders with the Commissioner of Insurance for the State of Texas. See "Events Leading to the Chapter 11 Cases and Related Post-Petition Events -- Insurance Ratings and Regulatory Issues" for a more complete discussion of the heightened regulatory scrutiny we have experienced in connection with our restructuring.

In addition to the limitations imposed by the laws described above and the Texas consent orders, most states have also enacted laws or regulations with respect to the activities of insurance holding company systems, including payment of ordinary and extraordinary dividends by insurance companies, the terms of transactions between insurance companies and their affiliates, and other related matters. Various notice and reporting requirements generally apply to transactions between insurance companies and their affiliates within an insurance holding company system, depending on the size and nature of the transactions. These requirements may include prior regulatory approval or prior notice for certain material transactions. Currently, the Company and its insurance subsidiaries have registered as holding company systems pursuant to such laws and regulations in the domiciliary states of the insurance subsidiaries, and they routinely report to other jurisdictions.

Most states have also enacted legislation or adopted administrative regulations that affect the acquisition (or sale) of control of insurance companies. The nature and extent of such legislation and regulations vary from state to state. Generally, these regulations require an acquirer of control to file detailed information concerning such acquirer and the plan of acquisition, and to obtain administrative approval prior to the acquisition of control. "Control" is generally defined as the direct or indirect power to direct or cause the direction of the management and policies of a person and is rebuttably presumed to exist if a person or group of affiliated persons directly or indirectly owns or controls 10% or more of the voting securities of another person.

The affiliated party transaction and change of control laws and regulations described in the preceding two paragraphs may require notices to and/or prior approvals by certain of our insurance regulators before the Plan of Reorganization may be consummated. The specific required filings, notices and approvals have not yet been determined, but are expected to be made or obtained concurrently with the other voting and confirmation procedures required for the Plan of Reorganization. See "Voting and Confirmation Procedure."

On the basis of statutory financial statements filed with state regulators annually, the National Association of Insurance Commissioners ("NAIC") calculates certain financial ratios to assist state regulators in monitoring the financial condition of insurance companies. A "usual range" of results for each ratio is used as a benchmark. In the past, variances in certain ratios of our insurance subsidiaries have resulted in inquiries from insurance departments, to which we have responded. Such inquiries did not lead to any restrictions affecting our operations.

In addition, the NAIC issues model laws and regulations, many of which have been adopted by state insurance regulators, relating to: (i) investment reserve requirements; (ii) risk-based capital ("RBC") standards; (iii) codification of insurance accounting principles; (iv) additional investment restrictions; (v) restrictions on an insurance company's ability to pay dividends; and (vi) product illustrations. The RBC Model Act provides for different levels of regulatory attention based on the ratio of an insurance company's

total adjusted capital (defined as the total of its statutory capital, surplus, asset valuation reserve and certain other adjustments) to its required RBC (such ratio is referred to herein as the "RBC ratio"). RBC standards are designed to help identify insurance companies which are undercapitalized and require specific regulatory actions in the event an insurer's RBC ratio falls below specified levels.

Most states mandate minimum benefit standards and loss ratios for accident and health insurance policies. We are generally required to maintain, with respect to our individual long-term care policies, minimum anticipated loss ratios over the entire period of coverage of not less than 60 percent. With respect to our Medicare supplement policies, we are generally required to attain and maintain an actual loss ratio, after three years, of not less than 65 percent. We provide to the insurance departments of all states in which we conduct business annual calculations that demonstrate compliance with required minimum loss ratios for both long-term care and Medicare supplement insurance. These calculations are prepared utilizing statutory lapse and interest rate assumptions. In the event that we fail to maintain minimum mandated loss ratios, our insurance subsidiaries could be required to provide retrospective refunds and/or prospective rate reductions. We believe that our insurance subsidiaries currently comply with all applicable mandated minimum loss ratios.

During recent years, the health insurance industry has experienced substantial changes, including those caused by healthcare legislation. Recent federal and state legislation and legislative proposals relating to healthcare reform contain features that could severely limit or eliminate our ability to vary our pricing terms or apply medical underwriting standards with respect to individuals which could have the effect of increasing our loss ratios and adversely affecting our financial results. In particular, Medicare reform and legislation concerning prescription drugs could affect our ability to price or sell our products.

In addition, proposals currently pending in Congress and some state legislatures may also affect our financial results. These proposals include the implementation of minimum consumer protection standards for inclusion in all long-term care policies, including: guaranteed premium rates; protection against inflation; limitations on waiting periods for pre-existing conditions; setting standards for sales practices for long-term care insurance; and guaranteed consumer access to information about insurers, including lapse and replacement rates for policies and the percentage of claims denied. Enactment of any of these proposals could affect our financial results.

The United States Department of Health and Human Services has issued regulations under the Health Insurance Portability and Accountability Act ("HIPAA") relating to standardized electronic transaction formats, code sets and the privacy of member health information. These regulations and any corresponding state legislation will affect the Company's administration of health insurance.

A number of states have passed or are considering legislation that would limit the differentials in rates that insurers could charge for health care coverages between new business and renewal business for similar demographic groups. State legislation has also been adopted or is being considered that would make health insurance available to all small groups by requiring coverage of all employees and their dependents, by limiting the applicability of pre-existing conditions exclusions, by requiring insurers to offer a basic plan exempt from certain benefits as well as a standard plan, or by establishing a mechanism to spread the risk of high risk employees to all small group insurers. Congress and various state legislators have from time to time proposed changes to the health care system that could affect the relationship between health insurers and their customers, including external review. We cannot predict with certainty the effect that any proposals, if adopted, or legislative developments could have on our insurance business.

The asset management activities of CCM are subject to federal and state securities, fiduciary (including ERISA) and other laws and regulations. The Securities and Exchange Commission, the National Association of Securities Dealers, state securities commissions and the Department of Labor are the principal regulators of our asset management operations.

Finance

Our finance operations are subject to regulation by certain federal and state regulatory authorities. A substantial portion of our consumer loans and assigned sales contracts are originated or purchased by

finance subsidiaries licensed under applicable state law. The licensed entities are subject to examination by, and reporting requirements of, the state administrative agencies issuing these licenses. Our finance subsidiaries are subject to state laws and regulations, which in certain states: (i) limit the amount, duration and charges for such loans and contracts; (ii) require disclosure of certain loan terms and regulate the content of documentation;
(iii) place limitations on collection practices; and (iv) govern creditor remedies. The licenses granted are renewable and may be subject to revocation by the respective issuing authority for violation of such state's laws and regulations. Some states have adopted or are considering the adoption of consumer protection laws or regulations that impose requirements or restrictions on lenders who make certain types of loans secured by real estate.

In addition to the finance companies licensed under state law, Mill Creek Bank, Inc. ("Mill Creek Bank", formerly known as Conseco Bank, Inc.) and Green Tree Retail Services Bank, Inc. ("Retail Bank"), both of which are wholly owned subsidiaries of CFC, are regulated and subject to examination by the Federal Deposit Insurance Corporation. Mill Creek Bank is also regulated and examined by the Utah Department of Financial Institutions. Retail Bank is also supervised and examined by the South Dakota Department of Banking. The ownership of these entities does not subject the Company to regulation by the Federal Reserve Board as a bank holding company. Mill Creek Bank has the authority to engage generally in the banking business and may accept all types of deposits, other than demand deposits. Retail Bank is limited by its charter to engage in the credit card business and may issue only certificates of deposit in denominations of $100,000 or greater. Mill Creek Bank and Retail Bank are subject to regulations relating to capital adequacy, leverage, loans, loss reserves, deposits, consumer protection, community reinvestment, payment of dividends and transactions with affiliates.

A number of states have usury and other consumer protection laws which may place limitations on the amount of interest and other charges and fees charged on loans originated in such state. Generally, state law has been preempted by federal law under the Depositary Institutions Deregulation and Monetary Control Act of 1980 (the "DIDA") which deregulates the rate of interest, discount points and finance charges with respect to first lien residential loans, including manufactured home loans and real estate secured mortgage loans. As permitted under the DIDA, a number of states enacted legislation timely opting out of coverage of either or both of the interest rate and/or finance charge provisions of the DIDA. States may no longer opt out of the interest rate provisions of the DIDA, but could in the future opt out of the finance charge provisions. To be eligible for federal preemption for manufactured home loans, our licensed finance companies must comply with certain restrictions providing protection to consumers.

Our finance operations are subject to regulation under other applicable federal laws and regulations, the more significant of which include: the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement and Procedures Act, the Home Mortgage Disclosure Act, the Home Owner Equity Protection Act, and certain rules and regulations of the Federal Trade Commission.

Our commercial lending operations are not subject to material regulation in most states, although certain states do require licensing. In addition, certain provisions of the Equal Credit Opportunity Act apply to commercial loans to small businesses.

We have internal controls designed to manage the risks associated with our finance activities. However, there is a risk that one or more employees may circumvent these controls, as has occurred at other financial institutions.

Competition

Each of the markets in which we operate is highly competitive, and our highly leveraged position has had a material adverse impact on our ability to compete in these markets. The financial services industry consists of a large number of companies, some of which are larger and have greater capital, technological and marketing resources, access to capital and other sources of liquidity at a lower cost, broader and more diversified product lines and larger staffs than Conseco. An expanding number of banks, securities brokerage firms and other financial intermediaries also market insurance products or offer competing products, such as mutual fund products, traditional bank investments and other investment and

retirement funding alternatives. We also compete with many of these companies and others in providing services for fees. In most areas, competition is based on a number of factors, including pricing, service provided to distributors and policyholders and ratings. Conseco's subsidiaries must also compete with their competitors to attract and retain the allegiance of dealers, vendors, contractors, manufacturers, retailers and agents.

An important competitive factor for life insurance companies is the ratings they receive from nationally recognized rating organizations. Agents, insurance brokers and marketing companies who market our products and prospective purchasers of our products use the ratings of our insurance subsidiaries as one factor in determining which insurer's products to market or purchase. Ratings have the most impact on our annuity and interest-sensitive life insurance products. Insurance financial strength ratings are opinions regarding an insurance company's financial capacity to meet the obligations of its insurance policies in accordance with their terms. They are not directed toward the protection of investors, and such ratings are not recommendations to buy, sell or hold securities.

In July 2002, A.M. Best Company, a nationally recognized insurance company ratings organization, lowered the financial strength ratings of our primary insurance subsidiaries from "A- (excellent)" to "B++ (very good)" and placed the ratings "under review with negative implications." In August 2002,
A.M. Best further downgraded the financial strength ratings of our primary insurance subsidiaries to "B (fair)". These ratings downgrades caused sales of our insurance products to decline and policyholder redemptions and lapses to increase, which had a material adverse impact on our financial results. In some cases, the ratings downgrades also caused defections among our sales force of agents and/or increases in the commissions we had to pay to retain them. The effect of these ratings downgrades is further discussed in "Events Leading to the Chapter 11 Cases and Related Post-Petition Events - Insurance Ratings and Regulatory Issues."

Conseco's leveraged condition and liquidity difficulties also have severely impacted the operations of our finance business. For a more complete discussion of the effect of our leveraged condition and liquidity difficulties on our finance business, see "Events Leading to the Chapter 11 Cases and Related Post-Petition Events - Status of CFC; Strategic Alternatives Considered."

Employees

At December 31, 2002, CNC and its subsidiaries had approximately 10,100 employees, including: (i) 4,300 employees supporting our insurance operations; (ii) 5,400 employees supporting our finance operations; and (iii) 400 employees supporting our holding company and shared services. None of our employees is covered by a collective bargaining agreement.

For additional information about the Company's business operations, refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002. Additional information regarding the Company will be included in its Annual Report on Form 10-K for the year ended December 31, 2002, scheduled to be filed on or about March 31, 2003, but not later than April 15, 2003. These filings are, or will be, available by visiting the Securities and Exchange Commission's website at www.sec.gov or the Company's website at www.conseco.com.

B. EXISTING CAPITAL STRUCTURE OF CNC AND CIHC

1. CNC

(a) Bank Debt

CNC has a $1.5 billion credit facility (the "Senior Credit Facility") with Bank of America, N.A., as administrative agent, and various other lending institutions. The Senior Credit Facility was scheduled to mature on December 31, 2003 and is currently fully drawn. Approximately $38 million of accrued and unpaid interest was added to the outstanding principal amount of the Senior Credit Facility pursuant to a

waiver dated September 8, 2002. In addition, as of the Petition Date, there was an aggregate of approximately $6.1 million of unpaid interest on the Senior Credit Facility.

(b) Guarantee of D&O Credit Facilities

Beginning in 1996, certain officers and directors of Conseco borrowed money to purchase common stock of CNC under credit facilities provided by Bank of America, N.A., JPMorgan Chase Bank and various other lending institutions (individually, a "D&O Credit Facility", and collectively, the "D&O Credit Facilities"). Until the fall of 2000, there were three D&O Credit Facilities:
the $245 million D&O Credit Facility entered into in 1997 (which included the original purchasers in 1996 plus new purchasers in 1997); the $181 million D&O Credit Facility entered into in 1998; and the $144 million D&O Credit Facility entered into in 1999, which is partially secured. The aggregate amount of the D&O Credit Facilities guaranteed as of the Petition Date was approximately $481.3 million. In addition, as of the Petition Date, CNC owed approximately $4.0 million of waiver consideration and approximately $9.6 million in interest with respect to the D&O Credit Facilities.

In May 2000, the 1999 D&O Credit Facility was refinanced to add additional collateral in the form of pledges of stock of CIHC, CFC and CCM and certain intercompany notes. In the fall of 2000, most of the borrowers refinanced the existing facilities to extend the maturity date of the obligations to December 31, 2003 (the scheduled maturity date of the Senior Credit Facility). Certain of the officers and directors who are borrowers under the 1998 D&O Credit Facility chose not to refinance (by not signing the agreement), thereby creating, in effect, an additional tranche: the 1998 non-refinanced facility.

Individual obligors under the D&O Credit Facilities owe amounts to:
(i) the lenders party to the D&O Credit Facilities for the principal amounts borrowed (less any principal repayments); (ii) CNC for the payment of approximately $55.5 million made in September 2002 from cash collateral previously pledged by CNC to such lenders (such amounts correspondingly reduced certain individual obligors' amounts owed to lenders under (i) above); and (iii) Conseco Services, LLC, an affiliate of CNC ("Conseco Services"), for interest and other fee payments made to the lenders party to the D&O Credit Facilities on behalf of the individual obligors.

On or about March 5, 2003, the TOPrS Committee filed an objection to the proofs of claim filed by Bank of America and JPMorgan Chase Bank (which are the Lender Claims), thereby commencing Adversary Proceeding No. 03 A 00659. In this adversary proceeding, the TOPrS Committee requests that the Bankruptcy Court (a) disallow the Lender Claims to the extent they assert claims under the D&O Credit Facilities, (b) setoff against the Lender Claims all amounts previously received by the Lenders under the D&O Credit Facilities, (c) grant declaratory relief that (i) the Debtors' guarantees of the D&O Credit Facilities are void and unenforceable under Regulation U and (ii) all payments made by the Debtors on account of the Lender Claims are voidable and recoverable for the benefit of the Debtors' bankruptcy estates, and (d) in the alternative, equitably subordinate the Lender Claims to the extent of all amounts purportedly owed, and all amounts previously received, under the D&O Credit Facilities. When the D&O Credit Facilities were established, the Debtors' counsel at the time issued opinions that the D&O Credit Facilities complied with Regulation U.

As of the date of this Disclosure Statement, no party has responded to the TOPrS Committee's objection to the Lender Claims. The Debtors believe that the TOPrS Committee does not have standing to object to the Lender Claims. The TOPrS Committee maintains that it does have a right to object to the Lender Claims. The TOPrS Committee objection is set for a pretrial conference on April 9, 2003 at 10:30 a.m.

Even if the TOPrS Committee is successful in its effort to void the D&O Credit Facilities,(5) the value of New CNC would be distributed consistent with prepetition contractual subordination provisions, which generally require that the Lender Claims are paid in full before the Exchange Note Claims receive any distribution, and that the Lender Claims, the 93/94 Note Claims, the Exchange Note Claims and the

5 The TOPrS Committee also seeks to equitably subordinate the entire amount of the Lender Claims.

Original Note Claims are paid in full before the Holders of Trust Related Claims receive any distribution. Listed below are the outstanding prepetition amounts for the claims that are senior to the Trust Related Claims (assuming the D&O Credit Facilities are voided):

o $1.537 billion on account of the Senior Credit Facility;
o $93.7 million on account of the 93/94 Notes;
o $1.371 billion on account of the Exchange Notes; and
o $1.242 billion on account of the Original Notes,

The sum of these amounts is approximately $4.244 billion. As described on page 3 of this Disclosure Statement, the Absolute Priority Alternative (which would apply if the Plan were not confirmed) would strictly give effect to prepetition subordination agreements. The relevant prepetition documents that govern the Trust Related Claims require the Holders of such Claims to contribute their recoveries to the senior creditors until the senior creditors are paid in full.(6) Thus, even if the TOPrS Committee is successful in its efforts to void the D&O Credit Facilities, there will be no distribution to the Holders of Trust Related Claims if the value of New CNC is less than approximately $4.244 billion.(7)

The TOPrS Committee has also observed that if the D&O Credit Facilities are voided, it is possible that the Lender Claims might be further reduced by payments made in respect of the D&O Credit Facilities by the Debtors and not the individual borrowers. If this relief is granted, as requested by the TOPrS Committee, the Lender Claims could be further reduced by approximately $198 million, and a valuation of New CNC of approximately $4.05 billion would entitle the TOPrS to a recovery from the estate.(8)

The foregoing matters will be addressed in detail at the Confirmation Hearing.

It should be noted that if the TOPrS Committee is successful in its efforts to void the D&O Credit Facilities, the agreement between the Noteholder Subcommittee and the Lender Subcommittee that is the basis of the Plan may be irreparably upset, thereby delaying the restructuring process, and potentially reducing the value of New CNC.

(c) The 93/94 Notes

In 1993, CNC issued $200,000,000 of 8.125% senior notes due February 15, 2003 (the "93 Notes"). In 1994, CCP Insurance, Inc. ("CCP") issued $200,000,000 of 10.5% senior notes due December 15, 2004 (the "94 Notes"). CNC acquired CCP by merger on August 31, 1995 and assumed CCP's obligations under the 94 Notes in connection with the merger.

We sometimes refer to the 93 Notes and the 94 Notes collectively as the "93/94 Notes." The 93/94 Notes are secured by the stock of CIHC, CCM, CFC and certain of its subsidiaries and certain intercompany notes. It is anticipated that substantially all of CFC's assets will be sold in connection with the Company's reorganization. If certain of these assets have been pledged to the holders of the 93/94 Notes, and if proceeds of these pledged assets are used to pay the 93/94 Notes, then CFC may assert, by subrogation, the rights of such holders against the Reorganizing Debtors. As of the Petition Date, the aggregate outstanding principal amount of the 93/94 Notes was approximately $88 million and there was an aggregate of approximately $5.7 million of unpaid interest on the 93/94 Notes.

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6 Class 8A Reorganizing Debtor General Unsecured Creditors would not contribute their recoveries to the senior creditors because they do not have a subordination provision with the senior creditors.

7 This amount does not include post-petition interest, which the senior creditors are entitled to receive under the Plan.

8 The Holders of Trust Related Claims will recover in such a scenario only if some other source exists to pay Allowed Administrative Claims, Priority Claims and Secured Claims in full before unsecured Claims, such as the Trust Related Claims, receive any distribution.

The collateral that secures the 93/94 Notes was pledged pursuant to an "equal and ratable" clause in the indentures governing the 93/94 Notes. The indentures of the 93/94 Notes provide that if another creditor obtains a security interest in certain property of CNC or any of its significant subsidiaries, then the 93/94 Notes will automatically obtain an "equal and ratable" security interest in such property. Certain parties, including the CFC Committee, have alleged that the legal mechanism by which the 93/94 Notes obtained a security interest somehow impairs that security interest. Such parties allege that because the holders of the 93/94 Notes did not provide consideration for the security interest that they received simply because another party received that security interest, the 93/94 Notes' security interest may be voided under a theory of unjust enrichment, fraudulent conveyance or lack of consideration. Wilmington Trust Company, the indenture trustee under the 93/94 Notes, maintains that any and all claims with respect to the avoidability of the 93/94 Notes, including the claims of the CFC Committee, are frivolous and wholly without merit.

(d) The Original Notes

Between 1998 and 2001, CNC issued the following series of senior notes: (i) $450,000,000 of 8.5% senior notes due October 15, 2002 (the "8.5% Original Notes"); (ii) $250,000,000 of 6.4% senior notes due February 10, 2003 (the "6.4% Original Notes"); (iii) $800,000,000 of 8.75% senior notes due February 9, 2004 (the "8.75% Original Notes"); (iv) $250,000,000 of 6.8% senior notes due June 15, 2005 (the "6.8% Original Notes"); (v) $550,000,000 of 9.0% senior notes due October 15, 2006 (the "9.0% Original Notes"); and (vi) $400,000,000 of 10.75% senior notes due June 15, 2008 (the "10.75% Original Notes").

We sometimes refer to the foregoing series of senior notes collectively as the "Original Notes." As of the Petition Date, the aggregate outstanding principal amount of the Original Notes was approximately $1.17 billion, and there was an aggregate of approximately $72.2 million of unpaid interest on the Original Notes.

(e) The Exchange Notes

In connection with an exchange offer completed in April 2002, CNC issued: (i) $991,000 of 8.5% senior notes due October 15, 2003, in exchange for an equal amount of 8.5% Original Notes due October 15, 2002 (the "8.5% Exchange Notes"); (ii) $14,936,000 of 6.4% senior notes due February 10, 2004 in exchange for an equal amount of 6.4% Original Notes due February 10, 2003 (the "6.4% Exchange Notes"); (iii) $364,294,000 of 8.75% senior notes due August 9, 2006 in exchange for an equal amount of 8.75% Original Notes due February 9, 2004 (the "8.75% Exchange Notes"); (iv) $150,783,000 of 6.8% senior notes due June 15, 2007 in exchange for an equal amount of 6.8% Original Notes due June 15, 2005 (the "6.8% Exchange Notes"); (v) $399,200,000 of 9.0% senior notes due April 15, 2008 in exchange for an equal amount of 9.0% Original Notes due October 15, 2006 (the "9.0% Exchange Notes"); and (vi) $362,433,000 of 10.75% senior notes due June 15, 2009 in exchange for an equal amount of 10.75% Original Notes due June 15, 2008 (the "10.75% Exchange Notes").

We sometimes refer to the foregoing series of senior notes collectively as the "Exchange Notes." The Exchange Notes are guaranteed by CIHC and are otherwise identical to the corresponding series of Original Notes in all material respects but for the fact that they bear a CIHC guarantee and their respective maturity dates. As of the Petition Date, the aggregate outstanding principal amount of the Exchange Notes was approximately $1.29 billion, and there was an aggregate of approximately $78.3 million of unpaid interest on the Exchange Notes.

(f) Trust Preferred Securities and Subordinated Debentures

The following securities have been issued by subsidiary trusts of CNC:
9.16% Trust Originated Preferred Securities (the "9.16% TOPrS"); 8.70% Trust Pass-Through Securities (the "8.70% TRuPS"); 8.796% Capital Securities (the "8.796% Capital Securities"); 6.75% Trust Originated Preferred Securities (the "6.75% TOPrS"); 8.70% Trust Originated Preferred Securities (the "8.70% TOPrS"); 9% Trust Originated Preferred Securities (the "9% TOPrS"); and 9.44% Trust Originated Preferred Securities (the "9.44% TOPrS"). We sometimes refer to the 9.16% TOPrS, 8.70% TRuPS, 8.796% Capital Securities,

6.75% TOPrS, 8.70% TOPrS, 9.00% TOPrS and 9.44% TOPrS collectively as the "Trust Preferred Securities."

Each trust used the proceeds from the issuance of the Trust Preferred Securities to purchase subordinated debentures from CNC (the "Subordinated Debentures"). The interest rate and other terms of each series of Trust Preferred Securities mirror the terms of the applicable underlying Subordinated Debentures issued by CNC. The holders of the Trust Preferred Securities are entitled to preferred dividend payments from the trust, payable from the interest payments received from CNC on the underlying Subordinated Debentures. CNC provides a guarantee to the holders of the Trust Preferred Securities of the amounts due on such Trust Preferred Securities, but only to the extent that the trust has received interest payments on the Subordinated Debentures. As of the Petition Date, the aggregate outstanding principal amount of the Subordinated Debentures was approximately $1.93 billion, and there was an aggregate of approximately $89.1 million of unpaid interest on the Subordinated Debentures.

(g) Preferred Stock and Common Stock

CNC has two outstanding series of preferred stock, Series E Preferred Stock and Series F Common-Linked Convertible Preferred Stock, and has committed to authorize a third series of preferred stock, Series G Preferred Stock. As of December 31, 2002, there were: (i) 90,000 shares of Series E Preferred Stock, $10,000 stated value per share, issued and outstanding (the "Series E Preferred Stock"), all of which is held by Bankers National Life Insurance Company, an indirect subsidiary of CNC; (ii) 2,855,502 shares of Series F Common-Linked Convertible Preferred Stock, $192.50 stated value per share, issued and outstanding (the "Series F Preferred Stock"), substantially all of which is held by Thomas H. Lee Equity Fund IV, L.P. and its affiliated investors; and (iii) no shares of Series G Preferred Stock issued and outstanding (the "Series G Preferred Stock").

As of December 31, 2002, CNC had 346.0 million shares of common stock, no par value, issued and outstanding. The common stock (and all other listed securities of CNC) was delisted from the NYSE effective September 25, 2002. See "Events Leading to the Chapter 11 Cases and Related Post-Petition Events - Delisting of Common Stock and Other Listed Securities."

2. CIHC

(a) Guarantees of CNC and CFC Debt

Although CIHC has no outstanding indebtedness for borrowed money (other than for intercompany notes, which are identified on Exhibit F and Exhibit G attached hereto), it is the guarantor of CNC's Senior Credit Facility. The Senior Credit Facility is currently fully drawn, and approximately $38 million of accrued and unpaid interest has been added to the outstanding principal amount of the Senior Credit Facility pursuant to a waiver dated September 8, 2002. As of the Petition Date, there was an aggregate of approximately $6.1 million of unpaid interest on the Senior Credit Facility. CIHC is the guarantor of an aggregate principal amount of $125 million in respect of CFC's residual and warehouse facilities with Lehman Brothers, Inc. and certain of its affiliates ("Lehman"). CIHC is the guarantor of an aggregate principal amount of $125 million in respect of CFC's swingline debt and cash management facility with U.S. Bank National Association ("U.S. Bank"). U.S. Bank has objected to the Plan's treatment of its Claim under this guaranty on the grounds that it is treated less favorably than the 93/94 Note Claims. The Debtors reserve the right to amend the Plan to address this objection. CIHC is also a guarantor on an aggregate principal amount of approximately $481.3 million in respect of the D&O Credit Facilities. Finally, CIHC is the guarantor of an aggregate principal amount of $1.29 billion of Exchange Notes issued by CNC.

CIHC's existing prepetition guarantee in respect of CFC's swingline debt and cash management facility with U.S. Bank was "rolled into" the Secured Super-Priority Debtor In Possession Credit Agreement dated December 19, 2002 (the "FPS DIP") between CFC, certain of its subsidiaries, CIHC, certain lenders parties thereto from time to time and FPS DIP LLC. Accordingly, CIHC has an outstanding prepetition guarantee for an amount of $60 million pursuant to the FPS DIP.

As explained in further detail in Section II.C.6, "Status of CFC; Strategic Alternatives Considered," the swingline debt and cash management facility was paid-off with proceeds from the FPS DIP on December 19, 2002.

The CFC Committee has alleged that the Finance Company Debtors may have avoidance actions against Lehman or other theories to invalidate Lehman's liens and/or claims against the Finance Company Debtors. The CFC Committee has until April 16, 2003 to assert any claims or actions against Lehman.

(b) Preferred Stock and Common Stock

CIHC has authorized three series of preferred stock: (i) 1994 Series Preferred Stock, $1,000 stated value per share (the "1994 Series Preferred Stock"); (ii) $2.32 Redeemable Cumulative Preferred Stock, $0.01 stated value per share (the "$2.32 Preferred Stock"); and (iii) 1998 Series Redeemable Preferred Stock, $1,000 stated value per share (the "1998 Series Preferred Stock"). As of December 31, 2002, there were 151,531.319 shares of 1994 Series Preferred Stock, 1,200,000 shares of $2.32 Preferred Stock and 90,000 shares of 1998 Series Preferred Stock issued and outstanding.

As of December 31, 2002, CIHC had 1,001.041 shares of common stock, par value $1.00 per share, issued and outstanding, 1,000 shares of which were held by CNC and 1.041 shares of which were held by Conseco Annuity Assurance Company, an indirect wholly owned subsidiary of CIHC.

C. EVENTS LEADING TO THE CHAPTER 11 CASES AND RELATED POST-PETITION EVENTS

1. Background to the Restructuring

Conseco commenced operations in 1982 and grew rapidly through acquisitions, including the acquisition of 19 separate insurance groups and related businesses and the acquisition of Green Tree Financial Corporation in 1998. The acquisition of Green Tree (renamed "Conseco Finance Corp.") served as the platform for Conseco's entry into the consumer finance business.

In order to fund these acquisitions and grow its businesses, CNC, our parent holding company, incurred substantial indebtedness through borrowings under bank credit facilities and the issuance of securities in public capital markets. CIHC, our intermediate holding company, also incurred significant indebtedness in the form of guarantees. See "Existing Capital Structure of CNC and CIHC." Between 1998 and 2000, CNC incurred $3.6 billion in new debt and trust preferred obligations, primarily to fund the business of CFC following its acquisition. In addition to increased indebtedness levels, we also began to recognize impairment charges because the actual performance of CFC's securitized loan portfolios did not meet the assumptions that were used in establishing the value of the interests we have retained (generally interest-only securities and servicing rights) in securitization transactions accounted for as sales. Impairment charges represent reductions in the value of our retained interests recognized as a loss in the statement of operations. The value of the retained interests are determined by discounting the projected future cash flows we expect to receive over the life of the securitizations using our current best estimates of prepayment, default, loss and interest rate assumptions. The assumptions used to determine the estimated fair value are subject to significant judgment and are determined based on internal evaluations and consultations with outside advisors.

During the past two years, we undertook efforts to reduce our parent company debt. These efforts primarily focused on the sale of non-strategic assets to meet principal and interest payment obligations. We also took a number of other actions designed to reduce parent company debt and increase the efficiency of our business operations. The actions with respect to our finance business included: (i) the sale, closing or runoff of several business units (including asset-based lending, vendor leasing, bankcards, transportation, park construction and floorplan lending); (ii) monetization of certain on-balance sheet financial assets through sales or as collateral for additional borrowings;
(iii) cost savings and restructuring of ongoing businesses such as streamlining of credit origination operations in the manufactured housing and home equity divisions; and (iv) substantial decreases in the origination of certain lines of products in certain business segments, particularly in the manufactured housing segment. The actions with respect to our

insurance business included: (i) the sale of our variable annuity business; (ii) reinsurance transactions of various insurance blocks; and (iii) the division of our insurance segment into two, more efficient, operating groups.

In addition to these measures, in April 2002, we extended the maturities of approximately $1.29 billion in principal amount of our senior notes by one year to two and one-half years through an exchange offer in an effort to improve our financial flexibility and enhance our ability to refinance our public debt.

Notwithstanding these initiatives, the Company's financial position continued to deteriorate. For the six months ended June 30, 2002, CNC suffered a net loss applicable to common stock of $4,380.1 million, including the cumulative effect of an accounting charge for a goodwill impairment of $2,949.2 million and the establishment of a valuation allowance of $1,003.0 million for the entire balance of net deferred income tax assets at June 30, 2002, as we believe the realization of such assets in future periods is uncertain. This loss reduced CNC's shareholders' equity to $533.0 million. The reduction in shareholders' equity negatively impacted the financial strength ratings of our insurance subsidiaries and the capital market ratings of our outstanding parent company securities, and effectively precluded us from raising significant amounts of additional capital in the public markets. The net loss for the second quarter, including the establishment of a deferred tax valuation reserve, resulted in a breach of the debt to capitalization ratio covenant in the Senior Credit Facility, although we did obtain temporary waivers from the relevant lenders. These developments also made it significantly more difficult to obtain regulatory approvals of dividend payments from our insurance subsidiaries.

2. Announcement of Restructuring Plan; Events of Default

As a result of these developments, on August 9, 2002, we announced that we had engaged legal and financial advisors to begin discussions with creditors in order to effectuate a fundamental restructuring of the Company's capital structure. We also announced that we did not make the August 2002 interest payments on the 6.4% Original Notes, 6.4% Exchange Notes, 8.75% Original Notes and 8.75% Exchange Notes. Since the August 9, 2002 announcement, we have not made any interest or principal payments on any of our direct corporate obligations, nor have we made any distributions on our Trust Preferred Securities. The failure to make the interest payments on these notes within the 30-day grace period constituted an event of default under the notes, which gave the holders of the notes the right to accelerate the maturity of all principal and past due interest. We did not pay the $224.9 million of principal (plus accrued interest) that was due on October 15, 2002 under the 8.5% Original Notes. Our default with respect to the payment of principal on these notes also resulted in defaults under approximately $4.0 billion principal amount of debt obligations, approximately $481.3 million of obligations under the D&O Credit Facilities and approximately $1.93 billion of Subordinated Indentures (and the corresponding Trust Preferred Securities) through cross-default provisions contained in the respective governing instruments. If the holders of such indebtedness or preferred securities had exercised their rights to accelerate the maturity of all principal and interest due, we would not have been able to satisfy these obligations.

On September 9, 2002, Conseco received temporary waivers of the covenant violations with respect to the Senior Credit Facility and the D&O Credit Facilities from the relevant lenders. These waivers expired on October 17, 2002. On that date, Conseco obtained forbearance agreements from the relevant lenders pursuant to which the lenders agreed to temporarily refrain from exercising default-related remedies with respect to certain specified events of default under the Senior Credit Facility and the guarantees of the D&O Credit Facilities. These forbearance agreements were scheduled to expire on November 27, 2002, but were extended on that date to January 11, 2003, subject to various conditions. Upon filing of the Chapter 11 Cases, the forbearance agreements terminated and were superseded by the automatic stay provisions under section 362 of the Bankruptcy Code.

3. Delisting of Common Stock and Other Listed Securities

After the issuance of our press release on August 9, 2002, the NYSE halted trading in CNC's common stock and other listed securities. On August 12, 2002, the NYSE issued a public announcement of the suspension of trading. The Securities and Exchange Commission subsequently granted the NYSE's

application for removal from listing and registration with respect to the following CNC securities: (i) common stock, (ii) 93 Notes, (iii) 94 Notes, (iv) 9.16% TOPrS, (v) 8.70% TOPrS, (vi) 9% TOPrS and (vii) 9.44% TOPrS, effective on the opening of the trading session on September 25, 2002.

4. Ratings Downgrades of CNC Securities

As a result of the events leading up to our August 9, 2002 announcement and subsequent events, we have experienced a number of ratings downgrades with respect to our outstanding securities. On September 9, 2002, our senior debt ratings were lowered from "C" to "D" by Fitch IBCA. Fitch employs a system of 12 national ratings, ranging from "AAA" to "D" with pluses and minuses used to indicate the relative position of a credit within a ratings category.

On October 4, 2002, Standard & Poor's lowered our senior debt rating from "CC" to "D". Standard & Poor's maintains 10 ratings categories, ranging from "AAA (Extremely strong)" to "D (Defaulted)" with pluses and minuses used to indicate relative positions within each category.

On October 25, 2002, the credit rating for our senior notes was downgraded to "Ca" by Moody's, which said its ratings outlook for us is developing. Moody's employs a system of nine national ratings, ranging from "Aaa" to "C" with modifiers 1, 2 and 3 to indicate the relative strength or weakness within each rating. "Ca" is the eighth best rating out of nine. In its October 25, 2002 release, Moody's stated that "the Ca senior unsecured rating reflects the heightened uncertainty surrounding Conseco's liquidity and financial flexibility, and the residual value of the company, a key determinant of the recovery value for debtholders."

Immediately prior to the filing of the Chapter 11 Cases, our Trust Preferred Securities were rated "D" by Standard & Poor's, "D" by Fitch and "C" by Moody's. The ratings of our securities made it impossible for Conseco to issue additional securities in the public markets.

5. Insurance Ratings and Regulatory Issues

An important competitive factor for our insurance subsidiaries is the ratings they receive from nationally recognized rating organizations. See "Description of Conseco's Business - The Company's Business - Competition." In July 2002, A.M. Best downgraded the financial strength ratings of our primary insurance subsidiaries to "B++ (Very Good)" and placed the ratings "under review with negative implications." On August 14, 2002, A.M. Best further lowered the financial strength ratings of our primary insurance subsidiaries from "B++ (very good)" to "B (fair)." A.M. Best ratings for the industry currently range from "A++ (Superior)" to "F (In Liquidation)" and some companies are not rated. An "A++" ranking indicates superior overall performance and a strong ability to meet obligations to policyholders over a long period of time. The "B" rating is assigned to companies which have, on balance, fair balance sheet strength, operating performance and business profile, when compared to the standards established by A.M. Best, and have an ability in A.M. Best's opinion to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions. The rating reflects A.M. Best's view of the uncertainty surrounding our restructuring initiatives and the potential adverse financial impact on the subsidiaries if negotiations are protracted and execution of the restructuring plan is delayed. Standard & Poor's has given our insurance subsidiaries a financial strength rating of "B+". Rating categories from "BB" to "CCC" are classified as "vulnerable," and pluses and minuses show the relative standing within a category. In Standard & Poor's view, an insurer rated "B" has the capacity to meet its financial commitments but adverse business conditions could lead to insufficient ability to meet financial commitments.

These ratings downgrades caused sales of our insurance products to decline and policyholder redemptions and lapses to increase. In some cases, the downgrades also caused defections among our independent agent sales force and increases in the commissions we had to pay to retain them. These events have had a material adverse effect on our financial results. Further downgrades by A.M. Best or Standard & Poor's would likely have further material and adverse effects on our financial results and liquidity.

Since the announcement of our restructuring efforts on August 9, 2002, we have been working closely with insurance regulators in each of the states in which our insurance subsidiaries are domiciled (Arizona, Illinois, Indiana, New York, Pennsylvania and Texas) in connection with their monitoring of the operations and financial status of our insurance subsidiaries. The Commissioner of Insurance for the State of Texas has acted as the lead regulator among these states and has principally coordinated the oversight and monitoring efforts associated with our financial restructuring.

On October 30, 2002, Bankers National Life Insurance Company and Conseco Life Insurance Company of Texas (on behalf of itself and its subsidiaries), our two insurance subsidiaries domiciled in Texas, each entered into consent orders with the Commissioner of Insurance for the State of Texas whereby they agreed: (i) not to request any dividends or other distributions before January 1, 2003 and, thereafter, not to pay any dividends or other distributions to parent companies outside of the insurance system without the prior approval of the Texas Insurance Commissioner; (ii) to continue to maintain sufficient capitalization and reserves as required by the Texas Insurance Code; (iii) to request approval from the Texas Insurance Commissioner before making any disbursements not in the ordinary course of business; (iv) to complete any pending transactions previously reported to the proper insurance regulatory officials prior to and during Conseco's restructuring, unless not approved by the Texas Insurance Commissioner; (v) to obtain a commitment from CNC and CIHC to maintain their infrastructure, employees, systems and physical facilities prior to and during Conseco's restructuring; and (vi) to continue to permit the Texas Insurance Commissioner to examine its books, papers, accounts, records and affairs. The consent orders do not prohibit the payment of fees in the ordinary course of business pursuant to existing administrative, investment management and marketing agreements with our non-insurance subsidiaries.

6. Status of CFC; Strategic Alternatives Considered

During the course of the recent economic slowdown, loans originated by our finance subsidiaries have suffered a sustained period of increased delinquencies, foreclosures and losses and our finance subsidiaries have incurred increased costs in servicing these loans, all of which have had a material adverse effect on our financial condition and results of operations. These conditions, coupled with our leveraged condition and liquidity difficulties, have severely impacted the operations of CFC, and eliminated CFC's access to the securitization markets. The securitization markets historically have been CFC's main source of funding. The loss of access to the securitization markets has severely affected CFC's ability to originate, purchase and sell loans. It has also affected the value of the retained interests CFC holds in securitization manufactured housing trusts, since CFC relied on the securitization markets to finance the sale of repossessed manufactured housing units owned by those trusts, which often helped to minimize the loss on defaulted loans (compared to liquidating those assets through a manufactured housing wholesale channel).

On October 22, 2002, CNC announced that its board of directors approved a plan to sell or seek new investors for the finance businesses and that the investment banking firms of Lazard Freres & Co., LLC and Credit Suisse First Boston had been engaged to pursue various alternatives, including securing new investors and/or selling CFC's three lines of business: (i) manufactured housing; (ii) mortgage and home equity services; and (iii) consumer finance (including a potential sale, joint venture or similar transaction with respect to CFC's servicing platforms). For a discussion of the sale process, see "Planned Sale of CFC."

As of the Petition Date, CFC's remaining liquidity sources were a warehouse facility (the "Warehouse Facility") and a residual facility ("Residual Facility") with Lehman and a bank credit facility with U.S. Bank (the "U.S. Bank Facility," and together with the Warehouse Facility and Residual Facility, the "CFC Facilities"). The direct borrower under (i) the Warehouse Facility is CFC's non-debtor subsidiary Green Tree Finance Corp. - Five ("GTFC"), and (ii) the Residual Facility is CFC's non-debtor subsidiary Green Tree Residual Finance Corp. I ("GTRFC"). The Warehouse Facility and the Residual Facility are fully guaranteed by CFC and, up to an aggregate of $125 million, by CIHC . CFC was the direct borrower under the U.S. Bank Facility, which was also guaranteed by CIHC up to an aggregate of $125 million.

Prior to the Petition Date, CFC was in default under the CFC Facilities as a result of (i) cross-defaults triggered by CNC's defaulting on its debt obligations, (ii) cross-defaults among the U.S. Bank Facility, the Warehouse Facility and the Residual Facility, (iii) failure to make payments required by

CFC's guarantees of payments on certain lower-rated securities referred to as "B-2 securities," which were issued to investors in certain finance receivable securitization transactions (see the note to CNC's consolidated financial statements entitled "Guarantees" as set forth in CNC's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and CNC's Quarterly Report on Form 10-Q for the period ended September 30, 2002 for further information); and

(iv) breaches of several financial covenants under the CFC Facilities. CFC entered into forbearance agreements with Lehman with respect to the Warehouse Facility and Residual Facility and with U.S. Bank with respect to U.S. Bank Facility, pursuant to which Lehman and U.S. Bank agreed to temporarily refrain from exercising any rights arising from events of default that occurred under each CFC Facility prior to the Petition Date.

The Warehouse Facility is a repurchase facility under which primarily newly originated manufactured housing, home equity, home improvement and recreational vehicle loans originated by CFC or affiliates of CFC and transferred to GTFC are sold by GTFC to Lehman with an agreement to repurchase those loans at a later date and at a higher price. The price differential reflects the cost of financing. The Warehouse Facility provides funding to CFC for new loan origination. The Warehouse Facility and the Residual Facility are cross-collateralized.

The Residual Facility is collateralized by retained interests in securitizations. CFC is required to maintain collateral based on current estimated fair values in accordance with the terms of such facility. Due to the decrease in the estimated fair value of its retained interests, CFC's collateral was $128.9 million deficient at September 30, 2002 (as calculated in accordance with the relevant transaction documents, which provide that Lehman calculates the value of CFC's collateral within its sole discretion). Pursuant to the forbearance agreement entered into with Lehman on December 20, 2002, Lehman agreed not to accelerate the repayment of the Residual Facility based on the collateral deficiency through June 1, 2003. Under the terms of this forbearance agreement, Lehman retains the cash flows from CFC's retained interests pledged under this facility and applies those cash flows to the margin deficit. As mentioned above, this forbearance agreement is subject to a number of conditions that may cause it to terminate prior to June 1, 2003.

The filing by CNC, CIHC and CFC of a Chapter 11 petition triggered additional defaults under the CFC Facilities.

On December 19, 2002, shortly after the filing of the Chapter 11 Cases, the U.S. Bank Facility was paid-off with the approval of the Bankruptcy Court with a portion of the proceeds of the debtor-in-possession ("DIP") financing provided by U.S. Bank and FPS DIP LLC, an affiliate of Fortress Investment Group LLC ("Fortress"), J.C. Flowers & Co. LLC. ("Flowers") and Cerberus Capital Management, L.P. ("Cerberus"). The DIP financing is for up to $125,000,000. The DIP financing motion was granted by the Bankruptcy Court on January 14, 2003. Proceeds of the FPS DIP were applied to the repayment in full of the U.S. Bank Facility.

From time to time, CFC has failed to comply with certain covenants regarding the maximum permissible variance of the budgets provided to the FPS DIP lenders in connection with the FPS DIP. In each instance, CFC has obtained appropriate waivers. The occurrence of events of default under the FPS DIP, may cause events of default under the Lehman December 20 Agreements (as defined below).

On December 20, 2002, CFC, GTFC, and GTRFC, entered into several agreements with Lehman: (the "Lehman December 20 Agreements") (i) providing that Lehman temporarily refrain from exercising any rights arising from events of default that occurred under each relevant CFC Facility (including, but not limited to, those arising out of CNC, CIHC and CFC filing for chapter 11 relief) until June 1, 2003; (ii) indirectly providing CFC with up to $25,000,000 in postpetition financing by allowing GTFC to provide intercompany loans to CFC with cash flows obtained from the Warehouse Facility; (iii) decreasing the capacity of the Warehouse Facility to a maximum of $250,000,000; and (iv) otherwise amending the Warehouse Facility and the Residual Facility. These agreements are subject to a number of conditions that may cause them to terminate prior to June 1, 2003.

As a result of CFC's defaults and the agreements entered into with Lehman on December 20, 2002, CFC may not draw funds from the Residual Facility.

On March 4, 2003, CFC and certain of its affiliates filed a motion with the Bankruptcy Court to obtain approval of the Secured Super-Priority Debtor In Possession Credit Agreement with Goldman Sachs Credit Partners L.P. ("Goldman Sachs") as administrative and loan agent and certain lenders party thereto from time to time (the "GS DIP"), a form of which was filed as an exhibit to the motion. The GS DIP provides for debtor in possession financing up to $845 million. CFC filed this motion in an abundance of caution to provide an alternative to the Finance Company Debtors if the CFC auction did not yield appropriate value.

Assuming that CFC decides to draw on the GS DIP, the proceeds thereof will be applied (i) to repay any amounts outstanding under the FPS DIP; (ii) as a $1,000,000 line of credit for Conseco Finance Credit Corporation; (iii) to pay any fees or expenses owed to the GS DIP Lenders; (iv) to provide general working capital and to pay ordinary operating costs and expenses of the Finance Company Debtors in accordance with the final cash budget up to $100,000,000; (v) to repay outstanding secured indebtedness held by existing secured creditors of the Finance Company Debtors on terms and conditions acceptable to Goldman Sachs;
(vi) to pay the break-up fee owed pursuant to the Asset Purchase Agreement, if and to the extent such amounts are due and payable; and (vii) up to an amount to be agreed to by GS shall be used to pay priority claims as set forth in section 507 of the Bankruptcy Code upon the effective date of a plan of reorganization of the Finance Company Debtors, to the extent payment of such claims is required in order for the Bankruptcy Court to confirm a plan of reorganization of the Finance Company Debtors.

The GS DIP entitles Goldman Sachs to receive, under certain circumstances and conditions, (i) a "Termination Fee" equal to (A) $40 million; or (B) 30% of all assets or property distributed pursuant to a plan of reorganization approved by the Bankruptcy Court with respect to CFC, including any indebtedness, stock, stock equivalents or other equity interests of CFC and/or any of its subsidiaries (subject to customary anti-dilution provisions), at the election of Goldman Sachs (the "Termination Fee"); or (ii) a "Conversion Fee" equal to 30% of any stock, stock equivalents or other equity interests (subject to customary anti-dilution provisions) distributed with respect to CFC and its subsidiaries in accordance with a plan of reorganization of the Finance Company Debtors approved by the Bankruptcy Court (the "Conversion Fee"). The Termination Fee and the Conversion Fee are mutually exclusive.

7. Recent Financial Results

On November 19, 2002, CNC reported a net loss of $1,769.2 million for the three months ended September 30, 2002. This loss was primarily the result of: (i) impairment charges related to our interest-only securities and servicing rights held by our finance subsidiary of $701.3 million; (ii) impairment charges related to goodwill of $500.0 million; (iii) realized investment losses related to our investment portfolio of $271.7 million; (iv) an increase to our reserves with respect to long-term care insurance products for changes in estimates of $110.0 million; and (v) a loss on the sale of Conseco Variable Insurance Company of $139.9 million. As a result of this loss, CNC's shareholders' deficit was $811.8 million at September 30, 2002.

CNC will report its year end 2002 financial results in its Annual Report on Form 10-K for the year ended December 31, 2002, which it expects to file with the Securities and Exchange Commission on or about March 31, 2003, but no later than April 15, 2003. This filing will be available at the SEC's website at www.sec.gov and at the Company's website at www.conseco.com.

8. The Prepetition Committees

In the fall of 2002, we commenced discussions with a committee representing the lenders under the Senior Credit Facility and the D&O Credit Facilities with respect to the financial condition of the Company and the proposed restructuring (the "Prepetition Bank Committee"). The members of the Prepetition Bank Committee, as of the Petition Date, were Bank of America, N.A., JPMorgan Chase Bank and Angelo, Gordon & Co. Bank of America, as administrative agent for the Senior Credit Facility and some of the D&O Credit Facilities, retained Davis Polk & Wardwell as its legal advisor and Ernst & Young and Greenhill & Co., LLC as its financial advisors.

In August 2002, the Company commenced discussions with certain holders of the 93/94 Notes, Original Notes and Exchange Notes with respect to the financial condition of the Company and the proposed restructuring (the "Prepetition Noteholder Committee"). The members of the Prepetition Noteholder Committee, as of the Petition Date, were Metropolitan West Asset Management LLC, First Pacific Advisors, Appaloosa Management Company, Barclays Bank, PLC, Calvert Group, Ltd., HSBC Bank USA (as indenture trustee) and Whippoorwill Associates, Inc. The Prepetition Noteholder Committee retained Fried, Frank, Harris, Shriver & Jacobson as its legal advisor and Houlihan Lokey Howard & Zukin LLP as its financial advisor.

In October 2002, the Company commenced discussions with certain holders of the Trust Preferred Securities with respect to the financial condition of the Company and the proposed restructuring (the "Prepetition Trust Preferred Securities Committee"). The members of the Prepetition Trust Preferred Securities Committee, as of the Petition Date, were Oppenheimer Capital, United Capital Markets, Marion Polk Real Estate and Smith Hayes Financial. The Prepetition Trust Preferred Securities Committee retained Saul Ewing LLP as its legal advisor and Raymond James as its financial advisor.

Before the Petition Date, the Company met with and provided materials to the Prepetition Trust Preferred Securities Committee, and the Company entered into extensive arms' length negotiations with the Prepetition Bank Committee and the Prepetition Noteholder Committee regarding the terms of a consensual restructuring. Shortly before the Petition Date, the Company reached a non-binding agreement in principle with respect to the general terms of a restructuring with the Prepetition Bank Committee and Prepetition Noteholder Committee.(9) The Reorganizing Debtors, and not the members of any of the foregoing committees, are the proponents of the Plan.

D. PLANNED SALE OF CFC

On December 19, 2002, CFC and certain of its subsidiaries entered into an Asset Purchase Agreement with CFN, an affiliate of Fortress, Flowers and Cerberus, pursuant to which CFC agreed to sell substantially all of the CFC Assets in a sale pursuant to Section 363 of the Bankruptcy Code. In accordance with the terms of the Asset Purchase Agreement, on January 16, 2003, CFN gave irrevocable notice to CFC that, subject to the satisfaction of the conditions precedent set forth in the Asset Purchase Agreement, it would acquire CFC's manufactured housing business (including, without limitation, the manufactured housing servicing platform) and on February 24, 2003, CFN gave irrevocable notice to CFC that, subject to the satisfaction of the conditions precedent set forth in the Asset Purchase Agreement, it would acquire the stock of Mill Creek Bank.

In addition to seeking to sell its assets, CFC also sought to restructure its manufactured housing business by reducing the negative cash flows that currently result from this portfolio by: (i) increasing the amount and payment priority of the servicing fee (the "MH Servicing Fee") it receives as compensation for servicing the securitized manufactured housing portfolios (which, as explained above, is a condition precedent for the transactions contemplated in the Asset Purchase Agreement) as set forth in certain servicing agreements (the "Servicing Agreements"), and (ii) restructuring the guarantees on the B-2 securities issued in connection with securitizations of manufactured housing receivables as set forth in certain sale agreements (the "Sale Agreements"). CFC has not made any such guarantee payments due on or after November 15, 2002.

As part of CFC's efforts to seek alternative transactions that would provide greater value to CFC, and in accordance with the bidding procedures order approved by the Bankruptcy Court, CFC conducted an auction for the sale of its businesses and assets. Potential bidders that submitted bids for the purchase of the CFC Assets that, by their own terms or aggregated with other bids, were for more than the purchase price payable under the Asset Purchase Agreement, plus the amount of the break-up fee, plus $5 million, plus the profit sharing rights relating to the manufactured housing business, were allowed to participate in

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9 The Official Committee continues to review the Plan and this Disclosure Statement to ensure that they accurately reflect the agreement in principle. Without limiting the generality of the foregoing, the Official Committee has advised the Debtors that it does not support the release and indemnification provisions in the current form.

the auction. The auction, which commenced on February 28, 2003, promptly adjourned, and was continued on March 4, 2003, ultimately concluding the morning of March 5, 2003.

CFC, with the assistance of its advisors, analyzed each of the bids presented at the auction and determined that CFN's bid of $970 million in cash, plus the assumption of certain liabilities, represented the highest and best bid. The terms of the sale included an option to sell the assets of Mill Creek Bank to GE for approximately $310 million in cash, plus certain assumed liabilities, which option, if exercised, would provide CFN with a credit of $270 million to its $970 million bid.

A consortium comprising Charlesbank Capital Partners, LLC ("Charlesbank") and EMC Mortgage Corporation ("EMC") made the second highest bid at the auction for approximately $972.5 million plus certain assumed liabilities, which includes the $30 million break-up fee to be paid to CFN pursuant to the terms of the Asset Purchase Agreement. CFC has agreed to pay $2 million to each of Charlesbank and EMC to compensate these parties for concluding definitive purchase agreements to be effective in the event that CFC is not able to close its proposed sale to CFN and GE.

On March 6, 2003, CFC received an offer from Berkadia Equity Holdings, L.L.C. that purported to be a bid in the recently concluded auction. Concurrently therewith, Berkadia filed an objection to the sale that the Bankruptcy Court heard, and summarily dismissed, on March 7, 2003. After further negotiations during the March 7-14, 2003 period, CFN and GE significantly increased the amount of cash to be paid for the CFC Assets. Ultimately, each of the major constituencies, including the CFC Committee, the Ad Hoc Securitization Holders' Committee, U.S. Bank as securitization trustee for the B-2 certificate holders, and Federal National Mortgage Association, as a major B-2 certificate holder, agreed to support the sale of the CFC Assets to CFN and GE. The total value to be received as part of the transactions with CFN and GE upon closing is expected to be approximately $1.3 billion, representing approximately $1.11 billion in cash and approximately $200 million in assumed liabilities, subject to certain purchase price adjustments. On March 14, 2003, CFC entered into an Amended and Restated Asset Purchase Agreement with CFN (the "New CFN Agreement") and into an Asset Purchase Agreement with GE (the "GE Agreement"). Also on March 14, 2003, the Bankruptcy Court entered an order approving the terms of the sale of the CFC Assets free and clear of all liens pursuant to the New CFN Agreement and the GE Agreement. The closing of the sale of the CFC Assets under the New CFN Agreement and the GE Agreement is subject to various closing conditions, but is currently expected to occur in May 2003.

The Debtors believe that, considering all surrounding facts and circumstances, the transactions with CFN and GE will maximize the value obtainable from the CFC Assets for all relevant constituencies; however, there can be no assurance that these transactions will be completed, or if completed, that they will satisfy the Debtors' expectations. Assuming that the sale of the CFC Assets is completed and CFC receives the proceeds from the sale of the CFC Assets in the amount contemplated by the CFN and GE transactions, these proceeds will be applied to satisfy CFC's obligations under its debtor-in-possession credit agreements, administrative claims, priority claims and to its secured creditors (including the 93/94 Notes and Lehman).

As noted in Section II.B.1 above, certain parties have alleged that the security interest granted to the 93/94 Notes pursuant to the "equal and ratable" clause under the indenture governing such notes is defective. Wilmington Trust Company, the indenture trustee under the 93/94 Notes, maintains that any and all such allegations are frivolous and wholly without merit. Invalidating such security interest will not be sufficient to provide for a distribution of the CFC sale proceeds to CNC as owner of CFC. In addition, as noted in Section II.B.2 above, the CFC Committee has alleged that Lehman's liens against the Finance Company Debtors may be avoidable. Even if Lehman's liens are voided, there will likely be no distribution to CNC as owner of CFC.

As mentioned above, CFC also sought to restructure its manufactured housing business. On December 18, 2002, the Bankruptcy Court entered an interim order granting the joint motion of CFC, Conseco Finance Servicing Corp. ("CFSC") and U.S. Bank, as trustee for CFC's securitization trusts (the "Trustee"), providing, for 30 business days, (i) for an increase of the MH Servicing Fee to 125 basis points per annum (the "Revised Servicing Fee") of the principal amount outstanding of each manufactured housing securitization trust where the Trustee acts as trustee; (ii) that the MH Servicing Fee be paid as an expense prior to the distribution of any amounts in respect of certificates issued by each such securitization

trust; and (iii) for a senior security interest in CFC's Manufactured Housing servicing platform and a junior security interest in CFC's other assets in favor of the Trustee for the benefit of itself and the corresponding certificateholders (the "Adequate Protection Lien"), to secure (a) the continued payment of certain of the Trustee's fees and expenses; (b) the amount, if any, by which the Revised Servicing Fee exceeds the original servicing fee at the contractual level of priority during the period of the interim order; and (c) any losses to the securitization trusts relating to manufactured housing, home equity and home improvement loans, credit card receivables and recreational vehicle loans resulting from any misappropriation, misapplication or other diversion of funds by the servicer.

A hearing seeking final resolution of the matters covered by this joint motion was held on January 29, 2003, and was subsequently continued several times, because the Trustee, the CFC Committee, and the Ad Hoc Securitization Holders' Committee were unable to consensually resolve the servicing fee issues. In the interim, the parties did, however, agree to cap the amount of the Adequate Protection Lien at $35 million. See "Summary of Significant Motions - Motion to Increase CFC's Manufactured Housing Securitization Servicing Fee."

On February 19, 2003, due to the parties' inability to reach a consensual solution to the issues regarding the MH Servicing Fee, CFC filed a motion to reject the Servicing Agreements and the Sale Agreements (the "PSA Rejection Motion"). As part of the overall settlement of the sale of the CFC Assets, the Trustee, the CFC Committee, the Ad Hoc Securitization Holders' Committee and the Finance Company Debtors ultimately resolved the MH Servicing Fee issues and the Bankruptcy Court entered an agreed final order at the Sale Hearing on March 14, 2003. Concurrently therewith, the Finance Company Debtors withdrew the PSA Rejection Motion.

Overall, CFC is seeking to maximize the value obtainable from all restructuring transactions it contemplates as part of its chapter 11 filing. However, there can be no assurance that any transaction in connection therewith will be completed. Moreover, if such a transaction is completed, it is highly unlikely that that any proceeds resulting therefrom will be available to satisfy any creditors other than creditors of CFC or parties with a security interest in CFC's assets.

E. PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Debtors with a capital structure that can be supported by cash flows from operations. To that end, the Plan will reduce CNC's debt and Trust Preferred Securities obligations by more than $5.0 billion and its future annual interest expense and distributions on Trust Preferred Securities by approximately $380 million. The Debtors believe that the reorganization contemplated by the Plan is in the best interests of their creditors as a whole. If the Plan is not confirmed, the Debtors believe that they will be forced to either file an alternate plan of reorganization or liquidate under chapter 7 of the Bankruptcy Code. In either event, the Debtors believe that their creditors would realize a less favorable distribution of value, or in certain cases, no value at all, for their claims and equity interests. See the Liquidation Analysis set forth in Exhibit B.

F. THE BUSINESS OF NEW CNC

As a result of our efforts to divest our finance operations, we expect that upon emergence from bankruptcy, or soon thereafter, we will be engaged exclusively in the insurance business. For a description of our insurance operations, see "Description of Conseco's Business -- The Company's Business."

Following confirmation of the Plan, New CNC intends to operate two distinct and separate insurance businesses, Conseco Insurance Group ("CIG") and Bankers Life and Casualty Company ("Bankers Life").

CIG is comprised of several insurance companies that serve over 3 million policyholders. CIG has historically offered a complete portfolio of supplemental health insurance (long term care, Medicare supplement, specified disease and group disability), life, and annuity products. CIG is moving forward on a path to achieve a low cost, high performance service platform through consolidation and simplification of its processes.

Bankers Life is a 120-year-old health, life and annuity company primarily focused on the needs of middle income senior citizens, the fastest growing market segment in the U.S. Bankers Life offers this market a comprehensive insurance product portfolio including long term care, Medicare supplement, senior life and fixed annuities. Bankers Life distributes its products through an exclusive career agency sales force of more than 3,500 agents and sales managers. Bankers Life is committed to become the nation's leading provider of financial security for seniors. Its growth strategy is based on leveraging its two well known highly regarded brands (Bankers Life and Colonial Penn), increasing the productivity and size of its well-established, broad-based career distribution organization, leveraging its core product offerings by building or insourcing additional senior market insurance and non-insurance products, and implementing key strategic technologies to increase efficiency and productivity.

We also expect that by virtue of certain reorganization transactions described below in the section entitled "Certain U.S. Federal Income Tax Consequences to CNC - Transfer of Assets from CNC to New CNC," our corporate structure will be simplified upon confirmation of the Plan. An organization chart depicting the anticipated corporate structure of New CNC and its subsidiaries as of the Confirmation Date is attached hereto as Exhibit E.

G. TERMS OF NEW SECURITIES AND NEW BANK DEBT TO BE ISSUED PURSUANT TO THE PLAN

On the Effective Date, New CNC will issue for distribution, in accordance with the provisions of the Plan, (i) the New CNC Common Stock, (ii) the New CNC Preferred Stock, (iii) the New CNC Warrants and (iv) the New Senior Notes (if any) (collectively, the "New CNC Securities"). New CNC will also enter into a new senior secured credit facility on the Effective Date with Bank of America, N.A., as agent, and the other lenders party thereto (the "New Credit Facility"). For purposes of determining the accrual of interest, dividends or rights in respect of any other payment from and after the Effective Date, the New CNC Securities and the New Credit Facility shall be deemed issued as of the Effective Date regardless of the date on which they are actually dated, authenticated or distributed; provided that New CNC shall withhold any actual payment until such distribution is made and no interest shall accrue or otherwise be payable on any such withheld amounts.

The table set forth below identifies the anticipated post-Effective Date allocation of New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants. The table assumes the issuance of New CNC Common Stock to the Holders of 93/94 Note Claims in lieu of the issuance of New Senior Notes and does not give effect to the exercise of New CNC Warrants, the issuance of options or other equity awards at or following the Effective Date pursuant to a new equity incentive plan or the issuance of equity to certain professionals pursuant to their engagement letters. In addition, the table assumes that Class 8A claims do not exceed $140 million and Class 6B claims do not exceed $60 million and that Class 10A and Class 11A-1 vote to accept the Plan.

Class	Title	% of New CNC Common Stock	% of New CNC Preferred Stock	% of New CNC Warrants
Class 4A	93/94 Note Claims	5.55%	--	--
Classes 5A and 4B	Lender Claims	--	100%	100%
Classes 6A and 5B	Exchange Note Claims	57.03%	--	--
Class 7A	Original Note Claims	30.40%	--	--
Class 8A	Reorganizing Debtor General Unsecured Claims	2.22%	--	--

	against CNC			
Class 10A	Trust Related Claims	1.00%	--	--
Class 11A-1	Series F Preferred Stock Claims	0.25%	--	--
Class 6B	Reorganizing Debtor General Unsecured Claims against CIHC	3.55%	--	--
Total		100%	100%	100%

Summarized below are the material provisions of the New CNC Securities and the New Credit Facility. This summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Certificate of Incorporation and By-laws of New CNC, the Certificate of Designation relating to the New CNC Preferred Stock (the "Certificate of Designation"), the New CNC Warrant Agreement and the credit agreement governing the New Credit Facility, each substantially in the form set forth in the Plan Supplement. In the event that New Senior Notes are issued pursuant to the 93/94 Notes Distribution, an indenture governing these notes will be filed as an amendment to the Plan Supplement. Any inconsistency between the following summary of the New Credit Facility and the terms of the credit agreement governing the New Credit Facility will be resolved in favor of the credit agreement. Any inconsistency between the following summaries of the New CNC Preferred Stock and the New CNC Warrants and the terms of the Certificate of Designation and the New CNC Warrant Agreement, respectively, will be resolved in favor of the Certificate of Designation and the New CNC Warrant Agreement, respectively.

1. New CNC Common Stock

The principal terms of the New CNC Common Stock to be issued by New CNC under the Plan will be as follows:

Authorization:	A to-be-determined number of shares.
Initial Issuance:	A to-be-determined number of fully-paid and non-assessable shares (excluding shares to be issued upon exercise of options issued under the equity incentive plan).
Par Value:	$0.01 per share.
Voting Rights:	One vote per share on all matters submitted to a vote of holders of New CNC Common Stock, subject to the voting restrictions described below.
Voting Restrictions:	In the event that any Person or group of affiliated Persons obtains direct or indirect beneficial ownership of shares of capital stock of New CNC providing such Person(s) 10% or more of the voting power with respect to a particular stockholder vote, such Person(s) will be entitled to vote only such number of shares of capital stock as do not in the aggregate equal or exceed 10% of the voting power with respect to that stockholder vote, unless, prior to that stockholder vote, the acquisition, ownership and voting of such shares of capital stock by such Person(s) equal to or in excess of 10% has been approved, or exempted from approval, pursuant to all applicable insurance regulatory requirements.

Dividends:	Holders would be entitled to receive proportionately such dividends as may from time to time be declared by the board of directors of New CNC in respect of New CNC Common Stock out of funds legally available for the payment of dividends.
Liquidation, Dissolution, or Winding-Up:	In the event of liquidation, dissolution or winding-up, holders of shares of New CNC Common Stock would be entitled to share proportionately in all of New CNC's assets available for distribution after payment of liabilities and liquidation preference on any outstanding preferred stock of New CNC.
Preemptive Rights:	None.
Redemption:	None.
Registration Rights:	As set forth in the Registration Rights Agreement.

2. New CNC Preferred Stock

The principal terms of the New CNC Preferred Stock to be issued by New CNC under the Plan will be as follows:

Par Value:	$0.01 per share.
Aggregate Liquidation Preference:	$808 million,(10) plus accrued and unpaid dividends.
Liquidation Preference PerShare:	$1,000, plus accrued and unpaid dividends.
Voting Rights:	Holders of New CNC Preferred Stock will vote as a class on each of the following events or transactions, unless all of the New CNC Preferred Stock will be redeemed concurrently with such event or transaction: (i) sale of all or substantially all of New CNC's assets; (ii) merger or consolidation of New CNC; (iii) liquidation or dissolution of New CNC; (iv) issuances of subsidiary preferred stock to a third party; (v) issuances of debt (with certain exceptions) or senior equity securities (unless the proceeds are used to pay down debt under the New Credit Facility, subject to certain limitations); (vi) issuances of pari passu securities unless the proceeds are used to pay down debt under the New Credit Facility or to redeem New CNC Preferred Stock (subject to certain limitations); (vii) charter amendments that adversely change the rights or preferences of the New CNC Preferred Stock; and (viii) redemptions of and payment of cash dividends on pari passu and junior securities (subject to exceptions). Following the occurrence of a Trigger Event (defined to include, (i) reduction in certain A.M. Best ratings, (ii) any payment default under the New Credit Facility, (iii) any material adverse regulatory event (as defined in the New Credit Facility) affecting any material insurance subsidiary, (iv) conversion rights under the New CNC Preferred Stock becoming exercisable, (v) failure to comply with minimum EBITDA requirement and (vi) failure to maintain certain minimum RBC ratios), the holders of New CNC Preferred Stock will have the right to vote on an as-converted basis on all corporate matters on which holders of New CNC Common Stock have the right to vote and will have the right to call a shareholders meeting for the election of directors and nominate directors

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10 If the Effective Date is later than June 1, 2003, the initial Aggregate Liquidation Preference will be increased to the extent of postpetition interest accruing on Lender Claims from June 1, 2003 through the Effective Date.

	to serve on the board of directors (subject to New CNC having a right to cure certain Trigger Events until the first anniversary of the Effective Date).
Voting Restrictions:	In the event that any Person or group of affiliated Persons obtains direct or indirect beneficial ownership of shares of capital stock of New CNC providing such Person(s) 10% or more of the voting power with respect to a particular stockholder vote, such Person(s) will be entitled to vote only such number of shares of capital stock as do not in the aggregate equal or exceed 10% of the voting power with respect to that stockholder vote, unless, prior to that stockholder vote, the acquisition, ownership and voting of such shares of capital stock by such Person(s) equal to or in excess of 10% has been approved, or exempted from approval, pursuant to all applicable insurance regulatory requirements.
Dividends:	10.50% per annum through the second anniversary of the Effective Date and 11% per annum thereafter, payable semi-annually in additional shares of New CNC Preferred Stock until the later of (i) the second anniversary of the Effective Date and (ii) the next fiscal quarter after the date that the principal insurance subsidiaries of New CNC achieve any "A" category financial strength rating by A.M. Best; thereafter, payable semi-annually in cash at the option of New CNC out of funds legally available for the payment of dividends or in additional shares of New CNC Preferred Stock. No dividends may be paid on any other class of capital stock unless full cumulative dividends have been paid on the New CNC Preferred Stock (subject to a to be agreed upon cap on the aggregate maximum amount of dividends that can be paid in additional shares).
Ranking:	Senior to all classes and series of New CNC's capital stock in respect of dividends and amounts distributable upon liquidation, dissolution or winding-up, and junior to all indebtedness of New CNC.
Optional Redemption Rights:	By New CNC, in whole or in part, at any time, at liquidation preference.
Conversion Rights:	Convertible by holders at any time on or after September 30, 2005 into shares of New CNC Common Stock at a conversion price, to be measured on the 120th calendar day following the Effective Date, equal to the average of the volume weighted average prices of New CNC Common Stock for the immediately preceding 60 calendar days.
Exchange Rights:	On and after the tenth anniversary of the Effective Date, exchangeable, at the holder's option, into shares of New CNC Common Stock having a fair market value on the exchange date equal to the liquidation preference, subject to a maximum number of shares, to be determined. At New CNC's option, New CNC may pay cash in an amount equal to the liquidation preference in lieu of delivering shares of New CNC Common Stock upon exchange.
Preemptive Rights:	None.
Anti-Dilution:	Customary anti-dilution protection.
Registration Rights:	As set forth in the Registration Rights Agreement.

3. New CNC Warrants

The principal terms of the New CNC Warrants to be issued by New CNC under the Plan will be as follows:

Initial Issuance:	Exercisable for 5% of the New CNC Common Stock (subject to certain dilution)
Exercise Price:	The exercise price of warrants for 2.5% of the New CNC Common Stock will be based on a $3 billion enterprise valuation of New CNC ("Tranche A Warrants") and the exercise price of warrants for 2.5% of the New CNC Common Stock will be based on a $3.85 billion enterprise valuation of New CNC ("Tranche B Warrants"). The exercise price of warrants will be equal to the applicable equity value divided by the number of shares of New CNC Common Stock outstanding on a fully diluted basis (as defined) and will be determined pursuant to an agreed upon formula.
Term:	Tranche A Warrants: 6 years Tranche B Warrants: 7 years
Anti-dilution:	Customary anti-dilution protection.
Registration Rights:	As set forth in the Registration Rights Agreement.

4. New Senior Notes

The principal terms of the New Senior Notes (if any) to be issued by New CNC under the Plan will be substantially in the form set forth in the 93/94 Notes Term Sheet included in the Plan Supplement.

5. New Credit Facility

The principal terms of the New Credit Facility to be entered into on the Effective Date will be as follows:

Issuer:	New CNC.		
Guarantors:	Reorganized CIHC and each of New CNC's other current and future domestic subsidiaries other than the insurance subsidiaries, subsidiaries of insurance subsidiaries and immaterial subsidiaries (defined as any non-insurance subsidiary that has less than $1 million of assets and trailing-twelve-month revenue, minimal indebtedness and is otherwise not integral to New CNC or its subsidiaries and satisfies certain other criteria) (collectively, the "Guarantors").		
Principal Amount:	New Tranche A Bank Debt ("Tranche A"): $1,000,000,000 New Tranche B Bank Debt ("Tranche B"): $300,000,000		
Collateral:	Secured by first-priority liens (subject to customary exceptions) on substantially all assets of New CNC and the Guarantors, including all outstanding capital stock of each direct subsidiary of New CNC and the Guarantors (but not more than 65% of the voting stock of any foreign subsidiary).		
Maturity:	Tranche A: 6 years from Effective Date Tranche B: 7 years from Effective Date		
Amortization:		Tranche A	Tranche B
	June 30, 2004	$50,000,000	$3,000,000
	June 30, 2005	$50,000,000	$3,000,000
	June 30, 2006	$50,000,000	$1,500,000
	December 31, 2006	$50,000,000	$1,500,000

June 30, 2007	$75,000,000	$1,500,000
December 31, 2007	$75,000,000	$1,500,000
June 30, 2008	$75,000,000	$1,500,000
December 31, 2008	$75,000,000	$1,500,000
Tranche A Maturity Date	$500,000,000	
June 30, 2009		$1,500,000
December 31, 2009		$1,500,000
Tranche B Maturity Date		$282,000,000

Pricing:

Status	Offshore Rate Tranche A Terms Loans	Base Rate Tranche A Loans	Offshore Rate Tranche B Term Loans	Base Rate Tranche B Loans
Level I*	Offshore Rate + 5.25%	Base Rate + 3.25%	Offshore Rate + 7.25%	Base Rate + 5.25%
Level II*	Offshore Rate + 4.75%	Base Rate + 2.75%	Offshore Rate + 6.75%	Base Rate + 4.75%
Level III*	Offshore Rate + 4.25%	Base Rate + 2.25%	Offshore Rate + 6.25%	Base Rate + 4.25%
Level IV*	Offshore Rate + 3.75%	Base Rate + 1.75%	Offshore Rate + 5.75%	Base Rate + 3.75%

*"Level I Status" exists at any date if, at such date, (i) New CNC is rated "CCC+" or below by S&P or "Caa1" or below by Moody's or (ii) no other Status exists. "Level II Status" exists at any date if, at such date, New CNC is rated "B-", "B" or "B+" by S&P or "B3", "B2" or "B1" by Moody's. "Level III Status" exists at any date if, at such date, New CNC is rated "BB-", "BB" or "BB+" by S&P or "Ba3", "Ba2" or "Ba1" by Moody's. "Level IV Status" exists at any date if, at such date, New CNC is rated "BBB-" or higher by S&P or "Baa3" or higher by Moody's. Notwithstanding the foregoing, Level III Status and Level IV Status will only be in effect if New CNC's Active Material Insurance Subsidiaries maintain A.M. Best financial strength ratings of at least "A-".

Representations and Warranties:	The New Credit Facility will contain representations and warranties customary for secured financing transactions of this type, including representations and warranties addressing: (i) corporate existence and power of New CNC and its subsidiaries, (ii) authorization by New CNC and its subsidiaries of, and absence of conflicts following entry into, the loan documents to which they are a party and the transactions contemplated therein, (iii) absence of material litigation relating to New CNC and its subsidiaries or the loan documents, (iv) material compliance with respect to tax, environmental and employee benefits matters, (v) financial condition of New CNC and its subsidiaries, (vi) solvency of New CNC and its subsidiaries, and (vii) insurance maintained by New CNC and its subsidiaries.
Financial Covenants:	The New Credit Facility will contain covenants relating to New CNC's financial condition, and the minimum capital and the investment portfolios of its insurance subsidiaries, including: (i) maximum ratio of debt to total

	capitalization, (ii) minimum interest coverage ratio, (iii) minimum EBITDA, (iv) minimum risk-based capital ratio for all insurance subsidiaries, (v) minimum risk-based capital ratio for specified insurance subsidiaries, (v) minimum combined statutory capital and surplus level, and (vii) minimum investment portfolio requirements.
Affirmative Covenants:	The New Credit Facility will contain certain affirmative covenants (which covenants generally apply to New CNC and its subsidiaries) including the following: (i) delivery of financial and other information, (ii) maintenance of corporate existence and material rights and privileges, (iii) maintenance of customary insurance (including director and officer insurance), (iv) payment of obligations, including material taxes and material indebtedness, (v) material compliance with laws, including ERISA, (vi) maintenance of books and records in conformity with GAAP or SAP, as applicable, (vii) rights of lenders to inspect property and books and records, (viii) continued retention of a financial advisor to review the financial condition and performance of New CNC on behalf of the lenders until each Active Material Insurance Subsidiary (defined to include a select group of existing subsidiaries (and other subsidiaries on a going forward basis that have in excess of 5% of New Annualized Premiums (defined as the aggregate annualized first year insurance premiums of an insurance subsidiary, subject to certain adjustments based on whether such subsidiary is part of the Conseco Insurance Group or the Bankers Life Group))) has achieved an A.M. Best rating of at least "A-", (ix) retention of an investment banker to explore strategic alternatives upon a downgrade of any Active Material Insurance Subsidiary rating by A.M. Best below the initial A.M. Best rating, (x) additional domestic subsidiaries (other than insurance subsidiaries, subsidiaries of insurance subsidiaries and immaterial subsidiaries) to become guarantors, (xi) further assurances regarding collateral, (xii) creation of a security interest in certain cash deposit accounts for deposits of New CNC and the Guarantors, and (xiii) use commercially reasonable effort to collect from certain obligors all amounts owed by such obligors under the D&O Credit Facilities.
Negative Covenants:	The New Credit Facility will contain certain material negative covenants including the following: (i) prohibition on additional indebtedness (other than certain permitted indebtedness), (ii) prohibition on the issuance of certain types of capital stock by New CNC and its subsidiaries, (iii) prohibition on liens (other than certain permitted liens), (iv) prohibition on dispositions (other than certain permitted dispositions), (v) prohibition on transactions with affiliates (other than certain permitted transactions), (vi) prohibition on fundamental changes in the types of business engaged in by New CNC and its subsidiaries, (vii) prohibition on certain mergers, consolidations and substantial asset sales, (viii) prohibition on certain dividends and other distributions, (ix) prohibition on acquisitions (other than certain permitted acquisitions) until each Active Material Insurance Subsidiary has been rated by A.M. Best at least "A-" for a period of 12 consecutive months, (x) prohibition on investments, loans and advances (other than certain permitted investments, loans and advances), (xi) prohibition on prepayments of indebtedness (other than certain permitted prepayments), (xii) prohibition on modifications to New CNC's constitutive documents and indebtedness instruments that would adversely affect the lenders, (xiii) prohibition on synthetic purchase agreements, (xiv) prohibition on other agreements that restrict New CNC's or its subsidiaries' ability to incur liens or certain

debt or pay dividends (other than certain permitted exceptions) and (xv) restrictions on the types of business or activities in which New CNC or Reorganized CIHC may engage.

Events of Default:	The occurrence of any event of default will entitle the agent (with the consent of the Required Banks (defined generally as holders of at least 50.1% of outstanding loans) or oblige the agent (on the instructions of the Required Banks): (a) to declare the commitment of each lender to be terminated, and/or (b) require the immediate repayment of all amounts owing under the New Credit Facility and/or (c) to exercise all rights and remedies available under loan documents or law. Such events of default include: (i) failure to pay principal, interest or fees, (ii) material breaches of representations or warranties, (iii) breaches of covenants, (iv) cross defaults to material indebtedness of New CNC and its subsidiaries, (v) bankruptcy or insolvency, (vi) ERISA or judgment defaults above certain thresholds, (vii) certain changes of control of New CNC, (viii) occurrence of a material adverse regulatory event with respect to a Material Insurance Subsidiary (defined to include the Active Material Insurance Subsidiaries and other subsidiaries above a percentage to be agreed upon of total statutory assets), (ix) inability of any insurance subsidiary to make payments on surplus notes, pay fees to affiliates or make distributions to its stockholders as a result of regulatory action, where any of these events or conditions, together will all other events or conditions, could reasonably be expected to have a material adverse effect on New CNC and its subsidiaries, (x) invalidity or unenforceability of guarantees, (xi) loss of lien perfection or priority, (xii) failure to achieve and maintain minimum A.M. Best rating for certain insurance subsidiaries, and (xiii) downgrade by A.M. Best on or after a Rating Testing Date (defined to include each date when any portion of preferred stock is disqualified as permanent equity or New CNC takes a charge to write off any goodwill, provided that in each case, notwithstanding the occurrence of a Ratings Testing Date, no event of default will be deemed to have occurred until the first date on which New CNC would not have been in compliance with the debt to total capitalization ratio or the minimum EBITDA covenant).
Mandatory Prepayments:	New CNC is required to make prepayments under the New Credit Facility with all or a portion of the proceeds from the following transactions or events: (i) the net proceeds arising from the incurrence of certain indebtedness by New CNC or its subsidiaries, (ii) the net proceeds arising from the issuance of certain equity interests by New CNC or its subsidiaries, (iii) the net proceeds arising from the sales of certain assets by New CNC or its subsidiaries or the occurrence of casualty events, where the net proceeds of such asset sales or casualty events exceed $2.5 million in any fiscal year, (iv) recoveries on collateral by New CNC or its subsidiaries securing certain existing indebtedness, (v) repayments of the D&O Credit Facilities, and (vi) receipt of cash flows above certain levels. The priority and order of application of such prepayments will be as set forth in the credit agreement governing the New Credit Facility.

H. BOARD OF DIRECTORS OF NEW CNC

The board of directors of New CNC will consist of seven members, including two members from senior management and five outside members selected by the Conseco Creditors Committee. The Restated CNC Charter will provide that the board of directors of New CNC shall be divided into two classes of directors, with the initial Class I directors serving for a term expiring at the next succeeding annual meeting of stockholders following the Effective Date and the initial Class II directors serving for a term expiring at the second succeeding annual meeting of stockholders following the Effective Date. Other than the term for the initial Class II directors, the term of each class of directors shall expire at the next succeeding annual meeting of stockholders.

The board of directors of New CNC will appoint the board of directors of Reorganized CIHC. In accordance with section 1129(a)(5) of the Bankruptcy Code, the Debtors will file and serve a notice setting

forth the officers and Directors of the Debtors no later than ten (10) calendar days before the Confirmation Date, and will specify the Class for directors of New CNC. The Debtors will serve the notice upon: (i) the US Trustee, (ii) the Core Group (as defined in the then current Case Management Procedures approved by the Bankruptcy Court), and (iii) parties who have requested notice pursuant to Rule 2002 of the Bankruptcy Rules. Notice will be served in the manner set forth in the then current Case Management Procedures.

I. LIQUIDATION ANALYSIS

Pursuant to section 1129(a)(7) of the Bankruptcy Code (sometimes called the "Best Interests Test"), each Holder of an Impaired Claim or Impaired Equity Interest must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. The first step in meeting this test is to determine the proceeds that would be generated from the hypothetical liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. This "liquidation value" would consist primarily of the proceeds from a sale of the Debtors' assets by a chapter 7 trustee. The gross amount of cash and cash equivalents ("Cash") available would be the sum of the proceeds from the disposition of the Debtors' assets and the Cash held by the Debtors at the time of the commencement of the chapter 7 case. Such amount is reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtors' business and the use of chapter 7 for the purposes of a hypothetical liquidation. Any remaining net Cash would be allocated to creditors and stockholders in strict priority in accordance with section 726 of the Bankruptcy Code.

The Debtors believe that the Plan will produce a greater recovery for Holders of Claims and Equity Interests than would be achieved in a chapter 7 liquidation. The Company has prepared a liquidation analysis (the "Liquidation Analysis"), set forth in Exhibit B attached hereto, to assist Holders of Claims and Equity Interests to reach a determination as to whether to accept or reject the Plan. This Liquidation Analysis estimates the proceeds to be realized if CNC were to be liquidated under chapter 7 of the Bankruptcy Code. This Liquidation Analysis does not take into account CFC or include estimated proceeds, if any, from a sale or liquidation of the Company's investment in CFC. The Liquidation Analysis is based upon projected assets and liabilities of CNC as of June 1, 2003 and incorporates estimates and assumptions developed by CNC which are subject to potentially material changes with respect to economic and business conditions, as well as uncertainties not within its control.

As noted above, the Company believes that under the Plan each holder of Impaired Claims and Equity Interests will receive distributions with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. This belief is based primarily upon (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors including, but not limited to, (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and advisors to the trustee, (b) any erosion in value of assets in a chapter 7 case in the context of the liquidation required under chapter 7 and the "forced sale" atmosphere that would likely prevail, in part due to the pressure likely to be asserted by state insurance regulators to conclude the process as expeditiously as possible, (c) any adverse effects on the Company's businesses as a result of the likely departure of key employees,
(d) any reduction of value associated with a chapter 7 trustee's operation of the Company's businesses, and (e) any substantial delay in distributions to Holders in connection with a chapter 7 liquidation, and (ii) the Liquidation Analysis. Holders of Impaired Claims and Equity Interests should note that the Liquidation Analysis does not reflect any delay in distributions to creditors in a liquidation scenario, which, if considered, would only further reduce the present value of any liquidation proceeds. Insurance regulatory authorities have broad regulatory and supervisory powers over CNC's insurance subsidiaries, including their operations and transactions with affiliates. This regulation and supervision is primarily for the benefit and protection of policyholders, and it includes the authority to take control of these assets if deemed necessary to protect policyholders. In such an event, the existing claimants of CNC may not receive any recovery on their Claims or Equity Interests or may experience significant time delays in receiving a recovery.

The Debtors believe that any liquidation analysis is speculative because such an analysis is necessarily premised upon assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which would be beyond their control. Thus, there can be no assurance as to values that would actually be realized or that a sale could, in fact, be consummated in a chapter 7 liquidation, nor can there be any assurance that the Bankruptcy Court would accept the conclusions set forth in the Liquidation Analysis or concur with assumptions made therein for purposes of section 1129(a)(7) of the Bankruptcy Code. For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims that will ultimately become Allowed Claims. This estimate is based solely upon the a review of the Company's books and records and estimates as to additional Claims, if any, that may be filed in the Chapter 11 Case(s) or that would arise in the event of a conversion of the case(s) from chapter 11 to chapter 7. No order or finding has been entered by the Bankruptcy Court fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Company has projected an amount of Allowed Claims that is at the lower end of a range of reasonableness such that, for purposes of the Liquidation Analysis, the largest possible liquidation dividend to holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims or Interests under the Plan. The Liquidation Analysis is provided solely to disclose to holders the effects of a hypothetical chapter 7 liquidation of CNC, subject to the assumptions set forth therein.

To the extent that confirmation of the Plan requires the establishment of amounts for the chapter 7 liquidation value of CNC, funds available to pay Claims, and the reorganization value of CNC, the Bankruptcy Court will determine those amounts at the Confirmation Hearing. Accordingly, the annexed Liquidation Analysis is provided solely to disclose to Holders the effects of a hypothetical chapter 7 liquidation of CNC, subject to the assumptions set forth therein.

The Liquidation Analysis set forth in Exhibit B attached hereto does not speculate as to the outcome of any potential causes of action the Debtors or Holders of Claims may have nor does it, therefore, include any estimate of the necessary expenses to litigate such claims.

J. FINANCIAL PROJECTIONS AND VALUATION ANALYSIS

In conjunction with the allocation of distributions under the Plan, the Company determined that it was necessary to estimate post-confirmation reorganization values of New CNC to provide for equitable distribution among Holders of Allowed Claims and Equity Interests. Accordingly, the Company's management developed a set of financial projections, summarized below and in Exhibit C attached hereto (the "Projections"). The Company has also directed Lazard to prepare a valuation analysis of New CNC. The Projections, prepared by the Company's management as set forth in Exhibit C and the valuation set forth below are based on a number of significant assumptions, including, among other things, the successful reorganization of the Company, the sale or liquidation of the Company's investment in CFC, the Company's ability to achieve the operating and financial results set forth in the Projections, the Company's ability to obtain satisfactory ratings for its insurance subsidiaries from A.M. Best, and the assumption that capital and equity market conditions remain consistent with current conditions.

THE PROJECTIONS ARE BASED UPON A NUMBER OF SIGNIFICANT ASSUMPTIONS.

ACTUAL OPERATING RESULTS AND VALUES MAY VARY SIGNIFICANTLY FROM THE PROJECTIONS.

1. Financial Projections

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, the Bankruptcy Court to determine that confirmation is not likely to be followed by liquidation or the need for further reorganization of the debtor. In connection with the development of the Plan and for purposes of determining whether the Plan satisfies this feasibility standard, the Company's management, together with Lazard, has analyzed (taking into account the Projections) the ability of New CNC to meet its obligations under the Plan to maintain sufficient liquidity and capital resources to conduct its business.

The Projections were also prepared by the Company's management to assist each Holder of an Allowed Claim or Equity Interest in determining whether to accept or reject the Plan.

The Projections should be read in conjunction with the assumptions, qualifications and footnotes to tables containing the Projections set forth herein and in Exhibit C, the historical consolidated financial information (including the notes and schedules thereto) and the other information set forth in Conseco's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and Conseco's Quarterly Reports on Form 10-Q for the periods ended March 31, 2002, June 30, 2002 and September 30, 2002, the full texts of which are incorporated herein by reference. The Projections were prepared in good faith based upon estimates and assumptions believed to be reasonable. The Projections were prepared by the Company's management in December 2002, and were based in part on economic, competitive and general business conditions prevailing at that time. Any future changes in these conditions may materially impact the ability of the Company to achieve the Projections.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARDS COMPLIANCE WITH GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE COMPANY'S INDEPENDENT AUDITOR HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.

THE COMPANY DOES NOT, AS A MATTER OF COURSE, PUBLISH ITS Projections. ACCORDINGLY, THE Debtors DO NOT INTEND TO, AND EACH DISCLAIMS ANY OBLIGATION TO,
(I) FURNISH UPDATED PROJECTIONS TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF NEW preferred stock, NEW COMMON STOCK or NEW CNC WARRANTS OR ANY OTHER PARTY AFTER THE EFFECTIVE DATE, (II) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, OR (III) OTHERWISE MAKE SUCH UPDATED INFORMATION AVAILABLE.

THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS HERETO HAVE BEEN PREPARED EXCLUSIVELY BY THE COMPANY'S MANAGEMENT. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. THE COMPANY CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS AND RELATED INFORMATION OR AS TO THE COMPANY'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS MAY NOT MATERIALIZE AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR MAY BE UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS AND RELATED INFORMATION, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

FINALLY, THE PROJECTIONS INCLUDE ASSUMPTIONS AS TO THE ENTERPRISE VALUE OF NEW CNC, THE FAIR VALUE OF ITS ASSETS AND ITS LIABILITIES AS OF THE EFFECTIVE DATE. NEW CNC WILL BE REQUIRED TO MAKE SUCH ESTIMATIONS AS OF THE EFFECTIVE DATE. SUCH DETERMINATION WILL BE BASED UPON THE FAIR VALUES AS OF THAT DATE, WHICH COULD BE MATERIALLY GREATER OR LESS THAN THE VALUES ASSUMED IN THE ESTIMATES CONTAINED HEREIN.

2. Valuation Methodologies

In preparing an enterprise valuation of New CNC, Lazard performed a variety of analyses and considered a variety of factors. Lazard primarily relied on two generally accepted valuation methodologies for estimating New CNC's enterprise value: selected comparable companies analysis and actuarial valuation analysis. Lazard placed different weights on each of these analyses and made judgments as to the relative significance of each analysis in determining New CNC's indicated enterprise value. Lazard did not consider any one analysis or factor to the exclusion of any other analysis or factor. Lazard's valuation must be considered as a whole and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to New CNC's enterprise value.

(a) Selected Comparable Companies Analysis

The selected comparable companies analysis, performed by Lazard, calculates certain financial information, ratios and public market multiples relating to a group of publicly traded companies engaged in businesses generally similar to those to be conducted by New CNC and compares them to certain financial information and ratios relating to New CNC. This analysis includes, among other factors, comparisons of each company's historical and projected financial results, profitability, returns, leverage, ratings and business composition. Ranges of certain ratios and public market multiples are then applied to New CNC's projected financial results to derive an implied range of enterprise values for New CNC. Lazard placed different weights on each of these ratios and multiples and made judgments as to the relative significance of each in determining New CNC's enterprise value range.

Criteria for selecting comparable companies include, among other characteristics, similar lines of businesses, business risks, growth prospects, size and scale of operations. Of course, the selection of comparable companies is subject to limitations related to the comparison of companies that do not share identical financial, business and operational characteristics with New CNC.

(b) Actuarial Valuation Analysis

The actuarial valuation analysis, which was developed by the Company's actuaries and outside consulting actuaries, Milliman USA, derives a value range based on the adjusted net worth and the discounted projected future cash flows of New CNC's underlying insurance businesses. Lazard, utilizing information provided by the Company's management, subsequently made certain adjustments to the summary actuarial valuation results for certain assets and liabilities of the Company, that were not included in the actuarial appraisal. The actuarial appraisal of the insurance company subsidiaries of CNC, prepared by the Company's outside consulting actuaries, is available for viewing at www.bmccorp.net. In order to fully comprehend this report, any user of this report should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the illustrated results. This report must be read in its entirety to be understood.

3. Reorganization Value

THE ESTIMATES OF THE REORGANIZATION VALUE PREPARED BY LAZARD REPRESENT THE HYPOTHETICAL REORGANIZATION ENTERPRISE VALUE OF NEW CNC. SUCH ESTIMATES REFLECT COMPUTATIONS OF THE RANGE OF THE ESTIMATED REORGANIZATION ENTERPRISE VALUE OF NEW CNC THROUGH THE APPLICATION OF VARIOUS VALUATION TECHNIQUES AND DO NOT PURPORT TO REFLECT OR CONSTITUTE APPRAISALS, LIQUIDATION VALUES OR ESTIMATES OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH HEREIN.

The Company has been advised by Lazard, its financial advisor, with respect to the reorganization value of New CNC on a going concern basis. Solely for purposes of the Plan, the estimated range of

enterprise value of New CNC was assumed to be approximately $3,700 million to $3,900 million (with a midpoint value of $3,800 million) as of an assumed Effective Date of June 1, 2003. After deducting from New CNC's enterprise value the assumed long-term indebtedness of New CNC at the assumed Effective Date, consisting of $1,388 million of new long-term indebtedness, the estimated range of total equity value of New CNC was assumed to be approximately $2,312 million to $2,512 million (with a midpoint value of $2,412 million). After deducting from New CNC's total equity value the assumed value of the New CNC Preferred Stock at the assumed Effective Date of $808 million (which amount gives effect to accrued interest on the Senior Credit Facility and the 1999 D&O Credit Facility through the assumed Effective Date that would be satisfied in the form of New CNC Preferred Stock), the estimated range of common equity value of New CNC was assumed to be approximately $1,504 million to $1,704 million (with a midpoint value of $1,604 million). This analysis assumes that the approximately $88 million of 93/94 Note Claims will be reinstated as long-term indebtedness; in the event that the 93/94 Notes receive equity in satisfaction of their claims versus debt, the assumed equity value ranges assumed herein would increase accordingly. This analysis also does not take into account the Company's investment in CFC, which the Company intends to sell or liquidate, or include estimated proceeds, if any, from such sale or liquidation. Additionally, this analysis does not take into account the value of the New CNC Warrants that are to be issued under the Plan.

The assumed range of the reorganization value as of an assumed Effective Date of June 1, 2003 reflects work performed by Lazard prior to the initial filing of the Disclosure Statement and on the basis of information with respect to the business and certain assets and liabilities of New CNC available to Lazard as of December 2002. In addition, the assumed range of the reorganization value does not include projected recoveries from obligors of the D&O Credit Facilities or other causes of action because the value of such claims is speculative.

Lazard's analyses did not address any other aspect of the proposed restructuring or any related transactions or constitute a recommendation to any holder of outstanding securities of the Debtors as to how such security holder should vote or act on any matter relating to the restructuring or any related transaction. In addition, neither Lazard's valuation analysis nor its estimated total enterprise value for New CNC constitute an opinion as to the fairness to holders of outstanding securities of the Debtors from a financial point of view of the consideration to be received by such security holders pursuant to the Plan. Lazard does not have any obligation to update, revise or reaffirm its analysis or its estimated total enterprise value for New CNC.

In preparing its analyses, Lazard, among other things: (i) reviewed certain historical financial information of the Company for the recent years and interim periods; (ii) reviewed certain internal financial and operating data of the Company including financial projections prepared and provided by the Company's management relating to its business and its prospects; (iii) met with certain members of senior management of the Company to discuss the Company's operations and future prospects; (iv) reviewed certain publicly available financial data and considered the market value of certain public companies believed to be generally comparable to New CNC in one or more respects; (v) considered certain economic and industry information relevant to the operating business; and (vi) reviewed such other information and conducted such other studies, analyses, inquiries, and investigations as Lazard deemed appropriate. Although Lazard conducted a review and analysis of the Company's business, operating assets and liabilities and New CNC's business plans, it assumed and relied on the accuracy and completeness of all: (i) financial and other information furnished to it by or on behalf of the Company, including without limitation, information provided by the Company's actuaries and outside consulting actuaries; and (ii) publicly available information. In addition, Lazard assumed and relied upon the reasonableness and accuracy of management's projections, and no independent valuations or appraisals of the Company were sought or obtained in connection herewith. In addition, Lazard is not an actuary and Lazard's services and analyses referenced herein do not constitute actuarial determinations or evaluations or any evaluation of actuarial assumptions. In addition, and not withstanding the foregoing, the Company's outside consulting actuaries would only provide its materials to Lazard on the condition that Lazard agree not to rely upon them in a manner that created a legal duty from the outside consulting actuaries to Lazard or bring any claim against the outside consulting actuaries. As a result, there can be no assurance with respect to any actuarial information or information derived therefrom.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict, and will fluctuate with changes in factors affecting the financial condition and prospects of that business. As a result, the estimate of the range of the reorganization enterprise value of New CNC set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Since such estimates are inherently subject to uncertainties, neither the Company, Lazard, nor any other person assumes responsibility for their accuracy. In addition, the valuation of newly-issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. New CNC intends to apply to list the New CNC Preferred Stock, the New CNC Common Stock and the New CNC Warrants on a national securities exchange or on NASDAQ. There can be no assurance, however, that these securities will be so listed and, if so listed, that an active trading market would develop. Actual market prices of these securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors which generally influence the prices of securities.

4. The Company's Prior Valuation Analyses of its Insurance Businesses

Prior to retaining Lazard, in connection with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), the Company's outside consulting actuaries (the same outside consulting actuaries retained to develop the actuarial valuation analysis described above) and a nationally-recognized "big four" accounting firm had been retained under separate engagements to assist with determining the value of the Company's insurance businesses as of December 31, 2001. Based on the work performed by the Company and these actuaries and accountants, the value of the Company's insurance businesses, as of December 31, 2001, was estimated by the Company to be approximately $5.9 billion (the "Goodwill Recoverability Analysis"). There are a number of events that have occurred subsequent to December 31, 2001 that cause the Company to believe that the Goodwill Recoverability Analysis no longer reflects the current financial, business and operating condition of the Company's insurance businesses. These events, the financial, business and operating impact of which was not incorporated into the Goodwill Recoverability Analysis as of December 31, 2001, include, among other things: (i) reductions in expected future new business and increases in expected future lapses and surrenders of existing business due to downgrades by rating agencies; (ii) reductions in the value of existing business due to reinsurance transactions; (iii) reductions in capital due to dividend payments; (iv) reductions in capital due to net losses realized in 2002, primarily due to investment impairments and increases to insurance liabilities; (v) reduction in the value of new and existing business due to the lower interest rates; (vi) reductions in market values for insurance businesses, as evidenced by recent selected reinsurance transactions and the sales of insurance businesses; and (vii) reductions in the value of existing business due to higher surrenders and lapses. As a result of these subsequent events, the Company does not believe that the December 31, 2001 Goodwill Recoverability Analysis is useful or meaningful in evaluating the current value of the Company.

III.
INTERCOMPANY RELATIONSHIPS AND PROPOSED TREATMENT OF INTERCOMPANY CLAIMS UNDER THE PLAN

CNC and its subsidiaries have a number of intercompany arrangements and relationships, including the following:

A. SERVICE AGREEMENTS AND ARRANGEMENTS

Conseco Services, an affiliate of the Reorganizing Debtors, provides the Reorganizing Debtors with administrative services under various service agreements (the "Service Agreements"). Pursuant to the Service Agreements, Conseco Services provides the Reorganizing Debtors with administrative services needed for the conduct of their businesses and incurs expenses and costs associated therewith, including, among others, salaries, bonuses, payroll and other taxes, employee benefits, reimbursements, consulting and professional fees, vendor payments and insurance premiums. The Reorganizing Debtors pay Conseco

Services an amount equal to such costs and expenses plus a 10% service fee. The Reorganizing Debtors advance Conseco Services approximately $2 million per month in the aggregate under the Service Agreements. Conseco Services provides certain benefits to employees of the Finance Company Debtors and services to the Finance Company Debtors. Any claims between Conseco Services and the Finance Company Debtors would be resolved under the setoff provision of the Plan.

B. Intercompany Obligations

Other than (i) any Net Finance Company Debtors' Claims (as defined below), (ii) Net Reorganizing Debtors Claims (as defined below) or (iii) unless otherwise indicated, all intercompany amounts owed by the Reorganizing Debtors or the Finance Company Debtors to other Reorganizing Debtors, Finance Company Debtors or affiliated non-Debtors in respect of loans, notes, and intercompany cash transfers will be cancelled under the Plan. See "Summary of the Plan of Reorganization - Classification and Treatment of Claims and Equity Interests." The intercompany claims that will be expressly reinstated under the Plan are set forth on Exhibit G attached hereto.

The Company's insurance subsidiaries must maintain minimum capitalization levels under various regulatory requirements. Accordingly, certain intercompany amounts owing to the insurance subsidiaries by the Debtors will not be cancelled. The intercompany claims that will be cancelled under the Plan are set forth on Exhibit F attached hereto.

Specifically, CNC and CIHC owe intercompany obligations to five insurance company subsidiaries: Conseco Life Insurance Company ("Conseco Life"), Conseco Annuity Assurance Company ("Conseco Annuity"), Bankers Life, Bankers National Life Insurance Company ("Bankers National") and Washington National Insurance Company ("Washington National") (collectively, the "Insurance Subsidiaries").

As described in the Section entitled "General Information - Description of Conseco's Business - Government Regulation," insurance companies are subject to extensive regulation. CNC and CIHC have issued the Insurance Subsidiaries several series of preferred stock, some of which positively affects the Insurance Subsidiaries' RBC ratios and capitalization.

CNC has issued $900 million principal amount Series E Preferred Stock to Bankers National. Because the Series E Preferred Stock is not listed as an admitted asset on the statutory balance sheet of Bankers National, this stock will be cancelled under the Plan.

CIHC has issued three series of preferred stock to the Insurance Subsidiaries: (i) the 1994 Series Preferred Stock, held by Bankers Life, Conseco Annuity and Conseco Life; (ii) the 1998 Series Preferred Stock, held by Bankers Life, Conseco Life, and Washington National; and (iii) the $2.32 Preferred Stock, held by Conseco Life. The foregoing series of preferred stock are collectively referred to herein as the "Regulated CIHC Preferred Stock". The Regulated CIHC Preferred Stock constitutes admitted assets on the statutory balance sheets of each Insurance Subsidiary holding such stock. Accordingly, this stock, together with any accrued and unpaid dividends in respect of this stock, will be reinstated under the Plan with the same admitted values as existed immediately prior to the Petition Date.

C. CLAIMS BETWEEN FINANCE COMPANY DEBTORS AND REORGANIZING DEBTORS

As of the Petition Date, CFC owed CIHC $277,376,671 under a promissory note (the "CFC/CIHC Intercompany Note"), and CIHC owed CFC $315,030,986 under a separate note (the "CIHC/CFC Intercompany Note"). The net prepetition balance owing by CIHC to CFC under those two notes is $37,654,315 (the "PrePetition Note Balance"). CIHC holds other prepetition claims against CFC. In addition, on and after the Petition Date, CIHC has funded certain expenses incurred on behalf of the Finance Company Debtors (the "Advanced Funds"). Certain first day orders entered in the Reorganizing Debtors' and Finance Company Debtors' jointly administered bankruptcy cases may entitle one or more of the Reorganizing Debtors to a super-priority administrative claim in the Finance Company Debtors' cases.

Except as expressly provided for in the Plan, each Reorganizing Debtor and Reorganized Debtor may, as the case may be, pursuant to the Bankruptcy Code (including, without limitation, section 553) or applicable non-bankruptcy law or as may be agreed to by the Holder of a Claim, set off against any Allowed Claim or Equity Interest and the distributions to be made pursuant hereto on account of such Allowed Claim or Equity Interest (before any distribution is made on account of such Allowed Claim or Equity Interest), any Claims, Equity Interests, rights and Causes of Action of any nature that such Reorganizing Debtor or Reorganized Debtor, as the case may be, may hold against the Holder of such Allowed Claim or Equity Interest to the extent the Claims, Equity Interests, rights or Causes of Action against such Holder have not been compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided that, neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest hereunder shall constitute a waiver or release by such Reorganizing Debtor or Reorganized Debtor of any such Claims, Equity Interests, rights and Causes of Action that such Reorganizing Debtor or Reorganized Debtor may possess against such Holder.

Without limiting the generality of the foregoing, on the Effective Date, prior to effectuating the distributions contemplated by the Plan, the CIHC/CFC Intercompany Note and any other claims CFC may hold against CIHC shall be offset against: (i) the CFC/CIHC Intercompany Note, (ii) all other prepetition amounts owed by CFC and (iii) all postpetition amounts owed by CFC that are not repaid in full in Cash by CFC, including, without limitation, health and welfare benefits, insurance, other direct CFC expenses and an appropriate allocation (which allocation will be filed by the Reorganizing Debtors 10 days prior to the Confirmation Hearing) of the postpetition professional fees paid by CIHC except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). Any balance of the CIHC/CFC Intercompany Note remaining after giving effect to all the setoffs in the preceding sentence (the "Net CFC Claims") will be Class 6B Claims.

In addition, without limiting the generality of the foregoing, each of the Reorganizing Debtors shall offset against Claims by any of the Finance Company Debtors all (x) prepetition Claims owing by the Finance Company Debtors to the Reorganizing Debtors, including without limitation, (i) amounts owing under the prepetition tax sharing payments, (ii) amounts owing as a result of payments made on behalf of the Finance Company Debtors to ExlServices.com, Inc. ("Exl"), (iii) an appropriate allocation of prepetition professional fees incurred by the Reorganizing Debtors and Finance Company Debtors in connection with their restructuring and the preparation for these Chapter 11 Cases, (iv) prepetition amounts owing by the Finance Company Debtors to Conseco Services or CIHC, and (y) postpetition amounts owing by the Finance Company Debtors to the Reorganizing Debtors that are not repaid in full in Cash, including without limitation, (i) postpetition tax sharing payments owed by the Finance Company Debtors, (ii) an appropriate allocation of the postpetition professional fees incurred by the Reorganizing Debtors during these Chapter 11 Cases, (iii) any postpetition payments by the Reorganizing Debtors to Exl pursuant to the guarantee by CNC of a transition services agreement between Exl and CFC, and
(iv) postpetition amounts owed by the Finance Company Debtors to Conseco Services or CIHC except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). Claims (if any) of Finance Company Debtors against Reorganizing Debtors that continue to be outstanding after such offsets as well as any Net CFC Claims are referred to herein collectively as "Net Finance Company Debtors' Claims." To the extent any Net Finance Company Debtors' Claims are Allowed Claims against CNC they will be Class 8A Claims. For purposes of this Article III.B, "Net Reorganizing Debtors' Claims" means any and all Claims held by any of the Reorganizing Debtors or any of their affiliates against the Finance Company Debtors after effecting any and all of the offsets described above. Notwithstanding anything else contained in the Plan, all such Net Reorganizing Debtors' Claims shall be preserved and unaffected by the confirmation of the Plan.

On February 19, 2003, the Bankruptcy Court entered an Order granting the Finance Company Debtors through April 1, 2003 to file proofs of claim against the Reorganizing Debtors. The Reorganizing Debtors have been advised by the Finance Company Debtors that they are presently engaged in investigations to determine the bases for, and valuation of, intercompany claims they may hold against the Reorganizing Debtors. The Finance Company Debtors believe that it is possible that the investigations will

yield additional information regarding the intercompany obligations which may necessitate adjustments to the amounts of the PrePetition Note Balance, the Advanced Funds, Net Finance Company Debtors' Claims and/or Net Reorganizing Debtors' Claims. The Reorganizing Debtors are presently engaged in investigations to determine the basis for, and valuation of, any additional intercompany claims that they may hold against the Finance Company Debtors. The CFC Committee likewise is investigating all intercompany claims held by the Finance Company Debtors and has raised concerns regarding the offset of prepetition amounts against postpetition amounts between the Debtors and the Finance Company Debtors.

IV.
SUMMARY OF OTHER DEBTORS AND REASONS FOR FILING

In addition to CNC and CIHC, certain of their affiliates filed for chapter 11 on the Petition Date. CTIHC, Inc. and Partners Health Group, Inc. filed for chapter 11 to address certain liabilities against them.

V.

THE CHAPTER 11 CASES

On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. At such time, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors were stayed under section 362 of the Bankruptcy Code. The Debtors will continue to conduct their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

A. SUMMARY OF SIGNIFICANT MOTIONS

The following summarizes significant motions that have been filed in the Chapter 11 Cases. You can view these motions at www.bmccorp.net/conseco.

1. Applications for Retention of Reorganizing Debtors' and Finance Company Debtors' Professionals

On January 14, 2003, the Bankruptcy Court approved the retention of certain professionals to represent and assist the Reorganizing Debtors and the Finance Company Debtors in connection with the Chapter 11 Cases. These professionals were intimately involved with the negotiation and development of the Plan. These professionals include, among others: (a) Kirkland & Ellis, as counsel for the Reorganizing Debtors and Finance Company Debtors; (b) Lazard Freres & Co., LLC as financial advisor for the Reorganizing Debtors and Finance Company Debtors; (c) Bankruptcy Management Corporation, as notice agent for the Reorganizing Debtors and Finance Company Debtors: and (d) Bridge Associates, LLC as crisis managers for the Finance Company Debtors. The Bankruptcy Court also approved a request to retain other professionals to assist the Reorganizing Debtors and Finance Company Debtors in other ongoing matters. These professionals include, but are not limited to: (i) Baker Botts, LLC as special SEC counsel to the Debtors and Finance Company Debtors; (ii) PricewaterhouseCoopers LLP, as accountants to the Debtors and Finance Company Debtors; (iii) Gregory P. Joseph Law Offices, LLC as special litigation counsel to the Debtors and Finance Company Debtors; (iv) Milliman USA Inc. to provide actuarial and valuation services to the Reorganizing Debtors: (v) Baker & Daniels, as special corporate counsel to the Reorganizing Debtors; and (vi) Dorsey & Whitney LLP, as special corporate and securitization counsel to the Finance Company Debtors.

2. Motion to Continue Using Existing Bank Accounts and Business Forms

The Bankruptcy Court has authorized the Reorganizing Debtors' and Finance Company Debtors' continued use of their respective bank accounts. Additionally, the Reorganizing Debtors have historically received services from their subsidiary Conseco Services pursuant to the Service Agreements. Pursuant to the Service Agreements, Conseco Services provides the Reorganizing Debtors with administrative services needed for the conduct of the Reorganizing Debtors' businesses and incurs expenses and costs including salaries, bonuses, payroll and other taxes, employee benefits, reimbursements, consulting and professional fees, vendor payments and insurance premiums. The Reorganizing Debtors pay Conseco Services an

amount equal to such costs and expenses plus a 10% service fee. The Bankruptcy Court has authorized the Reorganizing Debtors to continue using Conseco Services in this manner.

3. Motion to Pay Employee Wages and Associated Benefits

The Reorganizing Debtors and Finance Company Debtors believe that their employees are a valuable asset and that any delay in paying prepetition or postpetition compensation or benefits to their employees would destroy their relationship with employees and irreparably harm employee morale at a time when the dedication, confidence and cooperation of their employees is most critical. The Bankruptcy Court granted the Reorganizing Debtors' request for authority to pay all compensation and benefits owed to employees through Conseco Services. In addition, the Bankruptcy Court granted the Finance Company Debtors' request for authority to pay all compensation and benefits to their employees. The authority granted allows the Reorganizing Debtors and Finance Company Debtors to compensate their employees for obligations payable as of the Petition Date, as well as obligations that come due after the Petition Date.

4. Motion to Increase CFC's Manufactured Housing Securitization Servicing Fee

The Finance Company Debtors filed this motion jointly with U.S. Bank, as trustee ("Trustee") for certain manufactured housing securitization trusts (the "MH Securitization Trusts"), on the Petition Date. The joint motion requested the Bankruptcy Court to order a temporary increase, for a period of thirty (30) business days, in the amount of the monthly servicing fee paid to CFC or CFSC as servicers of the MH Securitization Trusts to 1/12 of 125 basis points per annum and the priority of such payments (the "Revised Servicing Fee") as an expense prior to the distribution of any amounts in respect of certificates issued by the MH Securitization Trusts.

Pursuant to the joint motion, CFC and CFSC have granted a senior security interest in CFC's Manufactured Housing platform and a junior security interest in CFC's other assets in favor of the Trustee for the benefit of itself and the corresponding certificateholders, to secure (i) the continued payment of certain of the Trustee's fees and expenses; (ii) the amount, if any, by which the Revised Servicing Fee exceeds the original servicing fee at the contractual level of priority during the period of the requested interim order; and (iii) any losses to the securitization trusts relating to manufactured housing, home equity and home improvement loans, credit card receivables and recreational vehicle loans resulting from any misappropriation, misapplication or other diversion of funds by the servicer.

The Bankruptcy Court entered an interim order granting the requested relief, with the final hearing scheduled for February 12, 2003. On February 12, 2003, the matter was continued to February 19, 2003 and subsequently to February 21, 2003. On February 21, the Bankruptcy Court entered an agreed order resetting the final hearing date to March 5, 2003, which was continued until March 13, 2003, and continuing the first interim order until the final hearing, with the exception that the security interest provided under the first interim order was capped at $35 million and the parties agreed that the security interest would no longer accrue additional amounts. On March 14, 2003, the Bankruptcy Court entered an order resolving all issues relating to the foregoing matters as part of a global settlement among the parties in connection with the approval of the sale of the CFC Assets to CFN and GE.

5. Motion to Enter into Commitment Letter and Approving Interim Commitment Fee and Expense Reimbursement to Replacement DIP Lenders

On February 25, 2003, after negotiations and with the support of the CFC Committee, the Finance Company Debtors filed an emergency motion with the Bankruptcy Court seeking authorization to (i) enter into a commitment letter with a syndicate of entities affiliated with Goldman Sachs Credit Partners under which the Finance Company Debtors are granted the option to enter into $845 million in postpetition financing; (ii) pay $5 million in lieu of reimbursement for expenses incurred in preparing the financing and (iii) pay an interim commitment fee of $3.75 million. On February 26, 2003, the Bankruptcy Court entered an order granting the authorization sought in the Finance Company Debtors' emergency motion. The $5 million expense reimbursement and $3.75 million commitment fee are super-priority administrative claims under sections
364(c)(1), 503(b) and 507(a) of the Bankruptcy Code. On March 5, 2003, the Finance Company Debtors filed a motion with the Bankruptcy Court for a final order authorizing the

exercise of the option to enter into the postpetition financing. A final hearing to approve the financing has been set for March 20, 2003.

6. Motions for Authority to Continue the Key Employee Retention Program

The Reorganizing Debtors and Finance Company Debtors believe that it is imperative to stabilize their workforce at this critical juncture of the Chapter 11 Cases to ensure that the necessary complement of employees required to proceed with the Debtors' reorganization are in place. On January 14, 2003 (with respect to the Finance Company Debtors and on January 29, 2003 (with respect to the Reorganizing Debtors), the Bankruptcy Court granted the request for authority to continue, and approved the terms of, an enhanced key employee retention program. In addition, on or about January 31, 2003, the Reorganizing Debtors filed a motion to implement a key employee retention program for their senior management (the "Senior Management KERP"). On February 21, 2003, the Bankruptcy Court granted the Senior Management KERP motion authorizing the Reorganizing Debtors to implement a key employee retention program for certain senior management that has three components: (i) a bonus upon emergence from chapter 11, (ii) an annual bonus and (iii) severance. Subsequent to the granting of this motion, Ms. Elizabeth Georgakopoulos, president of Conseco Insurance Group, separated from the Company. Although the board of directors of CNC is authorized to make further payments to her under the Senior Management KERP, the Company did not implement the Senior Management KERP with regard to Ms. Georgakopoulos and does not intend to make any further payments to her. However, the terms of her separation have yet to be negotiated.

7. Motion for Authority to Prohibit Trading of Equity Securities

The Reorganizing Debtors filed this motion on the Petition Date, requesting the Bankruptcy Court institute procedures to prohibit, without the consent of the Reorganizing Debtors or the Bankruptcy Court, sales and other transfers of equity securities of CNC by holders of the outstanding CNC common stock on a fully diluted basis (a "Substantial Equityholder"), to prohibit, without the consent of the Reorganizing Debtors or the Bankruptcy Court, the acquisition of CNC equity securities by Substantial Equityholders or by persons who would become a Substantial Equityholder as a result of that acquisition, and to impose certain notification requirements on persons who are or become Substantial Equityholders. The Reorganizing Debtors requested this relief in order to guard against an unplanned change in control for purposes of section 382 of the Internal Revenue Code, which could limit the Reorganizing Debtors' ability to use net operating losses in the future. Such equity interest trading could also adversely impact the Reorganizing Debtors by resulting in inadvertent "changes in control" under state insurance regulations. The Bankruptcy Court granted this motion and entered an amended final order on January 21, 2003.

8. Bar Date Order

The Bankruptcy Court set a claims bar date of February 21, 2003 for all creditors holding Claims against the Reorganizing Debtors. The Bankruptcy Court also set June 17, 2003 as the bar date for governmental entities. If creditors and governmental entities do not file any claims by the bar date, they will be barred from asserting any claims against the Reorganizing Debtors or receiving distributions under the Plan.

On February 20, 2003, pursuant to the Debtors' emergency motion, the Bankruptcy Court entered an order extending the claims bar date for certain listed D&O Credit Facility participants until the 60th day after the effective date of any confirmed plan of reorganization for the Reorganizing Debtors.

Also on February 20, 2003, pursuant to a joint motion of the CFC Committee and Finance Company Debtors, the Bankruptcy Court entered an order extending the claims bar date for the Finance Company Debtors to file claims against the Reorganizing Debtors to April 1, 2003.

9. Schedules and Statements

The Reorganizing Debtors filed their respective schedules of assets and liabilities and statement of financial affairs (the "Schedules") with the Bankruptcy Court. The Schedules can be reviewed at the office

of the Clerk of the Bankruptcy Court for the Northern District of Illinois, Everett McKinley Dirksen Building, 219 S. Dearborn, Chicago, Illinois 60604, or can be obtained on the website www.bmccorp.net/conseco.

10. Motion for Preliminary Injunction Extending the Automatic Stay to Certain Directors and Officers

Conseco, Inc. v. Carolyn Porter, et al. In this adversary action, CNC is seeking an injunction barring plaintiffs in nine actions from pursuing claims against certain current and former directors and officers of CNC, as well as its non-debtor subsidiary, Conseco Services. On January 6, 2003, the Bankruptcy Court entered an order staying all nine actions until April 6, 2003. The court ruled that the automatic stay would not bar the plaintiffs in several of the actions from perfecting the consolidation of those actions and selecting lead counsel and a lead plaintiff. The action has been continued until the next omnibus hearing after April 2, 2003. The stay in this action also has been applied by stipulation to Roderick Russell, et al. v. Conseco, Inc., et al., an adversary action involving claims against CNC, certain current and former directors and officers of CNC, and Conseco Services.

Conseco, Inc. v. Royal Insurance Company, et al. In this adversary action, CNC is seeking a declaration that an action pending in Indiana state court is subject to the automatic stay, as well as an injunction barring further proceedings in that action. CNC's motion for a preliminary injunction was set for hearing on January 6, 2003, but was carried over until January 14, 2003 at 11:00 a.m. On January 14, 2003, the Bankruptcy Court ordered the parties to engage in additional briefing and suggested a ruling would be forthcoming. The stay motion has since been carried over until March 19, 2003.

11. Estimation Procedures

On February 19, 2003, the Bankruptcy Court granted an order instituting procedures whereby claims against any Reorganizing Debtor may be estimated. Estimation of disputed claims may be required in order to establish appropriate reserves under the Plan.

12. Motion to Enforce the Automatic Stay, Demand the Turnover of Property, Settle Valid Lien Claims and Foreclose On, Sell, or Otherwise Transfer Property Free and Clear of All Liens

On February 21, 2003, the Bankruptcy Court entered a second interim order through the next omnibus hearing on March 20, 2003, (i) enforcing the automatic stay in respect of lien claims on property securing loans owned, originated or serviced by the Finance Company Debtors, (ii) authorizing the Finance Company Debtors to demand the turnover of certain property of the estates, (iii) authorizing the Debtors to settle valid lien claims and to foreclose on, sell or otherwise transfer title to such property free and clear of all liens. Pursuant to an agreed stipulation with Affordable Residential Communities ("ARC"), the interim order will not apply to ARC. Additionally, ARC and the Debtors agreed to work in good faith to resolve their differences. The Debtors served the Lien Claimants with notice of the continued motion and the Bankruptcy Court allowed time for the lien claimants to file objections to the motion until on or before 5:00 p.m. CST, March 12, 2003.

13. Motion to Pay Certain Prepetition Claims and to Direct Financial Institutions to Honor and Process Checks and Transfers Relating to Such Claims

As a result of the Debtors' acquisition of The Statesman Group, Inc. in 1994 and its subsequent merger (the "Statesman Insurance Company Acquisition"), CIHC became responsible for certain policies covering a reinsurance agreement with Statesman Insurance Company. On February 21, 2003, the Bankruptcy Court entered an order authorizing CIHC to make payments on certain of those claims and directing the relevant financial institutions to process and pay any checks relating to those claims.

14. Official Committee of Unsecured Creditors of CFC's Application to Retain Huron Consulting Group LLC as Financial Advisors

On February 21, 2003, the Bankruptcy Court granted the CFC Committee's retention of Huron Consulting Group LLC as Financial Advisors.

15. Motion to Enter Into Replacement Financing

On February 26, 2003, the Bankruptcy Court entered an order granting the Finance Company Debtors authority to pay the commitment fee with respect to replacement debtor-in-possession financing with a syndicate of entities affiliated with Goldman Sachs Credit Partners LP.

16. Debtors' Objections To Claims

As of the date of this Disclosure Statement, the Debtors have filed their First and Second Omnibus Objections to Claims, objecting to a total of 843 Claims in the aggregate amount of approximately $234,496,366. The Debtors continue to review and analyze the approximately 9,000 filed and scheduled claims that they have received in these Chapter 11 Cases. The Debtors will continue to raise appropriate objections and responses as necessary.

B. APPOINTMENT OF THE OFFICIAL COMMITTEES

On January 3, 2003, the Office of the United States Trustee appointed three official committees in the Chapter 11 Cases (collectively, the "Official Committees"): (i) Official Committee of the Reorganizing Debtors (the "Conseco Creditors Committee"); (ii) Official Committee of the Finance Company Debtors (the "CFC Committee") and (iii) Official Committee of the Trust Preferred Securities (the "TOPrS Committee").

The members of the Conseco Creditors Committee are The Bank of New York, Bank of America, N.A., Angelo, Gordon & Co., L.P., Appaloosa Mgmt., L.P., HSBC Bank USA, Metropolitan West Asset Management LLC and First Pacific Advisors, Inc. The Conseco Creditors Committee retained Fried, Frank, Harris, Shriver & Jacobson and Mayer, Brown, Rowe & Maw as its legal advisors and have filed an application to retain Houlihan Lokey Howard & Zukin LLP and Greenhill & Co, LLC as its financial advisors.

The members of the CFC Committee are U.S. Bank National Association, Millenium Partners, L.P., Prudential Insurance Company, Commonwealth Advisors, Inc., Deutsche Asset Management, Jefferson Pilot Financial Insurance Company and Morgan Keegan. The CFC Committee retained Greenberg Traurig, P.C. as its legal advisors and Huron Consulting Group LLC as its financial advisors.

The members of the TOPrS Committee are Paul Floto, United Capital Markets, Inc. and Oppenheimer Capital. The TOPrS Committee retained Saul Ewing LLP and Jenner & Block as its legal advisors and Raymond James as its financial advisors. The TOPrS Committee also retained Fox-Pitt, Kelton Inc. as its insurance company valuation expert and Watson Wyatt Insurance & Financial Services, Inc. as its actuarial consultant.

Since the formation of the Official Committees, the Reorganizing Debtors and Finance Company Debtors have consulted with the Official Committees concerning the administration of the Chapter 11 Cases. The Debtors have kept the Official Committees informed about their operations and have sought the concurrence of the Official Committees to the extent their respective constituencies would be affected by actions and transactions taken outside of the ordinary course of their businesses. The Conseco Creditors Committee has participated actively, together with the Reorganizing Debtors' and Finance Company Debtors' management and professionals, in among other things, reviewing their business plan and operations. The Reorganizing Debtors and Finance Company Debtors and their respective professionals have met with the Conseco Creditors Committee and its professionals on numerous occasions in connection with the negotiation of the Plan.

VI.

SUMMARY OF THE PLAN OF REORGANIZATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and interest holders. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of or equity holder in the debtor, whether or not such creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable right of the holders of claim or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not "unimpaired" will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides Claims and Equity Interests into various Classes and sets forth the treatment for each Class. The Debtors also are required, as discussed above, under section 1122 of the Bankruptcy Code, to classify Claims and Equity Interests into Classes that contain Claims and Equity Interests that are substantially similar to the other Claims and Equity Interests in such Classes. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim or Equity Interest may challenge the classification of Claims and Equity Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys), the Unofficial Noteholders' Committee, the Unofficial Lenders' Committee, and the Official Committees, and each of the members of such committees (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Plan, and

therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

THE REMAINDER OF THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN)

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

B. OVERALL STRUCTURE OF THE PLAN

There is a separate Subplan for each Debtor. The Subplans are designated by the following letters:

Debtor	Subplan
Conseco, Inc.	A
CIHC, Incorporated	B
CTIHC, Inc.	C
Partners Health Group, Inc.	D

The Debtors believe that the Plan provides the best and most prompt possible recovery to Holders of Claims and Equity Interests. Under the Plan, Claims against and Equity Interests in the Debtors are divided into different classes. Under the Bankruptcy Code, claims and equity interests are classified beyond mere "creditors" or "shareholders" because such entities may hold claims or equity interests in more than one class. For purposes of this Disclosure Statement, the term Holder refers to the holder of a Claim or Equity Interest in a particular Class under the Plan. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as practicable thereafter, the Debtors will make distributions in respect of certain Classes of Claims and Equity Interests as provided in the Plan. The Classes of Claims against and Equity Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and distributions to be made under the Plan are described below.

C. SUBSTANTIVE CONSOLIDATION

The estates of the Debtors have not been substantively consolidated. The Claims held solely against one of the Debtors will be satisfied solely from the cash and assets of such Debtor except as provided in the Plan. Except as specifically set forth herein, nothing in the Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that one of the Debtors is subject to or liable for any Claim against any other Debtor. Except as provided in the Plan, the Claims of Creditors that hold Claims against multiple Debtors will be treated as separate Claims with respect to each Debtor's estate for all purposes (including, but not limited to, distributions and voting), and such Claims will be administered as provided in the Plan. Any Claims against the Debtors will be satisfied according to the terms of the Plan.

D. SEVERABILITY OF PLAN PROVISIONS

The Plan is comprised of four Subplans of reorganization, one for each Reorganizing Debtor. The confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each Subplan. If any Subplan(s) is not confirmed, then the Debtors reserve the right, with the prior written consent of the Conseco Creditors Committee, to either (a) request that the other Subplans be confirmed or (b) withdraw some or all Subplans; provided that (i) the Subplan for CIHC may not be confirmed unless the Subplan for CNC is confirmed and (ii) the Subplan for CNC may not be confirmed unless the Subplan for CIHC is confirmed. Subject to the preceding provision, the Debtors' inability to confirm or election to withdraw any Subplan(s) shall not impair the confirmation of any other Subplan(s).

E. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. Summary of Claims against all Debtors

(a) Administrative Claims

Administrative Claims are Claims for costs and expenses of administration of the Chapter 11 Cases that are entitled to priority pursuant to section 507(a)(1) of the Bankruptcy Code. Such Claims include (1) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Debtors' estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services, leased equipment and premises), and Claims of governmental units for taxes (including tax audit Claims related to tax years commencing after the Petition Date, but excluding Claims relating to tax periods, or portions thereof, ending on or before the Petition Date) and (2) all fees and charges assessed against the Debtors' Estates under Section 1930, Chapter 123 of Title 28, United States Code.

Subject to sections 328, 330(a) and 331 of the Bankruptcy Code, each Holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash (i) on the Effective Date or as soon thereafter as is practicable, (ii) or if such Administrative Claim is Allowed after the Effective Date, on the date such Administrative Claim is Allowed, or as soon thereafter as is practicable, or (iii) upon such other terms as may be agreed upon by such Holder and the respective Reorganized Debtor or otherwise upon an order of the Bankruptcy Court; provided that Allowed Administrative Claims representing obligations incurred in the ordinary course of business or otherwise assumed by the Debtors pursuant to the Plan will be assumed on the Effective Date and paid or performed by the respective Reorganized Debtor when due in accordance with the terms and conditions of the particular agreements governing such obligations. The Reorganizing Debtors (and the Reorganized Debtors) are not obliged to pay Administrative Claims against any Finance Company Debtors.

(b) Priority Tax Claims

Priority Tax Claims are Claims for taxes entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code. On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall be paid, at the option of the respective Debtor, (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, or (b) Cash over a six-year period from the date of assessment as provided in section 1129(a)(9)(C)

of the Bankruptcy Code, with interest payable at a rate of 4% per annum or such other rate as may be required by the Bankruptcy Code. The amount of any Priority Tax Claim that is not an Allowed Claim or that is not otherwise due and payable on or prior to the Effective Date, and the rights of the Holder of such Claim, if any, to payment in respect thereof shall (x) be determined in the manner in which the amount of such Claim and the rights of the Holder of such Claim would have been resolved or adjudicated if the Chapter 11 Cases had not been commenced, (y) survive the Effective Date and Consummation of the Plan as if the Chapter 11 Cases had not been commenced, and (z) not be discharged pursuant to section 1141 of the Bankruptcy Code. Reorganizing Debtors (and the Reorganized Debtors) are not obliged to pay Priority Tax Claims Allowed against any Finance Company Debtor.

2. Summary of the Claims and Equity Interests against the Reorganizing Debtors

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Any default with respect to any Allowed Claim that existed immediately prior to the Petition Date shall be deemed cured upon the Effective Date.

(a) Classification and Treatment of Claims and Equity Interests against CNC pursuant to its Subplan

Class	Claim	Status	Voting Right
1A	Other Priority Claims	Unimpaired	Deemed to Accept
2A	Other Secured Claims	Unimpaired	Deemed to Accept
3A	Reinstated Intercompany Claims	Unimpaired	Deemed to Accept
4A	93/94 Note Claims	Impaired	Entitled to vote
5A	Lender Claims		
	Subclass 5A-1	Impaired	Entitled to vote
	Subclass 5A-2	Impaired	Entitled to vote
6A	Exchange Notes Claims	Impaired	Entitled to vote
7A	Original Note Claims	Impaired	Entitled to vote
8A	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to vote
9A	Convenience Class Claims	Unimpaired	Deemed to Accept
10A	Trust Related Claims	Impaired	Entitled to Vote
11A	Old CNC Preferred Stock Interests		
	Subclass 11A-1	Impaired	Entitled to Vote
	Subclass 11A-2	Impaired	Deemed to Reject
12A	Old CNC Common Stock Interests	Impaired	Deemed to Reject
13A	Discharged Intercompany Claims	Impaired	Deemed to Reject

14A	Securities Claims	Impaired	Deemed to Reject

(i) Class 1A--Other Priority Claims (Unimpaired)

An Other Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and CNC, each Holder of an Allowed Class 1A Claim shall receive, in full and final satisfaction of such Allowed Class 1A Claim, one of the following treatments, in the sole discretion of CNC:

(a) CNC or the Distribution Agent will pay the Allowed Class 1A Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; provided that, Class 1A Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1A Claims become due and owing in the ordinary course of business; or

(b) Such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 1A is not impaired and the Holders of Class 1A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1A Claims are not entitled to vote to accept or reject the Plan.

(ii) Class 2A--Other Secured Claims (Unimpaired)

Other CNC Secured Claims are Claims that are secured by a lien on property in which CNC has an interest, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in CNC's interest in such property, or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Class 2A Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2A Claim and CNC or a relevant Distribution Agent, each Holder of an Allowed Class 2A Claim shall receive, in full and final satisfaction of such Allowed Class 2A Claim, one of the following treatments, in the sole discretion of CNC:

(a) the Allowed Class 2A Claims shall be reinstated as an obligation of New CNC;

(b) CNC shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against CNC or New CNC; provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(c) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

Class 2A is unimpaired and the Holders of Class 2A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2A are not entitled to vote to accept or reject the Plan.

(iii) Class 3A--Reinstated Intercompany Claims (Unimpaired)

Reinstated Intercompany Claims are those intercompany claims which, from a regulatory perspective, cannot be cancelled or otherwise impaired under the Plan. Reinstated Intercompany Claims also include all cure payments that may arise as a result of the assumption of intercompany

executory contracts. A list of such Reinstated Intercompany Claims is attached hereto as Exhibit G. The legal, equitable and contractual rights of the Holders of Allowed Class 3A Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of such Claim and CNC, each Allowed Class 3A Claim shall be reinstated by New CNC in full and final satisfaction of such Class 3A Claim.

Class 3A is unimpaired and the Holders of Class 3A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. The relevant agreements, instruments and documents underlying Allowed Class 3A Claims will also be unimpaired. Therefore, the Holders of Claims in Class 3A are not entitled to vote to accept or reject the Plan.

(iv) Class 4A--93/94 Note Claims (Impaired)

Class 4A consists of any Claim against CNC for principal or interest under the 93/94 Notes. On or as soon as practicable after the Effective Date, each Holder of a Class 4A Claim will receive in respect of its Allowed Class 4A Claim, in full and final satisfaction of all such Allowed Class 4A Claims, a Pro Rata share of the 93/94 Notes Distribution. The indebtedness represented by the 93/94 Notes is secured in part by a pledge of the stock of certain subsidiaries of CFC. Accordingly, the Claims of the Holders of the 93/94 Notes may be satisfied from proceeds received in connection with the CFC sale transaction. In such event, these Holders will no longer have a right to receive a Pro Rata share of the 93/94 Notes Distribution. CFC, however, may be entitled to a distribution with respect to a reimbursement claim (if any) against CNC related to its satisfaction of the Claims of such Holders to the extent that such claim is not satisfied under Article VII.F of the Plan, in which case CFC's reimbursement claim would be satisfied by the distribution of shares of New CNC Common Stock as contemplated by the 93/94 Notes Distribution.

Immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 4A Claims shall be deemed to release all prepetition liens on any assets of, and all security interests they may have held in or against the Debtors or any of the Debtors' Subsidiaries or their respective assets as of the Petition Date, including, but not limited to their security interests in the CFC/CIHC Intercompany Note.

Class 4A is Impaired under the Plan. The Holders of Claims in Class 4A are entitled to vote to accept or reject the Plan.

(v) Class 5A--Lender Claims (Impaired)

Class 5A consists of two subclasses of the Lender Claims against CNC:
Lender Claims under or derived from the 1999 D&O Credit Facility (Class 5A-1), which are partially secured Claims, and all other Lender Claims (Class 5A-2). The respective Class 5A Claims are Allowed for all purposes of the Chapter 11 Cases, without the need to File proofs of claim in the amount of the Allowed Lender Claims, but due to the contractual subordination of certain other Allowed Claims, distributions will be made on account of the Total Bank Debt Balance, and such Allowed Class 5A Claims and the distributions under the Plan in respect thereof shall not be subject to offset, reduction or counterclaim in any respect.

On or as soon as practicable after the Effective Date, (x) each Holder of an Allowed Class 5A-1 Claim shall receive on account of its Allowed Class 5A-1 Claim and its related Allowed Class 4B-1 Claim, the treatment as set forth for Class 4B-1 in Section III.C.4 of the Plan and (y) each Holder of an Allowed Class 5A-2 Claim shall receive on account of its Allowed Class 5A-2 Claim and its related Allowed Class 4B-2 Claim, the treatment as set forth for Class 4B-2 set forth below. Such treatments shall be in full and final satisfaction of all Class 5A Claims. In addition, immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 5A Claims shall be deemed to release all prepetition liens on and security interests in the CFC/CIHC Intercompany Note. Classes 5A-1 and 5A-2 are Impaired Classes and Holders of Class 5A-1 and 5A-2 Claims are entitled to vote separately to accept or reject the Plan.

(vi) Class 6A--Exchange Notes Claims Against CNC (Impaired)

Class 6A consists of the Exchange Notes Claims against CNC. The Class 6A Claims (along with Class 5B Claims) are Allowed for all purposes under the Plan, without the need to file proofs of claim, in the aggregate amount of $1,370,975,431.97, but to the extent the Holders of Exchange Note Claims are entitled to postpetition interest under the Bankruptcy Code, distributions will be made on account of the Total Exchange Note Claims. Allowed Class 6A Claims and the distributions under the Plan in respect thereof shall not be subject to offset, reduction or counterclaim in any respect. On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 6A Claim shall receive in full and final satisfaction of all such Allowed Class 6A Claims, in respect of its Allowed Class 6A Claim and its related Allowed Class 5B Claim, the treatment set forth for Class 5B in Article III.B.5 of the Plan.

(vii) Class 7A--Original Note Claims (Impaired)

Class 7A consists of Original Note Claims against CNC. The Class 7A Claims are Allowed for all purposes under the Plan, without the need to file Proofs of Claim, in the amounts as set forth in the Plan Supplement, and such Allowed Class 7A Claims and the distributions under the Plan in respect thereof shall not be subject to offset, reduction or counterclaim in any respect. On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 7A Claim shall receive, in full and final satisfaction of all such Allowed Class 7A Claims, its Pro Rata share of the Original Note Distribution. In addition, Houlihan Lokey Howard & Zukin LLP and any other professionals of the Unofficial Noteholders Committee will be paid in full on the Effective Date their unpaid fees and expenses (whether incurred prior to or after the Petition Date) in accordance with their prepetition engagement letters. Class 7A is Impaired and Holders of Class 7A Claims are entitled to vote to accept or reject the Plan.

(viii) Class 8A--Reorganizing Debtor General Unsecured Claims
(Impaired)

Class 8A consists of the Reorganizing Debtor General Unsecured Claims against CNC. On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 8A Claim will receive, in full and final satisfaction of all such Allowed Class 8A Claims, its Pro Rata share of the CNC Unsecured Distribution. Class 8A is Impaired and Holders of Class 8A Claims are entitled to vote to accept or reject the Plan.

(ix) Class 9A--Convenience Class Claims (Unimpaired)

Class 9A consists of the Convenience Class Claims against CNC. CNC will treat such Allowed Class 9A Claims in a manner that will render such Claims Unimpaired by the Bankruptcy Code. Each holder of an Allowed Class 8A Claim may elect to be treated as a Holder of an Allowed Class 9A Convenience Class Claim. Any such election must be made on the Ballot, and no Creditor can elect Class 9A Claim treatment after the Voting Deadline. Each Holder of an allowed Class 9A Claim shall receive the lesser of (a) $500 or (b) the amount of their Allowed Class 8A Claim. Any Allowed Class 8A Claim that exceeds $500, but whose Holder elects to be treated as a Class 9A Claim shall be automatically reduced in complete satisfaction of such Class 8A Claim to the amount of distribution made on account of such Convenience Class Claim. Class 9A is Unimpaired and the Holders of Class 9A Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(x) Class 10A--Trust Related Claims (Impaired)

Class 10A consists of the Trust Related Claims. Trust Related Claims are contractually subordinated to Exchange Note Claims and Original Note Claims. Accordingly, the recoveries that the Trust Related Claims may have been entitled to, but for the contractual subordination provisions to which they are subject, will be distributed to the Holders of Exchange Note Claims and Original Note Claims. If Class 10A accepts the Plan, on or as soon as practicable after the Effective Date, each Holder of an Allowed Class 10A Claim shall receive, along with the Holders of Allowed Class 11A-1 Interests (if Class 11A-1 also accepts the Plan), in full and final satisfaction of all such Allowed Trust Related Claims, its Pro-Rata share of the Junior Recovery.

Restriction on recovery: The Junior Recovery being offered to Class 10A is subject to contractual subordination between the Holders of Trust Related Claims, on the one hand, and the Lender Claims and

the Senior Notes Claims, on the other hand, and is being provided by the Holders of the Lender Claims and the Senior Notes in order to facilitate a consensual Plan. The Junior Recovery is being provided with the consent of the Holders of the Lender Claims and the Senior Notes Claims. If Class 10A rejects the Plan, Holders of Class 10A and 11A-1 Claims or Interests will not receive a distribution under the Plan, and the distributions that are reserved for Class 10A under this paragraph shall instead be distributed to the Holders of Senior Note Claims. The Debtors reserve the right (i) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (ii) to modify the Plan in accordance with the terms hereof.

Class 10A is Impaired and Holders of Class 10A Claims are entitled to vote to accept or reject the Plan.

(xi) Class 11A--Old CNC Preferred Stock Interests (Impaired)

Class 11A consists of the two subclasses of Old CNC Preferred Stock Interests: Old CNC Series F Preferred Stock Interests (Class 11A-1) and Old CNC Other Preferred Stock Interests (Class 11A-2). The Old CNC Other Preferred Stock Interests are contractually subordinated to the Old CNC Series F Preferred Stock Interests. If Class 10A and Class 11A-1 accept the Plan, on or as soon as practicable after the Effective Date, each Holder of an Allowed Class 11A-1 Interest shall receive, along with the Holders of Allowed Class 10A Claims, in full and final satisfaction of all such Allowed Interests, its Pro-Rata share of the Junior Recovery. In any event, Holders of Allowed Class 11A-2 Interests will not receive a distribution under the Plan in respect of such Interests. On the Effective Date, Class 11A-1 Interests and Class 11A-2 Interests will be cancelled.

Restriction on recovery: If Class 11A-1 rejects the Plan, Holders of Class 11A-1 Interests will not receive a distribution under the Plan, and the distributions that are reserved for Class 11A-1 under this paragraph shall be retained in the Junior Recovery and be added to the distribution made available to the Holders of Allowed Class 10A Claims. If both Class 11A-1 and 10A reject the plan, the entire Junior Recovery will be distributed to the Holders of Senior Note Claims. The Debtors reserve the right (i) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (ii) to modify the Plan in accordance with the terms hereof.

Class 11A-1 is Impaired and Holders of Class 11A-1 Interests are entitled to separately vote to accept or reject the Plan, while Holders of Class 11A-2 Interests are conclusively deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

(xii) Class 12A--Old CNC Common Stock Interests (Impaired)

Class 12A consists of the Allowed Old CNC Common Stock Interests. On the Effective Date, Class 12A Interests will be cancelled and Holders thereof will not receive a distribution under the Plan in respect of such Interests.

Class 12A is Impaired and is conclusively deemed to reject the Plan. Holders of Class 12A Old CNC Common Stock Interests are not entitled to vote to accept or reject the Plan.

(xiii) Class 13A--Discharged Intercompany Claims (Impaired)

Class 13A consists of Discharged Intercompany Claims against CNC. A list of such Discharged Intercompany Claims is attached hereto as Exhibit F. Class 13A Claims will be cancelled and Holders thereof will not receive a distribution under the Plan in respect of such Claims. Class 13A is Impaired and is conclusively deemed to reject the Plan under section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 13A Claims are not entitled to vote to accept or reject the Plan.

(xiv) Class 14A--Securities Claims (Impaired)

Class 14A consists of Securities Claims against CNC. Class 14A Claims will be cancelled and Holders thereof will not receive a distribution under the Plan. Class 14A is Impaired and is conclusively

deemed to reject the Plan under section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 14A Claims are not entitled to vote to accept or reject the Plan.

(b) Classification and Treatment of Claims and Equity Interests against CIHC pursuant its Subplan

Class	Claim	Status	Voting Right
1B	Other Priority Claims	Unimpaired	Deemed to Accept
2B	Other Secured Claims	Unimpaired	Deemed to Accept
3B	Reinstated Intercompany Claims	Unimpaired	Deemed to Accept
4B	Lender Claims		
	Subclass 4B-1	Impaired	Entitled to vote
	Subclass 4B-2	Impaired	Entitled to vote
5B	Exchange Note Claims		
	Subclass 5B-1	Impaired	Entitled to vote
	Subclass 5B-2	Impaired	Entitled to vote
6B	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to vote
7B	Convenience Class Claims	Unimpaired	Deemed to Accept
8B	Reinstated CIHC Preferred Stock Interests	Unimpaired	Deemed to Accept
9B	Old CIHC Common Stock Interests	Unimpaired	Deemed to Accept
10B	Discharged Intercompany Claims	Impaired	Deemed to Reject
11B	Securities Claims	Impaired	Deemed to Reject

(i) Class 1B--Other Priority Claims (Unimpaired)

An Other Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Allowed Class 1B Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and CIHC, each Holder of an Allowed Class 1B Claim shall receive, in full and final satisfaction of such Allowed Class 1B Claim, one of the following treatments, in the sole discretion of CIHC:

(a) Reorganized CIHC or the Distribution Agent will pay the Allowed Class 1B Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; provided that, Class 1B Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Claim becomes due and owing in the ordinary course of business; or

(b) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 1B is not impaired and the Holders of Class 1B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1B Claims are not entitled to vote to accept or reject the Plan.

(ii) Class 2B--Secured Claims (Unimpaired)

Other Secured Claims are Claims that are secured by a lien on property in which CIHC has an interest, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in CIHC's interest in such property, or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Class 2B Claims are Unimpaired by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2B Claim and CIHC, each Holder of an Allowed Class 2B Claim shall receive, in full and final satisfaction of such Allowed Class 2B Claim, one of the following treatments, in the sole discretion of CIHC:

(a) the Allowed Class 2B Claims shall be reinstated as an obligation of Reorganized CIHC;

(b) CIHC or the Distribution Agent shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against CIHC, Reorganized CIHC or such Distribution Agent, provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(c) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 2A is unimpaired and the Holders of Class 2B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2A are not entitled to vote to accept or reject the Plan.

(iii) Class 3B--Reinstated Intercompany Claims (Unimpaired)

Reinstated Intercompany Claims are those intercompany claims which, from a regulatory perspective, cannot be cancelled or otherwise impaired under the Plan. A list of such Reinstated Intercompany Claims is attached hereto as Exhibit G. The legal, equitable and contractual rights of the Holders of Allowed Class 3B Claims are Unimpaired by the Plan. Unless otherwise agreed to by the Holder of such Claim and CIHC, each Allowed Class 3B Claim shall be reinstated by Reorganized CIHC in full and final satisfaction of such Class 3B Claim. Class 3B is Unimpaired and the Holders of Class 3B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3B are not entitled to vote to accept or reject the Plan.

(iv) Class 4B--Lender Claims (Impaired)

Class 4B consists of two subclasses of the Lender Claims against CIHC:
Lender Claims under or derived from the 1999 D&O Credit Facility (Class 4B-1), which are partially secured Claims, and all other Lender Claims (Class 4B-2). The Class 4B Claims are Allowed for all purposes of the Chapter 11 Cases, without the need to File proofs of claims, in the amount of the Allowed Lender Claims, but due to the contractual subordination of certain other Allowed Claims, distributions will be made on account of the Total Bank Debt Balance, and such Allowed Class 4B Claims and the distributions in the Plan in respect of Class 4B Claims shall not be subject to offset, reduction or counterclaim in any respect.

Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 4B Claim shall receive on account of and in full and final satisfaction of its Allowed Class 4B Claim and its related Allowed Class 5A Claim, its Pro Rata share of the: (i) New Tranche A Bank Debt ; (ii) New

Tranche B Bank Debt; (iii) New CNC Preferred Stock; and (iv) New CNC Warrants. CIHC will guaranty the New Tranche A Bank Debt and the New Tranche B Bank Debt and the obligations in respect thereof will be secured as contemplated by the New Credit Facility. Such treatment shall be in full and final satisfaction of all Class 4B Claims and Class 5A Claims, and of any rights to contractual subordination of other Allowed Claims for the benefit of Class 4B Claims and Class 5A Claims. In addition, immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 4B Claims and Class 5A Claims shall be deemed to release all prepetition liens on and security interests in the CFC/CIHC Intercompany Note. In addition, the Lenders' Agents and each of the Lenders shall receive in Cash on the Effective Date an amount equal to all of its fees, expenses and other amounts (including, without limitation, all fees and expenses of counsel and financial advisors including, without limitation, Greenhill & Co., LLC) payable in connection with the Senior Credit Facility or the D&O Credit Facilities, as the case may be, including, without limitation, in connection with the Chapter 11 Cases, the Plan, the implementation of the Plan or any documentation relating thereto. The New Tranche A Bank Debt and New Tranche B Bank Debt shall be issued in separate tranches as follows: (i) to Holders of Claims under the Senior Credit Facility, (ii) to Holders of Claims under or derived from the 1999 D&O Credit Facility and (iii) to Holders of Claims under or derived from the other D&O Credit Facilities. The Lenders under the respective D&O Credit Facilities shall be deemed to have transferred to New CNC, pursuant to the terms of the D&O Transfer Agreement to be executed on the Effective Date, all loans made to the individual borrowers under the D&O Credit Facilities as a result of satisfaction of the Guarantees of D&O Credit Facilities and all rights and remedies in respect thereof to New CNC, and all amounts paid by such borrowers shall be applied to the loans under the New Credit Facility as set forth in the New Credit Facility.

Classes 4B-1 and 4B-2 are Impaired Classes and Holders of Class 4B-1 and 4B-2 Claims are entitled to vote separately to accept or reject the Plan.

(v) Class 5B--Exchange Notes Claims (Impaired)

Class 5B consists of Exchange Note Claims against CIHC.
Notwithstanding any provision to the contrary contained in the Plan, the Class 5B Claims (along with Class 6A Claims) shall be deemed Allowed Claims for all purposes under the Chapter 11 Cases, without the need to File proofs of claim, in full and final satisfaction of any Claims against the Debtors, in the aggregate amount of $1,370,975,431.97, but to the extent the Holders of Exchange Note Claims are entitled to postpetition interest under the Bankruptcy Code, distributions will be made on account of the Total Exchange Note Claims. The TOPrS Committee maintains that Holders of Exchange Note Claims are not entitled to postpetition interest under the Bankruptcy Code. Holders of Allowed Class 5B Claims will receive in full and final satisfaction of all such Allowed Class 6A and Class 5B Claims a Pro Rata share of (i) the Exchange Note Distribution, on or as soon as practicable after the Effective Date, and (ii) any Available Proceeds, when and if such proceeds are available for distribution, as determined by the Residual Trustee. For a discussion of the relevant subordination provisions, see the Summary at page 2 of this Disclosure Statement. In addition, Houlihan Lokey Howard & Zukin LLP and any other professionals of the Unofficial Noteholders Committee will be paid on the Effective Date the unpaid fees and expenses (whether incurred prior to or after the Petition Date) in accordance with their prepetition engagement letters. Class 5B is Impaired and is entitled to vote to accept or reject the Plan.

(vi) Class 6B--Reorganizing Debtor General Unsecured Claims
(Impaired)

Under the Plan, Class 6B consists of any Reorganizing Debtor Unsecured Claim against CIHC, including the CIHC/CFC Intercompany Note. On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Class 6B Claim will receive in full and final satisfaction of such Class 6B Claims, its Pro Rata share of the CIHC Unsecured Distribution. Because Class 6B claims are not contractually subordinated to Lender Claims, the CIHC Unsecured Distribution is not reduced by virtue of postpetition interest being included in the Total Bank Debt Balance. Class 6B is Impaired and is entitled to vote to accept or reject the Plan.

(vii) Class 7B--Convenience Class Claims (Impaired)

Class 7B consists of the Convenience Class Claims against CIHC. CIHC will treat such Allowed 7B Claims in a manner that will render such Claims Unimpaired under the Bankruptcy Code. Each Holder of an Allowed Class 6B General Unsecured Claim may elect to be treated as a Holder of an Allowed Class 7B Convenience Class Claim. Any such election must be made on the Ballot, and no Creditor can elect Class 7B Claim treatment after the Voting Deadline. Each Holder of an Allowed Class 7B Claim shall receive the lesser of (a) $500 or (b) the amount of their Allowed Class 6B Claim. Any Allowed Class 6B Claim that exceeds $500 but whose Holder elects to be treated as a Class 7B Claim shall be automatically reduced in complete satisfaction of such Class 6B Claim to the amount of distribution made on account of such Convenience Class Claim. Class 7B is Unimpaired and the Holders of Class 7B Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

(viii) Class 8B--Reinstated CIHC Preferred Stock Interests (Unimpaired)

Class 8B consists of Interests relating to the Reinstated CIHC Preferred Stock Interests. Reorganized CIHC will reinstate the Allowed Reinstated CIHC Preferred Stock Interests. Class 8B is Unimpaired and the Holders of Class 8B Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Interests in Class 8B are not entitled to vote to accept or reject the Plan.

(ix) Class 9B--Old CIHC Common Stock Interests (Unimpaired)

Class 9B consists of Interests relating to the Old CIHC Common Stock. Reorganized CIHC will reinstate the Allowed Old CIHC Common Stock Interests. Class 9B is Unimpaired and the Holders of Class 9B Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 9B Interests are not entitled to vote to accept or reject the Plan.

(x) Class 10B--Discharged Intercompany Claims (Impaired)

Class 10B consists of the Discharged Intercompany Claims against CIHC. A list of such Discharged Intercompany Claims is attached hereto as Exhibit F. Class 10B Claims will not receive a distribution under the Plan. Class 10B is Impaired and is deemed to reject the Plan under 1126 (g) of the Bankruptcy Code. Class 10B is not entitled to vote to accept or reject the Plan.

(xi) Class 11B--Securities Claims (Impaired)

Class 11B consists of any Claims, obligations, rights, suits, damages, causes of action, remedies and liabilities, whatsoever, whether known or unknown, foreseen or unforeseen, currently existing or hereafter arising, in law or equity or otherwise arising from rescission of a purchase or sale of a security of CIHC for damages arising from the purchase, sale or holding of such securities, or for reimbursement, indemnification (except as set forth in Article VI.D of the Plan) or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim. Class 11B will not receive a distribution under the Plan. Class 11B is conclusively deemed to reject the Plan. Holders of Class 11B Claims will not be entitled to vote to accept or reject the Plan.

(c) Classification and Treatment of Claims and Equity Interests against CTIHC pursuant to its Subplan

Class	Claim	Status	Voting Right
1C	Other Priority Claims	Unimpaired	Deemed to Accept
2C	Other Secured Claims	Unimpaired	Deemed to Accept
3C	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to Vote

4C	Old CTIHC Common Stock Interests	Impaired	Deemed to Reject

(i) Class 1C--Other Priority Claims (Unimpaired)

An Other Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Allowed Class 1C Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and CTIHC, each Holder of an Allowed Class 1C Claim shall receive, in full and final satisfaction of such Allowed Class 1C Claim, one of the following treatments, in the sole discretion of CTIHC:

(a) The Distribution Agent will pay the Allowed Class 1C Claim in full in Cash on the Effective Date or as soon thereafter as is practicable, provided that, Class 1C Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1C Claims become due and owing in the ordinary course of business;

(b) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 1C is not impaired and the Holders of Class 1C Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1C Claims are not entitled to vote to accept or reject the Plan.

(ii) Class 2C--Secured Claims (Unimpaired)

Other Secured Claims are Claims that are secured by a lien on property in which CTIHC has an interest, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in CTIHC's interest in such property, or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Class 2C Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2C Claim and CTIHC, each Holder of an Allowed Class 2C Claim shall receive, in full and final satisfaction of such Allowed Class 2C Claim, one of the following treatments, in the sole discretion of CTIHC:

(a) the Allowed Class 2C Claims shall be reinstated as an obligation of Reorganized CTIHC;

(b) CTIHC shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or recourse against CTIHC or Reorganized CTIHC, provided that, such surrender must render such Claim Unimpaired pursuant to Section 1124 of the Bankruptcy Code; or

(c) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 2C is unimpaired and the Holders of Class 2C Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2C are not entitled to vote to accept or reject the Plan.

(iii) Class 3C--Reorganizing Debtor General Unsecured Claims against CTIHC (Impaired)

Class 3C consists of the Reorganizing Debtor General Unsecured Claims against CTIHC. If there are any Allowed Class 3C Claims, Holders thereof will receive a Pro Rata share of the Old CTIHC Common Stock. Class 3C Claims are Impaired. Holders of Allowed Class 3C Claims are entitled to vote to accept or reject the Plan.

(iv) Class 4C--Old CTIHC Common Stock Interests (Impaired)

Class 4C consists of the Interests in CTIHC. Under the Plan, Class 4C Interests will be allocated to the Holders of Allowed Class 3C Claims, if any, and if none, shall be held by Reorganized CIHC. Class 4C Interests are Impaired and are conclusively deemed to reject the Plan under section 1126(g) of the Bankruptcy Code. Holders of Allowed Class 4C Interests are not entitled to vote to accept or reject the Plan.

(d) Classification and Treatment of Claims and Equity Interests against Partners Health Group, Inc. pursuant to its Subplan:

Class	Claim	Status	Voting Right
1D	Other Priority Claims	Unimpaired	Deemed to Accept
2D	Other Secured Claims	Unimpaired	Deemed to Accept
3D	Reorganizing Debtor General Unsecured Claims	Impaired	Deemed to Accept
4D	Old PHG Common Stock Interests	Impaired	Deemed to Reject

(i) Class 1D--Other Priority Claims (Unimpaired)

An Other Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Allowed Class 1D Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and PHG, each Holder of an Allowed Class 1D Claim shall receive, in full and final satisfaction of such Allowed Class 1D Claim, one of the following alternative treatments, in the sole discretion of PHG:

(a) The Distribution Agent will pay the Allowed Class 1D Claim in full in Cash on the Effective Date or as soon thereafter as is practicable, provided that, Class 1D Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1D Claims become due and owing in the ordinary course of business;

(b) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 1D is unimpaired and the Holders of Class 1D Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1D are not entitled to vote to accept or reject the Plan.

(ii) Class 2D--Other Secured Claims (Unimpaired)

Other Secured Claims are Claims that are secured by a lien on property in which PHG has an interest, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in PHG's interest in such property, or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or in the case of

setoff, pursuant to section 553 of the Bankruptcy Code. The legal, equitable and contractual rights of the Holders of Class 2D Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2D Claim and PHG, each Holder of an Allowed Class 2D Claim shall receive, in full and final satisfaction of such Allowed Class 2D Claim, one of the following alternative treatments, in the sole discretion of PHG:

(a) the Allowed Class 2D Claims shall be reinstated as an obligation of Reorganized PHG;

(b) The Distribution Agent shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or recourse against PHG or Reorganized PHG, provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(c) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

Class 2D is unimpaired and the Holders of Class 2D Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2D are not entitled to vote to accept or reject the Plan.

(iii) Class 3D--Reorganizing Debtor General Unsecured Claims against PHG (Impaired)

Class 3D Claims will voluntarily waive any right to receive a distribution under the Plan. CIHC is the only creditor in Class 3D and approves its treatment under this Subplan.

(iv) Class 4D--Old PHG Common Stock Interests (Impaired)

(v) Under the Plan, Class 4D consists of Interests in PHG. PHG is a Residual Subsidiary and the Old PHG Common Stock will be transferred to the Residual Trust. CIHC is the indirect parent of PHG. CIHC and intermediate holding company approve of their treatment under this Subplan.

F. IMPLEMENTATION OF THE REORGANIZING SUBPLANS

1. Corporate Existence and Vesting of Assets in the Reorganizing Debtors and Old CNC

On the Effective Date (i) Old CNC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Indiana and its existing charter and by-laws, each of which shall be amended and restated to limit Old CNC's activity to the implementation of the Plan, the liquidation of its Residual Assets and the winding-up of its affairs;
(ii) New CNC shall be incorporated and shall exist thereafter as a separate corporate entity, with all corporate powers in accordance with the laws of the State of Delaware, the New CNC Charter and the New CNC By-laws; and (iii) (a) the Residual Trust shall be settled and exist as a grantor trust and/or liquidating trust under the laws of the State of Delaware and pursuant to the Declaration of Trust; (b) Reorganized CIHC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Delaware and its existing charter and by-laws; (c) Reorganized CTIHC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Delaware and its existing charter and by-laws; and (d) Reorganized PHG shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Illinois and its existing charter and by-laws.

Except as otherwise contemplated by the Plan, on and after the Effective Date, all property of the Estate, and any property retained or acquired by the Debtors, Reorganizing Debtors or Reorganized Debtor under the Plan, shall vest in the respective Debtor, Reorganizing Debtor or Reorganized Debtor free and

clear of all Claims, liens, charges, or other encumbrances. On and after the Effective Date, each Debtor or Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Equity Interests, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

On the Effective Date, all assets of Old CNC, other than the Residual Assets, shall be transferred by Old CNC to New CNC in exchange for the New CNC Common Stock, New CNC Preferred Stock, New CNC Warrants and the assumption of the New Tranche A Bank Debt, the New Tranche B Bank Debt and New Senior Notes.

2. Cancellation of Old CNC Securities and Bank Debt

On the Effective Date, except to the extent otherwise expressly provided in the Plan, all notes, instruments, certificates, and other documents evidencing the (i) Senior Credit Facility, (ii) Exchange Notes, (iii) Original Notes, (iv) Subordinated Debentures, (v) the 93/94 Notes, (vi) Old CNC Common Stock, and (vii) Old CNC Preferred Stock and any and all other Claims and Equity Interests shall be canceled and the obligations of the Reorganizing Debtors or Reorganized Debtors thereunder or in any way related thereto shall be discharged. On the Effective Date, except to the extent otherwise expressly provided in the Plan, any indenture or similar instrument relating to any of the foregoing shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the respective Reorganizing Debtors or Reorganized Debtors thereunder, shall be discharged and no such obligations will be assumed by the Reorganized Debtors.

3. Issuance of New Securities; Execution of Related Documents

On or as soon as practicable after the Effective Date, the Reorganized Debtors shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, including, without limitation, (i) the New Credit Facility, (ii) New Senior Notes (if any), (iii) New CNC Common Stock, (iv) New CNC Preferred Stock, and (v) New CNC Warrants, each of which shall be distributed as provided in the Plan. The Reorganized Debtors shall execute and deliver such other agreements, documents and instruments as are required to be executed pursuant to the terms hereof.

On the Effective Date, Old CNC shall issue the Residual Share to the Residual Trust.

The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys), the Unofficial Noteholders' Committee, the Unofficial Lenders' Committee, and the Official Committees, and each of the members of such committees (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

4. Creation of Residual Trust

On the Effective Date, the Residual Trust shall be settled and exist as a grantor trust and/or liquidating trust under the laws of the State of Delaware and pursuant to the Declaration of Trust. The sole asset of the Residual Trust shall be the Residual Share.

5. Implementation of Senior Management KERP

To the extent the Debtors have not already implemented all or part of the Senior Management KERP prior to the Effective Date, on the Effective Date the Debtors shall implement the Senior Management KERP with respect to Edward M. Berube, Eugene M. Bullis, Charles H. Cremens, Eric R. Johnson and William J. Shea and the Debtors and/or Reorganized Debtors shall perform any and all

obligations thereunder, including the payment of performance bonuses, emergence bonuses and severance amounts contemplated thereby.

6. Assumption of the Senior Management Employment Agreements

To the extent the Debtors have not already assumed the Senior Management Employment Agreements prior to the Effective Date (to the extent such agreements apply to the Debtors), on the Effective Date the Debtors shall be deemed to have assumed the Senior Management Employment Agreements, and to the extent such agreements apply to affiliated non-debtors, they shall be affirmed and restated in all respects by the Debtors and the applicable affiliated non-debtors on the Effective Date.

7. Creation of Professional Escrow Account

On the Effective Date, the Reorganized Debtors shall establish the Professional Escrow Account and reserve the amounts necessary to ensure the payment of all Accrued Professional Compensation.

8. Creation of Senior Management Escrow Account

On the Effective Date, to the extent funds are available after all Administrative Claims are reserved or accrued under the Plan, the Reorganized Debtors shall establish the Senior Management Escrow Account and reserve the amounts necessary to ensure the payment of the Senior Management Severance and the Senior Management Settlement Amounts. In no event shall the amount so reserved on the Effective Date be less than $16.59 million plus any Senior Management Settlement Amounts and Senior Management Employment Agreement Amounts.

9. Corporate Governance, Directors and Officers, and Corporate Action

(a) Certificate of Incorporation and By-laws

On or before the Effective Date, New CNC will file the Restated CNC Charter with the Secretary of State of Delaware in accordance with Section 103 of the Delaware General Corporation Law. The Restated CNC Charter will, among other things, authorize a yet-to-be-determined number of shares of New CNC Common Stock and a yet-to-be-determined number of shares of New CNC Preferred Stock. In addition, the Restated CNC Charter shall prohibit the issuance of non-voting equity securities to the extent required by the provisions of Section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, New CNC may amend and restate the Restated CNC Charter and other constituent documents as permitted by Delaware law.

(b) Directors and Officers of the Reorganized Debtors

The board of directors of New CNC will consist of seven members, including two members from senior management and five outside members selected by the Conseco Creditors Committee. The Restated CNC Charter will provide that the board of directors of New CNC shall be divided into two classes of directors, with the initial Class I directors serving for a term expiring at the next succeeding annual meeting of stockholders following the Effective Date and the initial Class II directors serving for a term expiring at the second succeeding annual meeting of stockholders following the Effective Date. Other than the term for the initial Class II directors, the term of each class of directors shall expire at the next succeeding annual meeting of stockholders.

The board of directors of New CNC will appoint the board of directors of Reorganized CIHC. In accordance with section 1129(a)(5) of the Bankruptcy Code, the Debtors will file and serve a notice setting forth the officers and Directors of the Debtors no later than ten (10) calendar days before the Confirmation Date, and will specify the Class for directors of New CNC. The Debtors will serve the notice upon: (i) the US Trustee, (ii) the Core Group (as defined in the then current Case Management Procedures approved by the Bankruptcy Court), and (iii) parties who have requested notice pursuant to Rule 2002 of the Bankruptcy Rules. Notice will be served in the manner set forth in the then current Case Management Procedures.

(c) Conseco, Inc. 2003 Long-Term Equity Incentive Plan

On the Effective Date, New CNC will implement the Conseco, Inc. 2003 Long-Term Equity Incentive Plan. The equity incentive plan provides, among other things, for grants of stock options and restricted stock awards. Directors, officers and other employees of New CNC and its subsidiaries and persons who provide services to New CNC or its subsidiaries are eligible for grants under the plan. The purpose of the equity incentive plan is to provide these individuals with incentives to maximize stockholder value and otherwise contribute to the success of New CNC and to attract, retain and reward the best available persons for positions of responsibility. Up to 10% of the equity of New CNC will be available for issuance under the equity incentive plan. The equity incentive plan and a summary term sheet of the plan will be filed with the Bankruptcy Court as soon as practicable.

(d) Employment Agreements

On the Effective Date, New CNC shall enter into the Senior Management Employment Agreements.

(e) Listing/Registration Rights

On the Effective Date, New CNC shall (i) be a reporting company under the Exchange Act, (ii) cause the shares of New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants to be listed on the NYSE or such other securities exchange as agreed with the Conseco Creditors Committee, if the listing requirements for such securities exchange are satisfied with respect to such securities, and (iii) execute and deliver a Registration Rights Agreement substantially in the form set forth in the Plan Supplement.

(f) Corporate Action

On the Effective Date, the adoption and filing of the Restated CNC Charter, the approval of the Restated CNC By-laws, the appointment of directors and officers for the Reorganized Debtors, the adoption of the equity incentive plan, and all actions contemplated hereby shall be authorized and approved in all respects (subject to the provisions hereof) pursuant to the Plan. All matters provided for in the Plan required by the Debtors or Reorganizing Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the board of directors of the Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors without the need for any required approvals, authorizations or consents except for express consents required under the Plan.

10. Sources of Cash for Plan Distribution

All Cash necessary for the Reorganizing Debtors and the Reorganized Debtors to make payments pursuant hereto shall be obtained from existing Cash balances of the Debtors.

11. Retiree Benefits

The Reorganizing Debtors shall timely pay any retiree benefits as defined in section 1114(a) of the Bankruptcy Code to the extent that such retiree benefits are payable by the Reorganizing Debtors. Such retiree benefits include those that arise from the plans, funds or programs described in the Plan Supplement.

12. GM Building Sale

The sale or transfer of the GM Building (or entities owning the GM Building or interests therein) pursuant to or consistent with an Order of the Bankruptcy Court shall be deemed a transfer under, pursuant to and in furtherance of the Plan.

G. TREATMENT OF LITIGATION AND OTHER LEGAL PROCEEDINGS; RESOLUTION OF D&O STOCK PURCHASE PROGRAM

The Debtors are involved on an ongoing basis in lawsuits (including purported class actions) relating to their operations, including with respect to sales practices, and certain of their current and former officers and directors are defendants in pending class action lawsuits asserting claims under the securities laws and derivative lawsuits. The ultimate outcome of these lawsuits cannot be predicted with certainty.

1. Securities Litigation

As disclosed in CNC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, CNC has settled certain securities litigation for $120 million. Of this amount, $95 million was paid by CNC's director and officer insurers. Certain underwriters at Lloyd's of London ("Lloyd's") have refused to pay the remaining $25 million. CNC is currently litigating coverage with Lloyd's in Indiana state court. In that action, Royal Insurance Company of America has asserted counterclaims seeking repayment of $15 million it previously provided to CNC as part of the settlement. Thus, if CNC does not prevail in this litigation, it could face a judgment requiring it to pay up to an additional $40 million in connection with the settlement. CNC has asked the Bankruptcy Court to stay the Indiana state court action, and the Bankruptcy Court is scheduled to hear that motion on March 20, 2003. These Claims are classified as Class 14A Securities Claims pursuant to section 510(b) of the Bankruptcy Code.

Since our August 9, 2002 announcement, a total of eight purported securities fraud class action lawsuits have been filed in the United States District Court for the Southern District of Indiana. The complaints name CNC as a defendant, along with certain current and former officers of CNC. These lawsuits were filed on behalf of persons or entities who purchased CNC's common stock on various dates between October 24, 2001 and August 9, 2002. Plaintiffs in one of these lawsuits have filed an uncontested consolidation and lead plaintiff motion, which, if granted, would result in the consolidation of these eight cases into one. These Claims are classified as Class 14A and 11B Securities Claims under the Plan. CNC believes that these lawsuits are meritless. Additionally, CNC has filed an adversary proceeding to extend the automatic stay provided for by the Bankruptcy Code to this litigation as it pertains to current and former officers and directors of CNC.

In October 2002, Roderick Russell, on behalf of himself and a class of persons similarly situated, and on behalf of the ConsecoSavePlan, filed an action in the United States District Court for the Southern District of Indiana against CNC, Conseco Services and certain current and former officers of CNC (Roderick Russell, et al. v Conseco, Inc., et al., Case No. I :02-CV -1639 LJM). The purported class action consists of all individuals whose 401(k) accounts held common stock of CNC at any time from April 28, 1999 through the present. The ultimate outcome of this lawsuit cannot be predicted with certainty. These claims are classified as 14A and 11B Securities Claims under the Plan. CNC believes that this lawsuit is meritless. Additionally, CNC has filed an adversary proceeding to extend the automatic stay provided for by the Bankruptcy Code to this litigation as it pertains to current and former officers and directors of CNC.

2. Derivative Litigation

Nine shareholder derivative suits were filed in 2000 in the United States District Court for the Southern District of Indiana. The complaints named the current directors, certain former directors, certain non-director officers of CNC (in one case), and alleging aiding and abetting liability, certain banks that allegedly made loans in relation to CNC's "Stock Purchase Plan" (in three cases). CNC is also named as a nominal defendant in each complaint. These cases have now been consolidated into one case in the United States District Court for the Southern District of Indiana, captioned: "In Re Conseco, Inc. Derivative Litigation", Case Number IP00655-C-Y/S. Two similar cases have been filed in the Hamilton County Superior Court in Indiana. The cases filed in Hamilton County have been stayed pending resolution of the derivative suits filed in the United States District Court. CNC asserts that these lawsuits are assets of the estate pursuant to section 541(a) of the Bankruptcy Code and does not currently intend to pursue them postpetition because they are meritless. The maximum exposure to the Company for these lawsuits is unknown. A list of prepetition derivative lawsuits is attached as Exhibit I hereto.

3. Other Litigation

On January 15, 2002, Carmel Fifth, LLC ("Carmel"), an indirect, wholly owned subsidiary of CNC, exercised its rights to require 767 Manager, LLC ("Manager"), an affiliate of Donald J. Trump, to elect within 60 days, either to acquire Carmel's interests in 767 LLC for $499.4 million, or to sell its interests in 767 LLC to Carmel for $15.6 million (the "Buy/Sell Right"). Such rights were exercised pursuant to the Limited Liability Company Agreement of 767
LLC. 767 LLC is a Delaware limited liability company that indirectly owns the General Motors Building, a 50-story office building in New York, New York (the "GM Building"). 767 LLC is owned by Carmel and Manager. On February 6, 2002, Mr. Trump commenced a civil action against CNC, Carmel and 767 LLC in New York State Supreme Court, entitled Donald J. Trump v. Conseco, Inc., et al. (the "State Court Action"). Plaintiff claims that CNC and Carmel breached an agreement, dated July 3, 2001, to sell Carmel's interests in 767 LLC to plaintiff for $295 million on or before September 15, 2001 (the "July 3rd Agreement"). Specifically, plaintiff claims that CNC and Carmel improperly refused to accept a reasonable guaranty of plaintiff's payment obligations, refused to complete the sale of Carmel's interest before the September 15, 2001 deadline, repudiated an oral promise to extend the September 15 deadline indefinitely and repudiated the July 3rd Agreement by exercising Carmel's Buy/Sell Right. Plaintiff asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel, unjust enrichment and breach of fiduciary duty. Plaintiff is seeking compensatory and punitive damages of approximately $1 billion and declaratory and injunctive relief blocking Carmel's Buy/Sell Right. On March 25, 2002, Carmel filed a Demand for Arbitration and Petition and Statement of Claim with the American Arbitration Association ("AAA") to have the issues relating to the Buy/Sell Right resolved by arbitration (the "Arbitration"). Manager and Mr. Trump requested the New York State Supreme Court to stay that arbitration, but the Court denied Manager's and Trump's request on May 2, 2002, allowing the arbitration to proceed. Mr. Trump and Manager appealed that decision to the New York Appellate Division. In addition, CNC and Carmel filed a Motion to Dismiss Mr. Trump's lawsuit on March 25, 2002. By Stipulation and Order, dated June 14, 2002, the State Court Action was stayed, pending resolution of the Arbitration. CNC plans to vigorously pursue its options to compel prompt resolution of this dispute. CNC believes that Mr. Trump's lawsuit is without merit and intends to vigorously pursue its own rights to acquire the GM Building. The ultimate outcome cannot be predicted with certainty. On February 21, 2003, the Trump entities filed a proof of claim asserting a general unsecured claim of $1 billion against CNC. On March 3, 2003, CNC and Carmel Fifth initiated an adversary proceeding against the Trump entities. CNC and Carmel Fifth's adversary complaint seeks declaratory and injunctive relief against the Trump entities. CNC and Carmel Fifth's adversary action requests that the court find (1) that the July 3rd Agreement terminated due to Trump's failure to comply with the terms of that agreement, and (2) that the Trump entities are required to convey their interest in 767 LLC to Carmel Fifth pursuant to Carmel Fifth's rights under the LLC Agreement. On March 5, 2003, CNC and Carmel Fifth, in the adversary proceeding, filed an emergency motion for preliminary injunction and an emergency motion for expedited hearing. Through those motions, CNC and Carmel Fifth seek: an accelerated schedule for resolution of their claims against the Trump entities, removal of Mr. Trump from management of the GM Building, and an order restraining Mr. Trump and the Trump entities from interference with CNC and Carmel Fifth's efforts to market the GM Building. If the Trump entities ultimately hold an Allowed Claim against CNC, such Claim is classified as a Class 8A Reorganizing Debtor General Unsecured Claim against CNC.

On June 24, 2002, the heirs of a former officer, Lawrence Inlow, commenced an action against CNC, Conseco Services and two former officers in the Boone Circuit Court (Inlow et al. v. Conseco, Inc., et al., Cause No. 06C01-0206-CT-244). The heirs assert that unvested options to purchase 756,248 shares of CNC common stock should have been vested at Mr. Inlow's death. The heirs further claim that if such options had been vested, they would have been exercised, and that the resulting shares of common stock would have been sold for a gain of approximately $30 million based upon a stock price of $58.125 per share, the highest stock price during the alleged exercise period of the options. CNC believes the heirs' claims are without merit and will defend the action vigorously. The maximum exposure to the Company for this lawsuit is estimated to be $33 million. The ultimate outcome cannot be predicted with certainty. Under the Plan, claims relating to this lawsuit, if allowed, will be treated as Class 8A Reorganizing Debtor General Unsecured Claims, although the Debtors reserve their right to seek to subordinate this claim under section 510(b) of the Bankruptcy Code.

CNC is also a party to litigation related to the death of Lawrence Inlow with the manufacturer of the corporate helicopter and other parties. This litigation was consolidated in the United States District Court for the Southern District of Indiana (In re: Inlow Accident Litigation, Cause No. IP99-0830-C-H/G) and is currently on appeal to the Seventh Circuit Court of Appeals. The maximum exposure for this litigation is estimated to be $25 million, although CNC believes that the claims against it are without merit. The ultimate outcome cannot be predicted with certainty. Under the Plan claims relating to this lawsuit, if allowed, will be treated as Class 8A Reorganizing Debtor General Unsecured and Claims. CNC is also party to litigation with Associated Aviation Underwriters, Inc. in Hamilton County Superior Court (Associated Aviation Underwriters, Inc. v. Conseco Inc., et al, Cause No. 29C01-9909-CP588) relating to Associated Aviation Underwriters' obligation to defend and/or indemnify CNC in the aforementioned litigation. If CNC prevails in this lawsuit, Associated Underwriters may be obligated to indemnify the CNC for all or part of its liability in the aforementioned litigation. This litigation has been stayed until final judgments are rendered in the former litigation.

In addition, CNC and its subsidiaries are involved on an ongoing basis in other lawsuits and arbitrations (including purported class actions) related to their operations. These actions include one action brought by the Texas Attorney General regarding long term care policies, two purported nationwide class actions involving claims related to "vanishing premiums," two purported nationwide class actions involving claims related to "modal premiums" (the alleged imposition and collection of insurance premium surcharges in excess of stated annual premiums). The ultimate outcome of all of these other legal matters pending against CNC or its subsidiaries cannot be predicted, and, although such lawsuits are not expected individually to have a material adverse effect on CNC, such lawsuits could have, in the aggregate, a material adverse effect on CNC's consolidated financial condition, cash flows or results of operations. The maximum aggregate exposure for such lawsuits is estimated to be approximately $22 million. Under the Plan, claims relating to these lawsuits, if allowed, will be treated as Class 8A Reorganizing Debtor General Unsecured Claims.

4. Other Proceedings

CNC has been notified that the staff of the U.S. Securities and Exchange Commission has obtained a formal order of investigation in connection with an inquiry that relates to events in and before the spring of 2000, including CNC's accounting for its interest-only securities and servicing rights. These issues were among those addressed in CNC's write-down and restatement in the spring of 2000, and were the subject of shareholder class action litigation, which has recently been settled as described above. CNC is cooperating with the SEC staff in this matter.

CNC has been notified that the Alabama Securities Commission is examining CNC's 1998 Directors/Officers & Key Employees Stock Purchase Program and the 2000 Employee Stock Purchase Program Work-Down Plan. CNC is cooperating with the Commissioner's staff in this matter.

5. Resolution of Directors & Officers Stock Purchase Program

Within fifteen (15) days after the Effective Date, New CNC and Reorganized CIHC shall take the following actions with respect to the individuals and entities (each a "Participant" and collectively, the "Participants") that (i) owe amounts under the D&O Credit Facilities or to New CNC and Reorganized CIHC pursuant to the various Directors & Officers Stock Purchase Programs (the "Stock Programs") and (ii) purchased 40,000 or less shares of Old CNC Common Stock pursuant to the Stock Programs and owe amounts under the D&O Credit Facilities or to New CNC and Reorganized CIHC as part of the Stock Programs:

(a) New CNC and Reorganized CIHC, in settlement of any good faith claims(11) such Participant may have in any manner relating to the D&O Credit Facilities, the Stock Programs, or any

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11 Pursuant to an order entered on February 19, 2003, the claims bar date for Participants is 60 days after the Effective Date. As of the date the amended Plan was filed with the Bankruptcy Court, it appears that very few Participants have filed a proof of claim against any Reorganizing Debtor. Any Participant who executes an Adjustment Agreement will release his or her claims against the Reorganizing Debtors related to the D&O Credit Facilities, Stock Programs and any Work-Down Plan.

Work-Down Plan, shall offer a Purchase Price Adjustment Agreement substantially in the form attached as Exhibit H hereto (the "Adjustment Agreement") to such Participant pursuant to which (i) the Participant's initial loan amounts shall be reduced to an amount equal to an agreeable price(12) per share for the shares purchased by such Participant (the "Adjusted Purchase Amount"), and (ii) New CNC and Reorganized CIHC shall cause their affiliate Conseco Services to execute the Adjustment Agreement and to reduce any loans such Participant owes to Conseco Services related to the D&O Credit Facilities and/or the Stock Programs to an amount calculated on an agreeable price per share for the shares purchased by such Participant (the "Adjusted Interest Amount"); provided, however, that under the Adjustment Agreement:

(i) Participant shall (A) pay to New CNC the Adjusted Purchase Amount and (B) pay to Conseco Services the Adjusted Interest Amount within 90 days after the Participant signs the Adjustment Agreement, but if payment is not made on such date, Participant shall owe (A) New CNC 4% per annum simple interest on the Adjusted Purchase Amount, accruing as of the 91st day, and (B) Conseco Services 4% per annum simple interest on the Adjusted Interest Amount, accruing as of the 91st day.

(ii) Participant releases New CNC, Reorganized CIHC, the original lenders under the D&O Credit Facilities (and their successors and assigns), their respective affiliates, and the respective officers, directors, employees, agents (including financial consultants) and attorneys of the original lenders under the D&O Credit Facilities (and of their successors and assigns) (collectively, the "SP Releasees") from any and all claims the Participant may have with respect to the D&O Credit Facilities, his or her participation in the Stock Programs or any Work-Down Plan, and/or the Plan, but Participant reserves all rights against the Ineligible Persons (as defined below) and all others (other than the SP Releasees) who were involved in the D&O Credit Facilities and/or the Stock Programs (such others (other than the SP Releasees) together with the Ineligible Persons, the "Non-Released Entities") and waives no causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters), whether under the pertinent loan documents, applicable law or otherwise, against the Non-Released Entities and/or the Non-Released Entities' past, present or future property (including any such property that may be in the hands of any immediate or mediate transferee), all regardless of whether New CNC or Reorganized CIHC asserts or exercises (or does not assert or exercise, as the case may be) similar causes of action, setoffs, claims, rights, defenses and/or remedies (or similar matters) (in any combination) against any other person or entity.

(iii) Upon Participant's payment of (A) the Adjusted Purchase Amount to New CNC and (B) the Adjusted Interest Amount to Conseco Services, New CNC, Reorganized CIHC, and Conseco Services and their respective affiliates shall release the Participant from any claims with respect to the D&O Credit Facilities, Stock Programs or any Work-Down Plan, but New CNC, Reorganized CIHC and Conseco Services (A) waive no other causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters) against Participant and (B) New CNC, Reorganized CIHC and Conseco Services reserve all rights against Non-Released Entities and waive no causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters), whether under the pertinent loan documents, applicable law or otherwise, against the Non-Released Entities and/or the Non-Released Entities' past, present or future property (including any such property that may be in the hands of any immediate or mediate transferee), all regardless of whether New CNC or Reorganized CIHC asserts or exercises (or does not assert or exercise, as the case may be) similar causes of action, setoffs, claims, rights, defenses and/or remedies (or similar matters) (in any combination) against any other person or entity.

(iv) Participant assigns to New CNC his or her rights against the Non-Released Entities.

(b) Pursuant to Section III.C.4.c of the Plan, New CNC shall succeed to the Lenders' right, title and interest in the loans underlying the D&O Credit Facilities.

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12 New CNC and Reorganized CIHC shall negotiate with each Participant an agreeable price per share unique to such Participant. New CNC and Reorganized CIHC shall not be obliged to offer the same price to all Participants.

(c) The following are ineligible to be offered an Adjustment Agreement (collectively, "Ineligible Persons"): (i) persons or entities that purchased more than 40,000 shares of Old CNC Common Stock and owe amounts under the D&O Credit Facilities or to New CNC or Reorganized CIHC as part of the Stock Programs, (ii) Participants who are offered an Adjustment Agreement under paragraph (a) above but who, for whatever reason, refuse to sign an Adjustment Agreement, and (ii) Participants who are not offered an Adjustment Agreement under paragraph (d) below.

(d) Notwithstanding paragraph (a) above, New CNC and Reorganized CIHC may choose not to offer an Adjustment Agreement to any Participant who purchased 40,000 or less shares who New CNC and Reorganized CIHC reasonably believe directed and/or authorized (i) the implementation of the Stock Program,
(ii) the number of shares (or aggregate purchase price) of Conseco, Inc. common stock to be purchased in the aggregate pursuant to the Stock Program and/or
(iii) the selection of individuals eligible to participate in the Stock Program and/or their permitted level of participation. The fact that a Participant is or is not a current employee of New CNC, Reorganized CIHC or any affiliate shall not be a factor in determining whether New CNC and Reorganized CIHC offer a Participant an Adjustment Agreement.

The form of Adjustment Agreement attached as Exhibit H hereto shall be executed on an individualized basis by the Reorganized Debtors and Participants that are offered it and choose to sign it and, in addition to the other restrictions set forth herein, no Participant shall be entitled to the benefits of the Adjustment Agreement absent such execution and delivery of the Adjustment Agreement. Participants who are offered the Adjustment Agreement may choose to decline to sign it, but in such event, any such declining Participants shall become Ineligible Persons.

The Debtors have determined based on several different business and legal considerations to offer Adjustment Agreements to Participants, subject to the foregoing conditions, and their decision to do so shall in no manner be deemed to be an admission (or by any other Person) as to the accuracy of any factual statement or legal theory underlying any such good faith claims on the part of any such Participant or any other borrower under the D&O Credit Facilities, but on the contrary, the Debtors deny the legal validity or enforceability of any such claims or defenses and expressly reserves any and all of their claims, defenses, rights, powers and/or remedies against any such Participant in the event that the Plan is not confirmed and against Ineligible Persons, whether or not the Plan is confirmed. The decision to offer an Adjustment Agreement to a Participant under the foregoing terms and conditions has been made in connection with and is a part of the Plan and, as such, is independent of and is expressly not a renewal or extension of any Work-Down Plan, and shall not be deemed to be a renewal or extension of any Work-Down Plan under any circumstances.

Loans arising under the D&O Credit Facilities and the Stock Programs that are owed by eleven Ineligible Persons constitute approximately 90% of the loans outstanding under the D&O Credit Facilities, including Rollin M. Dick and Stephen Hilbert, who owe approximately $92,921,300 and $209,190,716, respectively. The Debtors intend to pursue amounts owed by certain Ineligible Persons.

The base salaries (excluding bonuses) for employees that are Participants is between $56,000 and $350,000, and the average base salary is $155,317. The Debtors believe that offering Adjustment Agreements to Participants is in creditors' best interest for a number of reasons. Many Participants have raised (formally or informally) good faith claims (including misrepresentation and coercion) that they are not liable to repay their loans under the D&O Credit Facilities. Although the Debtors have reasonable defenses to these good faith claims, the Debtors' ability to collect any significant amounts from Participants is in substantial doubt, and the mere process of trying to defend against so many claims from so many different individuals would be burdensome, expensive and distracting to the Debtors and their employees. Offering Adjustment Agreements to Participants will allow the Debtors to focus their efforts against those obligors who owe the largest amounts under the D&O Credit Facilities and from whom the Debtors have the greatest potential recovery.

Each executed Adjustment Agreement should have the following tax consequences: (i) New CNC and Reorganized CIHC will not claim a deduction to the extent the loans are reduced under the Adjustment Agreement, (ii) the Participant's basis in the stock should be reduced, but the Participant should not

recognize income to the extent his or her loans are reduced under the Adjustment Agreement, and (iii) New CNC and Reorganized CIHC will not pay the Participant cash on account of the loans being reduced under the Adjustment Agreement.

6. Debtors' Causes of Action

As discussed in Section VI.L.5 below, the Debtors have preserved their rights with respect to certain claims and causes of action under the Plan. As of the date hereof, the Debtors cannot predict with certainty the amount or value of any recoveries they might achieve with respect to such claims or causes of action as such amounts or values are speculative. Before the Petition Date, the Debtors had retained over 30 advisors in connection with various legal, financial and management matters. The Debtors believe that they have no potential causes of action against these parties, but have not conducted any formal investigation of potential claims. The Debtors have provided a list of the advisors to the TOPrS Committee to facilitate its investigation. As indicated in paragraph 5 above, the Debtors intend to pursue amounts owed by certain obligors under the D&O Credit Facilities. As of the date hereof, the Debtors believe that any recoveries that may be achieved with respect to such claims are speculative.

Included in the Plan Supplement is a list of payments that were scheduled in the Debtors' Statement of Financial Affairs (items 3.a and 3.b). These payments may be avoided under various sections of the Bankruptcy Code. These payments total approximately $1.801 billion, but $1.728 billion of that amount relates to intercompany transfers. The value of causes of action premised on avoidance actions under the Bankruptcy Code is speculative, and the Debtors have not analyzed the defenses to such actions. Moreover, if any Person is required to disgorge monies pursuant to sections 547, 548, 549, 550 or 553 of the Bankruptcy Code, then such Person has a right to file a proof of claim pursuant to Federal Rule of Bankruptcy Procedure 3002(c)(3). Such Claims would be classified as general unsecured claims, and to the extent they are Allowed against CIHC, are senior to the Trust Related Claims. Even if the preferences and other transfers described in CIHC's Statement of Financial Affairs are recovered in full, the general unsecured claims against CIHC class would expand to consume any additional value created by such recoveries at the CIHC level. To the extent such Claims are Allowed against CNC, they would share such recoveries with the Trust Related Claims. In any event, the Trust Related Claims would be required to contribute their recoveries to the Claims that benefit from subordination provisions in prepetition agreements until such senior creditors are paid in full.

H. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Reorganizing Debtors: Executory Contracts and Unexpired Leases

Immediately prior to the Effective Date, except as otherwise provided in the Plan, all executory contracts, including without limitation, the prepetition engagement letters for the financial and legal advisors of the Unofficial Bank Committee and the Unofficial Noteholder Committee, respectively, stipulation agreements entered into with Distribution Agents during these Chapter 11 Cases, or unexpired leases of the Reorganizing Debtors will be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases that (1) have been rejected by order of the Bankruptcy Court, (2) have previously been assumed by order of the Bankruptcy Court, (3) are the subject of a motion to reject pending on the Effective Date, (4) are identified in the Plan Supplement to be rejected, (5) that relate to the purchase or other acquisition of Equity Interests. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All Proofs of Claims with respect to Claims arising from the rejection of executory contracts or unexpired leases, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such rejection (which order, in the case of executory contracts or unexpired leases rejected pursuant to the Plan, shall be the Confirmation Order). Any Claims arising from the rejection of an executory contract or unexpired lease not Filed within such time will be

forever barred from assertion against any Debtor or Reorganized Debtor, any Estate or property of any Debtor or Reorganized Debtor unless otherwise ordered by the Bankruptcy Court. All Allowed Claims arising from the rejection of executory contracts or unexpired leases of the Reorganizing Debtors will be classified as Reorganizing Debtor General Unsecured Claims.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, or as soon thereafter as is practicable, or on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any cure payments, (2) the ability of the relevant Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

Ten days before the Confirmation Hearing, the Debtors will contact relevant contract counter-parties with the Stated Cure Amounts (if any) for all executory contracts and unexpired leases to be assumed pursuant to the Plan.

4. Indemnification of Directors, Officers and Employees

The obligations of any Debtor to indemnify any Releasee serving at any time on or after the Petition Date as one of its directors, officers or employees by reason of such Releasee's service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in such Debtor's constitutive documents, by a written agreement with such Debtor or under applicable state corporate law (to the maximum extent permitted thereunder), shall be deemed and treated as executory contracts that are assumed by the relevant Reorganized Debtor (it being understood that New CNC is the relevant Reorganized Debtor of CNC) pursuant hereto and section 365 of the Bankruptcy Code as of the Effective Date. Accordingly, such indemnification obligations shall survive Unimpaired and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The Conseco Creditors Committee has not yet agreed to this provision and has advised the Debtors it is opposed to this provision in its current form.

Under Article X.C of the Plan, only Holders of Claims (a) who accept the Plan or (b) who receive a distribution under the Plan release the Releasees. As a result, certain Holders of Equity Interests (Classes 14A and 11B) will not release the Releasees, and the Releasees may continue to have exposure for unreleased matters. To the extent that the Reorganized Debtors assume indemnification obligations owed to the Releasees under Article VI.D of the Plan, those obligations will be transformed into post Effective Date claims that the Reorganized Debtors must pay in full (because they have indemnified the Releasees for such claims).

5. Compensation and Benefit Programs

Except as otherwise expressly provided in the Plan, all employment and severance agreements and policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans shall be treated as executory contracts under the Plan and on the Effective Date shall be deemed assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code; and the Debtors' obligations under such programs to Persons shall survive confirmation of the Plan, except for (i) executory contracts or employee benefit plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code), (ii) all employee equity or equity-based incentive plans, and (iii) such executory contracts or employee benefit plans as have previously been rejected, are the

subject of a motion to reject as of the Confirmation Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract; provided however, that the Debtors' obligations, if any, to pay all "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code shall continue. The Reorganizing Debtors will determine what will happen to the CFC pension plan when the terms of the proposed sale of CFC are more completely developed. The Pension Benefit Guaranty Corporation has reserved its rights to object to confirmation of the Plan for any reason.

6. Assumption of D&O Insurance

All directors' and officers' liability insurance policies maintained by the Debtors are hereby assumed. Entry of the order confirming the Plan by the clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code. The Reorganized Debtors shall maintain for a period not less than 10 years from the Effective Date coverage for the individuals covered, as of the Petition Date, by such policies at levels and on terms no less favorable to such individuals than the terms and levels provided for under the policies assumed pursuant to the Plan. Solely with respect to directors and officers of any of the Debtors who served in such capacity at any time on or after the Petition Date, the Debtors shall be deemed to assume, as of the Effective Date, their respective obligations to indemnify such individuals (and only such individuals) with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the extent provided by the Debtors' respective articles of incorporation, certificates of formation, corporate charters, bylaws and similar corporate documents as in effect as of the date of entry of the Confirmation Order. Notwithstanding anything to the contrary contained in the Plan, such assumed indemnity obligations shall not be discharged, Impaired, or otherwise modified by confirmation of the Plan and shall be deemed and treated as executory contracts that have been assumed by the Debtors pursuant to the Plan as to which no proofs of claim need be Filed. The Conseco Creditors Committee has not yet agreed to this provision and has advised the Debtors that it is opposed to the maintenance of coverage as described above.

The exact cost to the Debtors to maintain D&O insurance over the next ten years cannot be calculated with reasonable certainty. Specifically, the cost of such insurance is highly dependent on varying conditions in the market and the make-up of the Debtors upon confirmation of any plan of reorganization. For example, due to increases in the size and frequency of losses in connection with D&O insurance in the market generally, there has been a general increase in the cost of D&O insurance over the last two years. Key loss-factors have included, but are not limited to: (i) stock volatility, (ii) poor financial conditions,
(iii) M&A activity, (iv) insider trading, (v) companies overstating revenues or earnings, leading to financial restatements, and (vi) accounting irregularities.

As such, while D&O premiums were somewhat predictable for the years 1997, 1998, 1999 and 2000, the issues noted above, as well as the overall state of the insurance market, reinsurance market, economy, and the Debtors' uncertain future exposure, make it impossible to predict future costs of D&O insurance for the Debtors over the next ten years. The following list identifies the Debtors' historic annual premiums for D&O insurance, (including coverage of CFC and CFSC).

Year	Limit	Annual Premium
1998-1999	$100,000,000	$730,000
1999-2000	$100,000,000	$633,350
2000-2001	$150,000,000	$1,886,600
2001-2002	$125,000,000	$3,077,050*
2002-2003	$50,000,000	$11,250,000

*Does not include $2,955,000 paid to place the policy in discovery through December 18, 2003.

The Debtors do not believe that the annual premium paid in 2002-2003 is representative of the likely cost to maintain tail insurance coverage following the Effective Date, but, in light of current uncertainties and the factors described above, no assurance can be given as to the future costs for this insurance. Because the insurance coverage obligations only relate to acts or omissions occurring on or prior to the Effective Date, the costs of this coverage are expected to decline over time. Furthermore, acts or omissions occurring prior to the Petition Date are generally covered by the 2001-2002 policy to the extent claims are made prior to the end of the discovery period on December 18, 2003, and acts or omissions occurring during the 2002-2003 policy period (December 18, 2002 through December 18, 2003) are generally covered by the 2002-2003 policy to the extent claims are made prior to the expiration of the policy period. The availability of this existing insurance coverage, together with the exculpation described in Section VI.L.4. below, is expected to significantly reduce the future cost of D&O tail insurance coverage, though the Debtors are not currently able to estimate that cost at this time, for the reasons discussed above.

I. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims and Equity Interests Allowed as of the Effective Date

Except as otherwise provided in the Plan or as may be ordered by the Bankruptcy Court, distributions to be made on the Effective Date on account of Claims and Equity Interests that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as soon as practicable thereafter.

For purposes of determining the accrual of interest, dividends or rights in respect of any other payment from and after the Effective Date, the New Tranche A Bank Debt, the New Tranche B Bank Debt, the New Senior Notes, New CNC Preferred Stock, New CNC Warrants and New CNC Common Stock shall be deemed issued as of the Effective Date regardless of the date on which they are actually dated, authenticated or distributed; provided that the respective Reorganized Debtor shall withhold any actual payment until such distribution is made and no interest shall accrue or otherwise be payable on any such withheld amounts.

2. Distributions by the Distribution Agent(s)

The Debtors shall have the authority, in their sole discretion, to enter into agreements with one or more Distribution Agents, to facilitate the solicitation of votes on the Reorganizing Subplans and distributions required under the Reorganizing Subplans. As a condition to serving as a Distribution Agent, a Distribution Agent must (i) affirm its obligation to facilitate the prompt distribution of any documents or solicitation materials, (ii) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required under the Reorganizing Subplan at issue, and (iii) waive any right or ability to setoff against, deduct from, or assert any lien or encumbrance against the distributions required under the Reorganizing Subplan that are to be distributed by such Distribution Agent. In consideration for waiving its rights to setoff, deduct from or assert any lien or encumbrance against such distributions, the Debtors shall pay all reasonable fees and expenses (whether prepetition or postpetition) of such Distribution Agent. The Distribution Agent shall submit detailed invoices to the Debtors for all fees and expenses for which the Distribution Agent seeks reimbursement. The Debtors, upon review of such invoices, shall pay those amounts the Debtors, in their sole discretion, deem reasonable, and shall object in writing to those fees and expenses, if any, that the Debtors deem to be unreasonable. In the event that the Debtors object to all or any portion of a Distribution Agent's invoice, the Debtors and such Distribution Agent will endeavor, in good faith, to reach mutual agreement on the amount of such disputed fees and/or expenses. In the event that the Debtors and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court. To the extent the Debtors and any Distribution Agent entered into a stipulation during these Chapter 11 Cases concerning the fees of such Distribution Agent, such stipulations are assumed hereunder and the payment obligations evidenced thereby shall become obligations of the Reorganized Debtors to the extent such obligations remain unpaid as of the Effective Date.

3. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) Delivery of Distributions in General

Distributions to Holders of Allowed Claims and Allowed Equity Interests shall be made to the Holders of such Allowed Claims and Allowed Equity Interests as of the Distribution Record Date. Except as otherwise provided in Article VIII.D.2 of the Plan, distributions to Holders of Allowed Claims and Allowed Equity Interests shall be made at the address of the Holder of such Claim or Equity Interest as indicated on the records of the Debtors as of the date that such distribution is made.

(b) Undeliverable Distributions

(i) Holding of Undeliverable Distributions.

If any distribution to a Holder of an Allowed Claim or Allowed Equity Interest is returned to a Distribution Agent as undeliverable, no further distributions shall be made to such Holder unless and until such Distribution Agent is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of such Distribution Agent subject to Article VIII.C.2.b of the Plan until such time as a distribution becomes deliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, the Distribution Agent shall make all distributions that become deliverable.

(ii) Failure to Claim Undeliverable Distributions

In an effort to ensure that all Holders of Allowed Claims and Equity Interests receive their allocated distributions, ninety (90) days after the Effective Date, the Reorganized Debtors will file with the Bankruptcy Court a listing of unclaimed distribution. This list will be maintained for as long as the Chapter 11 Cases stay open. Any Holder of an Allowed Claim or Equity Interest (irrespective of when a Claim or Equity Interest became an Allowed Claim or Equity Interest) that does not assert a Claim or Equity Interest pursuant hereto for an undeliverable distribution (regardless of when not deliverable) within two years after the Effective Date shall have its Claim or Equity Interest for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim or Equity Interest against the relevant Reorganized Debtor or its property. In such cases: (i) any Cash held for distribution on account of such Claims or Equity Interests shall be property of the relevant Reorganized Debtor or Liquidating Plan Administrator, free of any restrictions thereon; and (ii) any securities issued under the Plan held for distribution on account of such Claims or Equity Interests shall be canceled and of no further force or effect. Nothing contained in the Plan shall require the Distribution Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

(c) Compliance with Tax Requirements/Allocations.

In connection with the Plan, to the extent applicable, each Reorganizing Debtor, Reorganized Debtor and the Distribution Agent shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Each Reorganizing Debtor, Reorganized Debtor and Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

4. Timing and Calculation of Amounts to be Distributed

On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Claim against or Allowed Equity Interest in the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Equity Interests in the applicable Class. If and to the extent that there are Disputed Claims or Disputed Equity Interests, distributions on account of such Disputed Claim or Equity Interest shall be made pursuant to the provisions set forth in Article IX.A.3 of the Plan.

5. Minimum Distribution

Any other provision of the Plan notwithstanding, payments of fractions of shares of New CNC Common Stock or New CNC Preferred Stock or fractions of New CNC Warrants will not be made and will be deemed to be zero. Any other provision of the Plan notwithstanding, the Reorganized Debtors or a Distribution Agent will not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

6. Setoffs

Except as expressly provided for in the Plan, each Reorganizing Debtor and Reorganized Debtor may, as the case may be, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim or Equity Interest and the distributions to be made pursuant to the Plan on account of such Allowed Claim or Equity Interest (before any distribution is made on account of such Claim or Equity Interest), any Claims, Equity Interests, rights and Causes of Action of any nature that such Reorganizing Debtor or Reorganized Debtor, as the case may be, may hold against the Holder of such Allowed Claim or Equity Interest to the extent the Claims, Equity Interests, rights or Causes of Action against such Holder have not been compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided that, neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest under the Plan shall constitute a waiver or release by such Reorganizing Debtor or Reorganized Debtor of any such Claims, Equity Interests, rights and Causes of Action that such Reorganizing Debtor or Reorganized Debtor may possess against such Holder.

Without limiting the generality of the foregoing, on the Effective Date, prior to effectuating the distributions contemplated by the Plan, the CIHC/CFC Intercompany Note shall be offset against: (i) the CFC/CIHC Intercompany Note, (ii) all other prepetition amounts owed by CFC and (iii) all postpetition amounts owed by CFC that are not repaid in full in Cash by CFC, including, without limitation, health and welfare benefits, insurance, other direct CFC expenses and an appropriate allocation of the postpetition professional fees paid by CIHC (which allocation will be filed by the Reorganizing Debtors 10 days prior to the Confirmation Hearing) except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). Any Net CFC Claims will be classified as Class 6B Claims.

In addition, without limiting the generality of the foregoing, each of the Reorganizing Debtors shall offset against Claims by any of the Finance Company Debtors against all (x) prepetition Claims owing by the Finance Company Debtors to the Reorganizing Debtors, including without limitation, (i) amounts owing under the prepetition tax sharing payments, (ii) amounts owing as a result of payments made on behalf of the Finance Company Debtors to Exl, (iii) an appropriate allocation of prepetition professional fees incurred by the Reorganizing Debtors and Finance Company Debtors in connection with their restructuring and the preparation for these Chapter 11 Cases, (iv) prepetition amounts owing by the Finance Company Debtors to Conseco Services or CIHC, and
(y) postpetition amounts owing by the Finance Company Debtors to the Reorganizing Debtors that are not repaid in full in Cash, including without limitation, (i) postpetition tax sharing payments owed by the Finance Company Debtors, (ii) an appropriate allocation of the postpetition professional fees incurred by the Reorganizing Debtors during these Chapter 11 Cases, (iii) any postpetition payments by the Reorganizing Debtors to Exl pursuant to the guarantee by CNC of a transition services agreement between Exl and CFC, and
(iv) postpetition amounts owed by the Finance Company Debtors to Conseco Services or CIHC except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). To the extent any Net Finance Company Debtors' Claims are Allowed Claims against CNC they will be Class 8A Claims. Notwithstanding anything else contained herein, all Net Reorganizing Debtors' Claims shall be preserved and unaffected by the confirmation of the Plan.

7. Surrender of Canceled Instruments or Securities

Subject to Article VIII.I of the Plan, each record Holder of an Allowed Claim or Equity Interest relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facilities, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes, (vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or (ix) CNC Preferred Stock shall surrender the certificates or other documentation underlying such Claim or Equity Interest, and all such surrendered certificates and other documentations shall be marked as canceled.

8. Failure to Surrender Canceled Instruments

Any Holder of Allowed Claims or Equity Interests relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facilities, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes, (vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or (ix) CNC Preferred Stock that fails to surrender or is deemed to have failed to surrender its certificates or other documentation representing such Claim or Equity Interest required to be tendered under the Plan within one year after the Effective Date shall have its Claim for a distribution pursuant hereto on account of such Allowed Claim or Allowed Equity Interests discharged and shall be forever barred from asserting any such Claim or Equity Interest against any Reorganizing Debtor, Reorganized Debtor or the Distribution Agent or their assets.

9. Lost, Stolen, Mutilated or Destroyed Securities

Any Holder of Allowed Claims or Equity Interests relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facilities, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes, (vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or (ix) CNC Preferred Stock that is evidenced by a note or by a stock certificate which has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering such note or stock certificate, deliver to the Distribution Agent: (a) an affidavit of loss reasonably satisfactory to the Distribution Agent setting forth the unavailability of the note or the stock certificate; and (b) such additional indemnity as may reasonably be required by the Distribution Agent to hold such relevant Distribution Agent harmless from any damages, liabilities or costs incurred in treating such individual as a Holder of an Allowed Claim or Equity Interest. Upon compliance with this procedure by a Holder of an Allowed Claim or Equity Interest evidenced by such a lost, stolen, mutilated or destroyed note or stock certificate, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such note or certificate.

J. PROCEDURES FOR RESOLUTION OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS OR EQUITY INTERESTS

1. Resolution of Disputed Claims

(a) Prosecution of Objections to Claims

After the Effective Date, the Reorganized Debtors (for Claims against the Reorganized Debtors) shall have the exclusive authority on or before the Claims Objection Bar Date to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims or Equity Interests. From and after the Effective Date, the Debtors and the Reorganized Debtors may settle or compromise any Disputed Claim or Equity Interest without approval of the Bankruptcy Court. The Debtors, the Reorganizing Debtors and the Reorganized Debtors also reserve the right to resolve any Disputed Claims or Equity Interests outside the Bankruptcy Court under applicable governing law.

(b) Estimation of Claims and Equity Interests

The Reorganizing Debtors and the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim or Equity Interest pursuant to section 502(c) of the Bankruptcy Code regardless of whether such Reorganizing Debtor and Reorganized

Debtor has previously objected to such Claim or Equity Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim or Equity Interest at any time during litigation concerning any objection to any Claim or Equity Interest, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the relevant Reorganizing Debtor or Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims or Equity Interests and objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims and Equity Interests may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

(c) Payments and Distributions on Disputed Claims and Equity Interests

Notwithstanding any provision in the Plan to the contrary, except as otherwise agreed by a Reorganizing Debtor or Reorganized Debtor (for Claims against the Reorganizing Debtors) in their sole discretion, no partial payments and no partial distributions will be made with respect to a Disputed Claim or Equity Interest until the resolution of such disputes by settlement or Final Order. On the date or, if such date is not a Business Day, on the next successive Business Day that is 20 calendar days after the calendar quarter in which a Disputed Claim or Equity Interest becomes an Allowed Claim or Allowed Equity Interest, the Holder of such Allowed Claim or Allowed Equity Interest will receive all payments and distributions to which such Holder is then entitled under the Plan. Notwithstanding the foregoing, any Person or Entity who holds both an Allowed Claim(s) and a Disputed Claim(s) (or an Allowed Equity Interest(s) and a Disputed Equity Interest(s)) will not receive the appropriate payment or distribution on the Allowed Claim(s) (or Allowed Equity Interest(s)), except as otherwise agreed by such Reorganizing Debtor or Reorganized Debtor, as the case may be, in its sole discretion, until the Disputed Claim(s) or Disputed Equity Interest (s) are resolved by settlement or Final Order. In the event that there are Disputed Claims or Equity Interests requiring adjudication and resolution, the Reorganizing Debtors and Reorganized Debtors reserve the right, or upon order of the Court, to establish appropriate reserves for potential payment of such Claims or Equity Interests.

2. Allowance of Claims and Equity Interests

Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim or Equity Interest shall be deemed Allowed, unless and until such Claim or Equity Interest is deemed Allowed under the Bankruptcy Code or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim or Equity Interest. Except as expressly provided in the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order) and the Reorganizing Debtors (for Claims against the Reorganizing Debtors) or Reorganized Debtors after confirmation will have and retain any and all rights and defenses such Debtor had with respect to any Claim or Equity Interest as of the Petition Date.

3. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

4. Reserve of New CNC Common Stock

On the Effective Date, CNC shall maintain in reserve shares of New CNC Common Stock as the New CNC Common Stock Holdback. The New CNC Common Stock Holdback, along with any dividends or other distributions accruing with respect thereto, shall be held for the Holders of Disputed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests. As Disputed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests are resolved, (a) CNC shall distribute, in accordance with the terms hereof, New CNC Common Stock to Holders of Allowed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests

(along with dividends and distributions that accrue after the Effective Date), and (b) the New CNC Common Stock Holdback shall be adjusted.

K. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Conditions to Confirmation

The following are conditions precedent to confirmation of the Plan that must be (i) satisfied or (ii) waived in accordance with Article IX.C of the Plan:

(a) The Bankruptcy Court shall have entered an order, in form and substance reasonably acceptable to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee, approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

(b) The proposed Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee.

(c) The Plan Supplement and all of the schedules, documents and exhibits contained therein shall be in form and substance satisfactory to the relevant Debtor, the Noteholder Subcommittee and the Lender Subcommittee.

(d) The Deemed amount of the Reorganized Debtors General Unsecured Claims against CIHC being no greater than the CIHC General Unsecured Claims Cap.

2. Conditions Precedent to Consummation

The following are conditions precedent to consummation of the Plan that must be (i) satisfied or (ii) waived in accordance with Article IX.C of the Plan:

(a) The Confirmation Order becoming a Final Order in form and substance reasonably satisfactory to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee;

(b) The Plan Supplement and all of the schedules, documents and exhibits contained therein shall be in form and substance reasonably satisfactory to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee;

(c) The following agreements, instruments and documents, in form and substance reasonably satisfactory to the relevant Debtor, the Noteholder Subcommittee and the Lender Subcommittee, becoming effective:

(i) the New CNC Charter and New CNC By-laws and any certificate of designation providing for the New CNC Preferred Stock;

(ii) the New Credit Facility;

(iii) the New CNC Warrant Agreement;

(iv) the Registration Rights Agreement;

(d) Obtaining all necessary regulatory approvals for (a) Consummation of the Plan, and (b) approval of the application for change of control as a result of stock ownership.

(e) CIHC distributing all of the capital stock of the Residual Subsidiaries to the extent not included in the assets of the Residual Subsidiaries, any other Residual Assets of CIHC or its Subsidiaries in the form of a dividend;

(f) The Residual Trust being established, and the Residual Assets being vested in Old CNC without further action on the part of Old CNC, CIHC, the Residual Trustee or any other Person;

(g) The Residual Trustee being identified by the Administrative Agent and being duly appointed and qualified to serve;

(h) Old CNC issuing the Residual Share to the Residual Trust;

(i) The Deemed amount of the Reorganizing Debtor General Unsecured Claims against CIHC being no more than the CIHC General Unsecured Claims Cap;

(j) The CFC Subsidiary Guarantee Claims shall have been released, cancelled or estimated at zero.

(k) The board of directors of New CNC shall have been selected.

3. Waiver of Conditions

The Debtors, with the prior written consent of the Conseco Creditors Committee, in the Debtors' reasonable discretion, may waive any of the conditions to Confirmation of the Plan and/or Consummation of the Plan set forth in Article IX of the Plan at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to conform and/or consummate the Plan, provided that (i) the conditions set forth in sections 1(a)-(c), 2(a)-(c), 2(i) and 2(k) above may be waived only with the prior written consent of the Debtors, the Noteholder Subcommittee and the Lender Subcommittee in their respective reasonable discretion, and (ii) the condition set forth in section 2(d) above may only be waived with the prior written consent of the applicant of the referred-to application, consistent with its fiduciary duties.

4. Effect of Non-Occurrence of Conditions to Consummation

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Equity Interests in any Debtor; (2) prejudice in any manner the rights of any Debtor or (3) constitute an admission, acknowledgment, offer or undertaking by any Debtor in any respect.

L. RELEASE, INJUNCTIVE AND RELATED PROVISIONS

1. Compromise and Settlement

The allowance, classification and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and, as of the Effective Date, any and all such rights are settled, compromised and released pursuant to the Plan. In addition, the allowance, classification and treatment of Allowed Claims in Classes 4A, 5A, 6A, 4B, 5B and 6B takes into account any Causes of Action, claims or counterclaims, whether under the Bankruptcy Code or other applicable law, that may exist between the Debtors and the Holders of such Claims or among the Holders of such Claims and other Holders of Claims or Equity Interests, and, as of the Effective Date, any and all such Causes of Action, claims and counterclaims are settled, compromised and released pursuant to the Plan. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights or Causes of Action, claims or counterclaims against such Holder satisfied, compromised and settled in this manner.

2. Releases by the Debtors

Except as otherwise specifically provided in the Plan or in the Plan Supplement, for good and valuable consideration, including the service of the Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the Releasees, on and after the Effective Date, are deemed released by the Debtors and the Reorganized Debtors from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, causes of action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors or their subsidiaries would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person or Entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to (a) any act or omission of a Releasee that constituted (i) a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Releasee reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law), and (ii) willful misconduct or recklessness(13), or (b) any Releasee's obligations to repay its obligations under the D&O Credit Facilities. Before the Petition Date, the Debtors had retained over 30 advisors in connection with various legal, financial and management matters. The Debtors believe that they have no potential causes of action against these parties, but have not conducted any formal investigation of potential claims. The Debtors have provided a list of the advisors to the TOPrS Committee to facilitate its investigation. As of the Date of the Disclosure Statement, the Conseco Creditors Committee and the Debtors have not agreed on the scope of these provisions, and the Conseco Creditors Committee has advised the Debtors that it is opposed to these provisions in their current form. The CFC Committee has also not agreed to the scope of these provisions.

3. Releases by Holders of Claims

On and after the Effective Date, each Holder of a Claim (a) who has accepted the Plan or (b) who receives a distribution if the Plan is confirmed, shall be deemed to have unconditionally released the Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of a Debtor, (x) a Debtor or Reorganized Debtor, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan or any related agreements, instruments or other documents. No portion of the limited releases by the Holders of Claims in any way impairs any Cause of Action, liability, Claim or right arising out of or relating to (a) any act or omission of a Releasee that constituted (i) a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Releasee reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law), and (ii) willful misconduct or recklessness, or (b) any Releasee's obligations to repay its obligations under the D&O Credit Facilities. Attached as Exhibit J hereto is a list of the lawsuits filed against the Releasees (and others) before the Petition Date. The claims and causes of action relating to these lawsuits cannot be quantified at this time because they have not been fully litigated or settled, and some were recently filed. The status of such lawsuits is described in Exhibit J hereto. As of the Date of the Disclosure Statement, the Conseco Creditors Committee and the Debtors have not agreed on the scope of these provisions, and the Conseco Creditors Committee has advised the Debtors that it is opposed to these provisions in their current form. The CFC Committee has also not agreed to the scope of these provisions.

13 See Indiana Code ss. 23-1-35-1

Certain parties, including the TOPrS Committee, the CFC Committee and the SEC, have objected to the foregoing releases. The Debtors are prepared to demonstrate in their memorandum of law in support of Confirmation of the Plan and at the Confirmation Hearing that the foregoing releases, including, but not limited to, the release of non-debtor third parties, are consistent with section 524(e) and section 105 of the Bankruptcy Code and case law promulgated thereunder.

4. Exculpation

The Debtors, the Releasees, Noteholder Subcommittee, Lender Subcommittee and the Official Committees, the Unofficial Noteholder Committee, Unofficial Bank Committee and their respective members, and the employees, agents, and professionals of each of the foregoing (acting in such capacity) shall neither have nor incur any liability to any Person for any pre or postpetition act taken or omitted to be taken in connection with or related to the formulation, negotiation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other pre or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors.

5. Preservation of Rights of Action

(a) The Debtors' Retained Causes of Action

Except as otherwise provided in the Plan, the Reorganized Debtors shall retain all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases, including the actions specified in the Plan Supplement.

The Debtors have reviewed available information regarding Causes of Action against other parties or entities, which investigation has not been completed and is ongoing, except with respect to compromises and settlements under the Plan. In addition, due to the size and scope of the Debtors' business operations and the multitude of business transactions therein, there may be numerous other Causes of Actions which currently exist or may subsequently arise, in addition to the matters identified below. The Debtors are also continuing to investigate and assess which Causes of Action may be pursued. The Debtors do not intend, and it should not be assumed that because any existing or potential claims or Causes of Action have not yet been pursued by the Debtors or do not fall within the list below, that any such claims or Causes or Action have been waived. Under the Plan, the Debtors retain all rights to pursue any and all Causes of Action to the extent the Debtors deem appropriate (under any theory of law, including, without limitation, the Bankruptcy Code and any applicable local, state, or federal law, in any court or other tribunal, including, without limitation, in an adversary proceeding Filed in the Chapter 11 Cases), including, without limitation:

(i) Objections to Claims under the Plan

(ii) Any and all litigation or Causes of Action of the Debtors relating to the Causes of Action listed in the Plan Supplement

(iii) Any other litigation or Causes of Action, whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtors' businesses, assets or operations or otherwise affecting the Debtors, including, without limitation, possible claims against the following types of parties for the following types of claims:

o Possible claims against vendors, customers or suppliers for warranty, indemnity, back charge/set-off issues, overpayment or duplicate payment issues and collections/accounts receivables matters;

o Possible claims against utilities or other persons or parties for wrongful or improper termination of services to the Debtors;

o Failure of any persons or parties to fully perform under contracts with the Debtors before the assumption or rejection of the subject contracts;

o Mechanic's lien claims of the Debtors;

o Possible claims for deposits or other amounts owed by any creditor, lessor, utility, supplier, vendor, factor or other person;

o Possible claims for damages or other relief against any party arising out of employee, management or operational matters;

o Possible claims for damages or other relief against any party arising out of financial reporting;

o Possible claims for damages or other relief against any party arising out of environmental, asbestos and product liability matters;

o Actions against insurance carriers relating to coverage, indemnity or other matters;

o Counterclaims and defenses relating to notes or other obligations;

o Possible claims against local, state and federal taxing authorities (including, without limitation, any claims for refunds of overpay-ments);

o Possible claims against attorneys, accountants or other professionals relating to services rendered to the Debtors;

o Contract, tort, or equitable claims which may exist or subsequently arise;

o Except as otherwise provided in the Plan or other Final Order, any intracompany or intercompany claims of the Debtors;

o Any claims of the Debtors arising under section 362 of the Bankruptcy Code;

o Equitable subordination claims arising under section 510 of the Bankruptcy Code or other applicable law; and

o Turnover claims arising under sections 542 or 543 of the Bankruptcy Code.

o Claims relating to any of the Debtors' mergers or acquisitions.

o Any and all claims arising under chapter 5 of the Bankruptcy Code, including but not limited to, preferences under section 547 of the Bankruptcy Code.

o Possible Claims or Causes of Action against the Finance Company Debtors, including with respect to the CIHC/CFC Intercompany Note.

(b) Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Claim or Cause of Action against a Creditor or other Person is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, the Debtors expressly reserve such Claim or Cause of Action for later adjudication by the Debtors, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, Claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Claims or Causes of Action upon or after the confirmation or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Claims or Causes of Action have been waived, relinquished, released, compromised or settled in the Plan or a Final Order. In addition, the Debtors and the successor entities under the Plan expressly reserve the right to pursue or adopt any Claims not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

Any Person to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Debtors subsequent to the Effective Date and may, to the extent not theretofore waived, relinquished, released, compromised or settled, be the subject of an action after the Effective Date, whether or not
(i) such Person has Filed a proof of Claim against the Debtors in the Chapter 11 Cases; (ii) such Person's proof of Claim has been objected to; (iii) such Person's Claim was included in the Debtors' Schedules; or (iv) such Person's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

6. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided in the Plan, and except with respect to the Finance Company Debtors: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Reorganizing or Reorganized Debtors or any of their assets or properties, (2) on the Effective Date, all such Claims against, and Equity Interests in, the Reorganizing or Reorganized Debtors shall be satisfied, discharged and released in full and (3) all Persons and Entities shall be precluded from asserting against the Reorganizing or Reorganized Debtors, their successors or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

7. Injunction

Except as otherwise expressly provided in the Plan or obligations issued pursuant to the Plan, all Persons who have held, hold or may hold Claims against or Equity Interests in the Reorganizing Debtors or the Releasees are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Reorganized Debtors, Releasees, Noteholder Subcommittee, Lender Subcommittee, Official Committees, Unofficial Noteholder Committee, Unofficial Bank Committee and their respective members, and the employees, agents, and professionals of each of the foregoing (acting in such capacity); (b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against those parties listed in subparagraph (a) above; (c) creating, perfecting, or enforcing any encumbrance of any kind against those parties listed in subparagraph (a) above, or the property or estates of those parties listed in subparagraph (a) above; (d) asserting any right of setoff, subrogation or recoupment of any

kind against any obligation due from those parties listed in subparagraph (a) above or against the property or estates of those parties listed in subparagraph
(a) above with respect to any such Claim or Equity Interest; and (e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Cause of Action released or settled under the Plan.

M. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as legally permissible, including jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

(b) grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(c) resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract and unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date pursuant to Article V of the Plan to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;

(d) ensure that distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the provisions of the Plan;

(e) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

(f) enter such orders as may be necessary or appropriate to implement or consummate the provisions hereof and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or the Disclosure Statement;

(g) resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Person's obligations incurred in connection with the Plan;

(h) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with Consummation or enforcement of the Plan, except as otherwise provided herein;

(i) resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article XI of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

(j) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

(k) determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement; and

(l) enter an order and/or final decree concluding the Chapter 11 Cases.

N. MISCELLANEOUS PROVISIONS

Certain additional miscellaneous information regarding the Plan and the Chapter 11 Cases is set forth below.

1. Modification of the Plan Supplement

Modification of or amendments to the Plan Supplement, may be Filed with the Bankruptcy Court no later than ten days before the Confirmation Hearing. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XII.E of the Plan. Upon its Filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours. Holders of Claims and Equity Interests may obtain a copy of the Plan Supplement by contacting Bankruptcy Management Corporation at 1-888-909-0100 or review such documents on the internet at www.bmccorp.net/conseco. The documents contained in the Plan Supplement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

2. Effectuating Documents, Further Transactions and Corporation Action

Each of the Debtors and the Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and the notes and securities issued pursuant hereto.

Prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the shareholders or directors of the Debtors or the Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable general corporation laws of the State of Delaware, the State of Indiana or the State of Illinois without any requirement of further action by the shareholders or directors of the Debtors or the Reorganized Debtors.

3. Dissolution of the Official Committees

Upon the Effective Date, the Official Committees shall dissolve, except with respect to any appeal of an order in the Chapter 11 Cases and applications for Professional Fees, and members shall be released and discharged from all rights, duties and liabilities arising from, or related to, the Chapter 11 Cases.

4. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of Title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

5. Modification of Plan

Subject to the limitations contained in the Plan, (1) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and (2) after the entry of the Confirmation Order, the Debtors or Reorganized Debtors, as the case may be, may (with the consent of the Conseco Creditors Committees whose consent shall not be unreasonably withheld, delayed or denied), upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan, provided however, that (i) no material modification of the Plan that adversely affects the treatment of Class 6A, 7A, or 5B shall be made without the written consent of the Noteholder Subcommittee and (ii) no material modification of the Plan that adversely affects the treatment of Classes 5A or 4B shall be made without the written consent of the Lender Subcommittee.

6. Revocation of Plan

The Debtors reserve the right (with the prior consent of the Conseco Creditors Committee) to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If a Debtor revokes or withdraws the Plan, or if Confirmation or Consummation does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant hereto, shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by such Debtor or any other Person.

7. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person.

8. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement or Plan Supplement, shall be or shall be deemed to be an admission or waiver of any rights of Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

9. Section 1145 Exemption

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold claims against or interests in the debtor; and (iii) the securities must be issued in exchange (or principally in exchange) for the recipient's claims against or interests in the debtor. The Debtors believe that the offer and sale of the New CNC Securities under the Plan satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

To the extent that the New CNC Securities are issued under the Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they may be resold by the holders thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who: (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest;
(ii) offers to sell securities offered under a plan for the holders of such securities; (iii) offers to buy such securities from the holders of such securities, if the offer to buy is: (A) with a view to distributing such securities; and (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or (iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer. To the extent that Persons who receive New CNC Securities pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would, however, be permitted to sell such New CNC Securities or other securities without registration if they are able to comply with the provisions of Rule 144 under the

Securities Act. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. Any person who is an "underwriter" but not an "issuer" with respect to an issue of securities is, however, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b) of the Bankruptcy Code.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New CNC Securities to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New CNC Securities under the Plan would be an "underwriter" with respect to such New CNC Securities.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New CNC Securities. The Debtors recommend that potential recipients of the New CNC Securities consult their own counsel concerning whether they may freely trade New Securities without compliance with the Securities Act, the Exchange Act or similar state and federal laws.

New CNC will enter into a Registration Rights Agreement containing the terms set forth in the Plan Supplement, pursuant to which it will undertake to use reasonable best efforts to register New CNC Securities on behalf of Persons who may be "underwriters."

10. Section 1146 Exemption

Pursuant to section 1146(c) of the Bankruptcy Code, under the Plan,
(i) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors or Reorganized Debtors; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the appropriate state or local government official or agent shall be directed by the Bankruptcy Court to forego the collection of any such tax or government assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment.

All subsequent issuances, transfers or exchanges of securities, or the making or delivery of any instrument of transfer by the Debtors in the Chapter 11 Cases, whether in connection with a sale under section 363 of the Bankruptcy Code or otherwise, shall be deemed to be or have been done in furtherance of the Plan. Specifically, because sale of the GM Building (or the entities owning the GM Building or the interest therein), is being conducted pursuant to the Plan, any instrument of transfer that would effect transfer of the GM Building as proposed in pleadings filed in these Chapter 11 Cases may not be taxed under any law imposing a stamp tax or similar tax.

11. Further Assurances

The Debtors, the Reorganized Debtors and all Holders of Claims receiving distributions under the Plan and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

12. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors or the Reorganized Debtors shall be sent by first class U.S. mail, postage prepaid to:

Conseco, Inc.
CIHC, Incorporated
CTIHC, Inc.
Partners Health Group, Inc.
11825 N. Pennsylvania Street
P.O. Box 1911 (46082)
Carmel, Indiana 46032
Attn: General Counsel

with copies to:

Kirkland & Ellis
200 E. Randolph Drive
Chicago, Illinois 60601

Attn: James H.M. Sprayregen, P.C.
Anne M. Huber
Anup Sathy

13. Transactions on Business Days

If the date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

14. Filing of Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

15. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

16. Entire Agreement

This Disclosure Statement and the Plan Supplement (as it may be amended) supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into this Disclosure Statement. Specifically, the Disclosure Statement filed on January 31, 2003 and the First Amended Disclosure Statement filed on March 12, 2003, and iterations of such documents, are void and of no legal effect.

VII.
VOTING AND CONFIRMATION PROCEDURE

The following is a brief summary regarding the acceptance and confirmation of the Plan. Holders of Claims and Equity Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys. Additional information regarding voting procedures is set forth in the Notices accompanying this Disclosure Statement.

A. VOTING INSTRUCTIONS

This Disclosure Statement, accompanied by a Ballot to be used for voting on the Plan, is being distributed to Holders of Claims and Equity Interests in Classes 4A, 5A-1, 5A-2, 6A, 7A, 8A, 10A, 11A-1,

4B-1, 4B-2, 5B, 6B and 3C. Only Holders in these Classes are entitled to vote to accept or reject the Plan and may do so by completing the Ballot and returning it in the envelope provided. Beneficial owners who receive a return envelope addressed to their Nominee should allow enough time for their vote to be received by the Nominee and processed on a Master Ballot. In light of the benefits of the Plan for each Class of Claims and Equity Interests, the Debtors recommend that Holders of Claims and Equity Interests in each of the Impaired Classes vote to accept the Plan and return the Ballot.

BALLOTS AND MASTER BALLOTS CAST BY HOLDERS IN CLASSES ENTITLED TO VOTE MUST BE RECEIVED BY THE SOLICITATION AGENT BY THE VOTING DEADLINE AT THE FOLLOWING ADDRESSES:

If by U.S. Mail:	If by courier/hand delivery:
Bankruptcy Management Corporation	Bankruptcy Management Corporation
Attention: Conseco, Inc.	Attention: Conseco, Inc.
Solicitation Agent	Solicitation Agent
PO Box 1098	1330 E. Franklin Avenue
El Segundo, CA 90245-1098	El Segundo, CA 90245

IF YOU HAVE ANY QUESTIONS ON VOTING PROCEDURES, PLEASE CALL BANKRUPTCY

MANAGEMENT CORPORATION TOLL FREE AT (888) 909-0100.

BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES WHENEVER POSSIBLE. IF YOUR RETURN ENVELOPE IS ADDRESSED TO YOUR NOMINEE (I.E., AN INTERMEDIARY), PLEASE ALLOW ADDITIONAL TIME FOR YOUR VOTE TO BE PROCESSED BY THE NOMINEE AND VOTED ON A MASTER BALLOT. IF YOU HAVE A QUESTION CONCERNING THE VOTING PROCEDURES, CONTACT THE APPLICABLE INTERMEDIARY OR THE SOLICITATION AGENT. ANY BALLOT, OR MASTER BALLOT VOTED BY YOUR NOMINEE ON YOUR BEHALF, RECEIVED AFTER THE VOTING DEADLINE MAY NOT BE COUNTED.

ANY BALLOT WHICH IS EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST OR ANY COMBINATION OF BALLOTS REPRESENTING CLAIMS OR EQUITY INTERESTS IN THE SAME CLASS HELD BY THE SAME HOLDER BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN SHALL BE DEEMED AN ACCEPTANCE OF THE PLAN.

The Debtors will publish the Confirmation Hearing Notice in the national edition of The Wall Street Journal, the national edition of The USA Today, Chicago Tribune and Indianapolis Star, which will contain the Plan Objection Deadline and Confirmation Hearing, in order to provide notification to persons who may not otherwise receive notice by mail.

For all Holders:

By signing and returning a Ballot, each Holder of Claims and Equity Interests in Classes 4A, 5A-1, 5A-2, 6A, 7A, 8A, 10A, 11A-1, 4B-1, 4B-2, 5B, 6B and 3C will also be certifying to the Bankruptcy Court and the Debtors that, among other things:

o such Holder has received and reviewed a copy of the Disclosure Statement and related Ballot and/or Master Ballot and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth in the Plan;

o such Holder has cast the same vote on every Ballot completed by such Holder with respect to holdings of such Class of Claims or Equity Interests;

o no other Ballots with respect to such Class of Claims or Equity Interests have been cast or, if any other Ballots have been cast with respect to such Class of Claims or Equity Interests, such earlier Ballots are thereby revoked;

o the Debtors have made available to such Holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Holder; and

o except for information provided by the Debtors in writing, and by its own agents, such Holder has not relied on any statements made or other information received from any person with respect to the Plan.

By signing and returning a Ballot, each Holder of Claims and Equity Interests also acknowledges that the securities being distributed pursuant to the Plan are not being distributed pursuant to a registration statement filed with the Securities and Exchange Commission or with any securities authority outside of the United States and represents that any such securities will be acquired for its own account and not with a view to any distribution of such securities in violation of the Securities Act. It is expected that when issued pursuant to the Plan, except with respect to entities deemed to be underwriters, such securities will be exempt from the registration requirements of the Securities Act by virtue of section 1145 of the Bankruptcy Code and may be resold by the Holders thereof subject to the provisions of section 1145.

B. VOTING TABULATION

In tabulating votes, the following rules shall be used to determine the claim amount associated with a creditor's vote:

o If the Debtors do not object to a claim, the claim amount for voting purposes shall be the claim amount contained on a timely filed proof of claim or, if no proof of claim was filed, the non-contingent, liquidated and undisputed claim amount listed in the Debtors' schedules of liabilities.

o If the Debtors object to a claim, such creditor's Ballot shall not be counted in accordance with Bankruptcy Rule 3018(a), unless temporarily allowed by the Court for voting purposes, after notice and a hearing.

o If a creditor believes that it should be entitled to vote on the Plan, then such creditor must serve on the Debtors and file with the Court a motion for an order pursuant to Bankruptcy Rule 3018(a) (a "Rule 3018(a) Motion") seeking temporary allowance for voting purposes. Such Rule 3018(a) Motion, with evidence in support thereof, must be filed by May 6, 2003.

o Ballots cast by creditors whose claims are not listed on the Debtors' schedules of liabilities, but who timely file proofs of claim in unliquidated or unknown amounts that are not the subject of an objection filed before the commencement of the Confirmation Hearing, will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code and will count as ballots for claims in the amount of $1.00 solely for the purpose of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code.

o In the case of publicly-held securities, the principal amount or number of shares according to the records of the transfer agent for the particular series of securities, including a further breakdown, in the case of The Depository Trust Company ("DTC"), of the individual nominee holders which are DTC participants, as of the Voting Record Date, shall be the claim or interest amount, except that in no event shall a Nominee holder be permitted to vote in excess of its position in DTC as of the Voting Record Date.

The Claim amount or Equity Interest amount established through the above process controls for voting purposes only and does not constitute the Allowed amount of any Claim or Equity Interest for distribution purposes.

To ensure that its vote is counted, each Holder of a Claim or Equity Interest must (a) complete a Ballot; (b) indicate the Holder's decision either to accept or reject the Plan in the boxes provided in the respective Ballot; and
(c) sign and return the Ballot to the address set forth on the envelope enclosed therewith (if included).

The Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or Equity Interest or an assertion or admission of a Claim or Equity Interest.

If a Holder holds Claims or Equity Interests in more than one Class under the Plan, the Holder may receive more than one Ballot coded for each Class of Claims or Equity Interests held by such Holder.

Creditors shall not split their vote within a claim; thus, each creditor shall be deemed to have voted the full amount of its claims or equity interests within a particular class either to accept or reject the Plan.

Except to the extent the Debtors so determine or as permitted by the Bankruptcy Court, Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each Holder of a Claim or Equity Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots or Master Ballots are required. Delivery of a Ballot or Master Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot or Master Ballot should be sent to the Debtors, any indenture trustee, or the Debtors' financial or legal advisors. The Debtors expressly reserve the right to amend, at any time and from time to time, the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code). If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots or Master Ballots are received from or on behalf of an individual Holder of a Claim or Equity Interest with respect to the same claims or equity interests prior to the Voting Deadline, the last ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior ballot.

If a Ballot or Master Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, the authority and capacity of such signatory to so act on behalf of a beneficial interest holder shall be presumed. Notwithstanding the foregoing, by executing a Ballot, such signatory certifies that he or she has such authority and capacity, and shall provide evidence of such authority and capacity upon request of the Solicitation Agent or the Debtors.

The Debtors, in their sole discretion, subject to contrary order of the Bankruptcy Court, may waive any defect in any Ballot or Master Ballot at any time, either before or after the close of voting, and without notice. Except as otherwise provided herein, unless the Ballot or Master Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Debtors may, in their sole discretion, reject such Ballot or Master Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan.

In the event a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such Claim or Equity Interest will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any holder of impaired claims or equity interests who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

The Debtors' interpretation of the terms and conditions of the Plan shall be final and binding on all parties, unless otherwise directed by the Bankruptcy Court.

Subject to any contrary order of the Bankruptcy Court, the Debtors reserve the absolute right to reject any and all Ballots and Master Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors or their counsel, not be in accordance with the provisions of the Bankruptcy Code. Subject to any contrary order of the Bankruptcy Court, the Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot or Master Ballot unless otherwise directed by the Bankruptcy Court. Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots and Master Ballots previously furnished (as to which any irregularities have not theretofor been cured or waived) will not be counted.

C. VOTING PROCEDURES

The Voting Record Date for purposes of determining which Holders of Claims and Equity Interests are entitled to vote on the Plan is March 19, 2003.

1. Beneficial Holders

Any Beneficial Holder of Claims and Equity Interests holding as a record holder in its own name, shall vote on the Plan by completing and signing the Ballot and returning it to the Solicitation Agent.

Any Beneficial Holder of Claims and Equity Interests who holds in "street name" through a Nominee shall vote on the Plan either (i) if the Nominee has provided a prevalidated Ballot, by completing and signing the prevalidated Ballot and returning it directly to the Solicitation Agent or (ii) by promptly completing and signing the Ballot and returning it to the Nominee in sufficient time to allow the Nominee to process the Ballot and return a Master Ballot to the Solicitation Agent by the Voting Deadline.

Any Ballot returned to a Nominee by a Beneficial Holder will not be counted for purposes of accepting or rejecting the Plan until such Nominee properly completes and timely delivers to the Solicitation Agent a Master Ballot that reflects the vote of such Beneficial Holder.

2. Nominees

Because of the complexity and difficulty associated with reaching beneficial owners of publicly traded securities, many of which hold their securities in brokerage accounts and through several layers of ownership, the Debtors are distributing a Ballot (a) to each record holder of Claims or Equity Interests derived from or based on publicly traded securities (collectively, the "Beneficial Holders Claims") as of the Voting Record Date (as discussed in
Section VII.C.1 above) and (b) an appropriate number of copies to each bank or brokerage firm (or the agent or other Nominee therefor) identified by the Solicitation Agent as an entity through which beneficial owners hold the Beneficial Holders Claims. Each Nominee will be requested to immediately distribute a copy of this Disclosure Statement and accompanying materials including the Ballots to all Beneficial Holders for which it holds the Beneficial Holders Claims. Each Nominee must summarize the individual votes of its respective individual Beneficial Holders from their individual Beneficial Holders' Ballots on a Master Ballot and shall return such Master Ballot to the Solicitation Agent. These procedures will enable the Debtors to transmit materials to the Holders of its publicly traded securities and afford Beneficial Holders of the Beneficial Holders Claims a fair and reasonable opportunity to vote. In order for votes to be counted, all Ballots and Master Ballots received from the Debtors must be returned to the Solicitation Agent by the Voting Deadline as indicated on the Ballots.

A Nominee may also pre-validate a Ballot for Holders of the Beneficial Holders Claims by completing all the information to be entered on the Ballot (the "Pre-Validated Ballot") and forwarding the Pre-Validated Ballot to the Beneficial Holder for voting. The Ballot may then be delivered directly to the Solicitation Agent in the return envelope provided with the Ballot.

If a Beneficial Holder holds the Beneficial Holders Claims through more than one Nominee, such Beneficial Holder should execute a separate Ballot for each block of Beneficial Holders Claims that it holds through any Nominee and (unless the ballot was "prevalidated") return the Ballot to the respective Nominee that holds the Beneficial Holders Claims.

If a Beneficial Holder holds a portion of its Beneficial Holders Claims through a Nominee and another portion directly or in its own name as the record holder, such Beneficial Holder should follow the procedures described in
Section VII.C.1 above to vote the portion held in its own name and the procedures described in Section VII.C.2 above to vote the portion held by the Nominee or Nominees.

3. Solicitation of Trust Related Claims

Within five (5) business days after the Voting Record Date, State Street Bank and Trust Co. ("State Street Bank"), the indenture trustee for the Trust Preferred Securities, will provide the Solicitation Agent, the Debtors and the TOPrS Committee: (i) a copy of the list of names, addresses and holdings of the record holders of the Trust Preferred Securities (the "Trust Preferred Securities Record Holders"), as of the Voting Record Date; (ii) a set of mailing labels for the Trust Preferred Securities Record Holders; and (iii) such other information as the Solicitation Agent deems reasonably necessary to perform its duties as solicitation agent for the Debtors. The Solicitation Agent will use these lists, mailing labels and other information only for purposes of performing its duties as solicitation agent for the Debtors.

Within three (3) days after the Voting Record Date, State Street Bank will provide written authorization to DTC, Euroclear and Clearstream, or other similar entities (each, a "Depository"), to release to the Solicitation Agent the name of any and all institutional holders of record of the Trust Preferred Securities who hold the Trust Preferred Securities in "street name" on behalf of the beneficial holders of the Trust Preferred Securities (the "Trust Preferred Securities Beneficial Holders"). The written authorization will be in a form acceptable to the Solicitation Agent and will advise the Depository that the written request has been authorized by order of the Bankruptcy Court.

Within five (5) business days after receipt of the list of the Trust Preferred Securities Record Holders from State Street Bank, or any Depository, the Solicitation Agent will cause to be mailed by first class mail to each Trust Preferred Securities Record Holder (i) a copy of the Order and (ii) the Solicitation Package in sufficient numbers estimated to allow dissemination of the Solicitation Packages by the Trust Preferred Securities Record Holders to each of the Trust Preferred Securities Beneficial Holders for which it serves, with instructions to each such Trust Preferred Securities Record Holder to (a) contact the Solicitation Agent for additional sets of Solicitation Packages, if necessary, and (b) promptly, within five (5) business days after receipt of the Solicitation Packages, distribute by sending first-class mail, postage prepaid, the Solicitation Packages to the Trust Preferred Securities Beneficial Holders for which it serves.

The Trust Preferred Securities Record Holders will pre-validate the Ballots to be forwarded to the Trust Preferred Securities Beneficial Holders for which it serves by including thereon the amount of the Trust Preferred Securities held by the Trust Preferred Securities Beneficial Holder and the appropriate account number through which the Trust Preferred Securities Beneficial Holders' holdings are held.

The Trust Preferred Securities Record Holders are authorized and directed to follow one of the following two options to obtain the votes of the Trust Preferred Securities Beneficial Holders:

(1) Trust Preferred Securities Record Holders may forward the Solicitation Package to the Trust Preferred Securities Beneficial Holders for voting, which will include a Pre-Validated Ballot and a return envelope provided by, and addressed to, the Trust Preferred Securities Record Holder. Under this option, the Trust Preferred Securities Record Holder must summarize the individual votes of their Trust Preferred Securities Beneficial Holders from the Trust Preferred Securities Beneficial Holders' Pre-

Validated Ballots on a Master Ballot. The Trust Preferred Securities Record Holders will then return the Master Ballot to the Solicitation Agent so that it is actually received by the Solicitation Agent on or before the Voting Deadline;

or

(2) The Trust Preferred Securities Record Holders will forward the Solicitation Package, including a Pre-Validated Ballot, to the Trust Preferred Securities Beneficial Holders for which it serves for voting, along with a return envelope addressed to the Solicitation Agent. Under this option, the Trust Preferred Securities Beneficial Holders must complete and return the Pre-Validated Ballot directly to the Solicitation Agent so that it is actually received by the Solicitation Agent on or before the Voting Deadline.

Each Trust Preferred Securities Record Holder will maintain a list of those Trust Preferred Securities Beneficial Holders, as of the Voting Record Date, to whom Pre-Validated Ballots were sent for one (1) year following the Voting Deadline, unless otherwise ordered by the Bankruptcy Court.

Each Trust Preferred Securities Beneficial Holder, as of the Voting Record Date, is entitled to one (1) vote on account of its holdings of Trust Preferred Securities.

Upon written request made within five (5) business days of receipt of the Solicitation Packages from the Solicitation Agent, a Trust Preferred Securities Record Holder may opt out of these Trust Preferred Securities Procedures by mailing, first-class mail, postage prepaid, a complete list of names, addresses and holdings of each Trust Preferred Securities Beneficial Holder for which it represents to the Solicitation Agent. In the event a Trust Preferred Securities Record Holder properly opts-out of the Trust Preferred Securities Procedures, the Solicitation Agent shall be responsible for directly soliciting and tabulating the vote of the Trust Preferred Securities Beneficial Holders identified by such Trust Preferred Securities Record Holder.

Notwithstanding any indenture, declaration of trust, or other document executed in connection with the Trust Preferred Securities or Subordinated Debentures, Trust Preferred Securities Beneficial Holders, as of the Voting Record Date, will be entitled to vote to accept or reject the Plan on behalf of the Subordinated Debenture Claims in the same dollar amounts as they hold Trust Preferred Securities.

State Street Bank is not obligated to and shall not vote on the Plan, and has by order of the Bankruptcy Court been relieved from such obligation, if any.

The Debtors are authorized to reimburse any Nominee and Trust Preferred Securities Record Holder, and any of their agents, only for their reasonable, actual and necessary out-of-pocket expenses incurred in performing the tasks described above (subject to the Bankruptcy Court retaining jurisdiction to resolve any disputes over any request for reimbursement).

D. THE CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for May 28, 2003 at 11:00 a.m. before the Honorable Carol A. Doyle, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Illinois, located at the Everett McKinley Dirksen Building, 219 S. Dearborn, Chicago, Illinois 60604. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan must be filed and served on or before May 14, 2003 in accordance with the Confirmation Hearing Notice accompanying this Disclosure Statement. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE

WITH THE APPROVAL ORDER, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

E. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Court have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

o The Plan complies with the applicable provisions of the Bankruptcy Code.

o The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.

o The Plan has been proposed in good faith and not by any means forbidden by law.

o Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, this Bankruptcy Case, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

o With respect to each Class of Impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code.

o Each Class of Claims or Equity Interests that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code.

o Except to the extent that the Holder of a particular Claim will agree to a different treatment of such Claim, the Plan provides that Allowed Administrative, Allowed Priority Tax Claims and Allowed Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.

o At least one Class of Impaired Claims or Equity Interests will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class.

o Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

o All fees of the type described in 28 U.S.C.ss. 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

o The Plan addresses payment of retiree benefits in accordance with
Section 1114 of the Bankruptcy Code.

The Debtors believe that (a) the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code, (b) they have complied or will have complied with all of the requirements of Chapter 11 and
(c) the Plan has been proposed in good faith.

1. Best Interests of Creditors Test/Liquidation Analysis

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each Holder of a Claim or Equity Interest in such Class either (a) has accepted the Plan or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

In chapter 7 liquidation cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower Class receiving any payments until all amounts due to senior Classes have been paid fully or payment provided for:

o Secured creditors (to the extent of the value of their collateral).

o Priority creditors.

o Unsecured creditors.

o Debt expressly subordinated by its terms or by order of the Bankruptcy Court.

o Equity Interest Holders.

(a) Liquidation Analysis of CNC and CIHC

As described in more detail in the Liquidation Analysis set forth on Exhibit B attached hereto, the Debtors believe that the value of any distributions in a chapter 7 case would be less than the value of distributions under the Plan because, among other reasons, such distributions in a chapter 7 case may not occur for a longer period of time thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a period in order for a chapter 7 trustee and its professionals to become knowledgeable about the Bankruptcy Case and the Claims against the Debtors. In addition, proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale, and the fees and expenses of a chapter 7 trustee would likely exceed those of the Estate Representative (thereby further reducing Cash available for distribution).

(b) Liquidation Analysis of PHG and CTIHC

PHG and CTIHC believe that the value of any distributions in a chapter 7 case would be less than the value of distributions under their respective Subplans.

On January 2, 2003, PHG filed its schedules and statement of financial affairs. In those documents, PHG disclosed that it has no assets, and $105,955 of unsecured liabilities owed to CIHC. PHG's Subplan provides that CIHC will receive no distribution on account of this claim, and CIHC has consented to this treatment.

On January 2, 2003, CTIHC filed its schedules and statement of financial affairs. In those documents, CTIHC discloses that it has liquid assets of $2,607, an intercompany claim of unknown value and potential causes of action. CTIHC's liabilities are unknown at this time. CTIHC's Subplan proposes that if an unsecured claim is allowed against CTIHC, then such creditor will receive the stock of CTIHC.

PHG's and CTIHC's schedules are available at www.bmccorp.net/conseco or by contacting the Debtors' notice agent at 1-888-909-0100.

2. Financial Feasibility

The Bankruptcy Code requires the Bankruptcy Court to find, as a condition to confirmation, that confirmation is not likely to be followed by the liquidation of Debtors or the need for further financial reorganization, unless such liquidation is contemplated by the Plan. For purposes of showing that the Plan

meets this feasibility standard, the Debtors, together with Lazard, have analyzed (taking into account the Company's Projections) the ability of the Reorganized Debtors to meet its obligations under the Plan and to retain sufficient liquidity and capital resources to conduct its businesses.

The Debtors believe that with a significantly deleveraged capital structure, the Company's business will be able to return to viability. The decrease in the amount of debt on the Company's balance sheet will substantially reduce its interest expense, improving its cash flow. Based on the terms of the Plan, at emergence the Company will have $1.4 billion of debt in contrast to more than $6.4 billion of debt and Trust Preferred Securities obligations prior to the restructuring.

The Projections indicate that the Company should have sufficient cash flow to pay and service its debt obligations and to fund its operations. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that each Class of Claims or Equity Interests that is impaired under the Plan accept the Plan, with the exception described in the following section. A Class that is not "impaired" under a plan of reorganization is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such Class is not required. A Class is "impaired" unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the Claim or Equity Interest entitles the Holder of such Claim or Equity Interest or (b) cures any default and reinstates the original terms of the obligation.

4. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a Bankruptcy Court to confirm a plan, even if such plan has not been accepted by all Impaired Classes entitled to vote on such plan, provided that such plan has been accepted by at least one Impaired Class.

Section 1129(b) of the Bankruptcy Code states that notwithstanding the failure of an Impaired Class to accept a plan of reorganization, the plan shall be confirmed, on request of the proponent of the plan, in a procedure commonly known as "cram-down," so long as the plan does not "discriminate unfairly," and is "fair and equitable" with respect to each Class of Claims or Equity Interests that is impaired under, and has not accepted, the plan.

In general, a plan does not discriminate unfairly if it provides a treatment to the class that is substantially equivalent to the treatment that is provided to other classes that have equal rank. In determining whether a plan discriminates unfairly, courts will take into account a number of factors, including the effect of applicable subordination agreements between parties. Accordingly, two classes of unsecured creditors could be treated differently without unfairly discriminating against either class.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of secured claims includes the requirements that (a) the Holders of such secured claims retain the liens securing such Claims to the extent of the allowed amount of the Claims, whether the property subject to the liens is retained by debtor or transferred to another entity under the plan and
(b) each Holder of a secured claim in the Class receives deferred Cash payments totaling at least the allowed amount of such Claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of unsecured claims includes the following requirement that either: (a) the plan provides that each Holder of a Claim of such Class receive or retain on account of such Claim property of a value, as of the effective date of the plan, equal to the allowed amount of such Claim; or (b) the Holder of any Claim or Equity Interest that is junior to the Claims of such Class will not receive or retain under the plan on account of such junior Claim or Equity Interest any property.

The condition that a plan be "fair and equitable" with respect to a non-accepting Class of Equity Interests includes the requirements that either: (a) the plan provide that each Holder of an Equity Interest in such Class receive or retain under the plan, on account of such Equity Interest, property of a value, as of the effective date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such Holder is entitled or (iii) the value of such interest; or (b) if the Class does not receive such an amount as required under (a), no Class of Equity Interests junior to the non-accepting Class may receive a distribution under the plan.

VIII.
RISK FACTORS

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. CERTAIN BANKRUPTCY CONSIDERATIONS

The Bankruptcy Filing May Further Disrupt Our Operations and the Operations of Our Subsidiaries.

The impact that the Chapter 11 Cases may have on our operations and the operations of our subsidiaries cannot be accurately predicted or quantified. Since the announcement of our intention to seek a restructuring of our capital in August 2002 and the filing of the Chapter 11 Cases, we have suffered significant disruptions in our operations. Our leveraged condition and liquidity difficulties have eliminated CFC's access to the securitization markets, which have historically served as CFC's main source of funding. As a result, CFC has had to terminate the origination of loans which it is unable to sell profitably in the whole-loan market. In addition, insurance regulators in each of the states in which our insurance subsidiaries are domiciled have been monitoring the Company's activities associated with its financial restructuring. Our two insurance subsidiaries domiciled in Texas each entered into consent orders with the Commissioner of Insurance for the State of Texas, which, among other things, has limited their ability to pay dividends without regulatory approval and to make disbursements other than in the ordinary course of business. In August 2002, A.M. Best further downgraded the financial strength ratings of our primary insurance subsidiaries to "B (fair)." These ratings downgrades and other adverse publicity concerning the Company's financial condition have caused sales of our insurance products to decline and policyholder redemptions and lapses to increase. In some cases, we have experienced defections among our sales force of agents and/or have increased commissions in order to retain them.

The continuation of the Chapter 11 Cases, particularly if the Plan is not approved or confirmed in the time frame currently contemplated, could further adversely affect our operations and relationship with our customers, employees, regulators, distributors and agents. If confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased costs for professional fees and similar expenses. In addition, prolonged Chapter 11 Cases may make it more difficult to retain and attract management and other key personnel and would require senior management to spend a significant amount of time and effort dealing with our financial reorganization instead of focusing on the operation of our business.

We May Not Be Able to Obtain Confirmation of the Plan.

We cannot assure you that we will receive the requisite acceptances to confirm the Plan. Even if we receive the requisite acceptances, we cannot assure you that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or equity holder might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting

procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, (i) a finding by the Bankruptcy Court that the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes, (ii) confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and (iii) the value of distributions to non-accepting Holders of claims and interests within a particular Class under the Plan will not be less than the value of distributions such Holders would receive if the Company were liquidated under chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, we believe that the Plan will not be followed by a need for further financial reorganization and that non-accepting Holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and costs associated with any such chapter 7 case. We believe that Holders of Equity Interests in Conseco would receive no distribution under either a liquidation pursuant to chapter 7 or chapter 11.

The confirmation and consummation of the Plan are also subject to certain conditions described in Section VI.L above. If the Plan is not confirmed, it is unclear whether a restructuring of Conseco could be implemented and what distributions Holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests. If an alternative reorganization could not be agreed to, it is possible that we would have to liquidate our assets, in which case it is likely that Holders of Claims and Equity Interests would receive substantially less favorable treatment than they would receive under the Plan.

The Bankruptcy Court May Not Subordinate Certain Litigation Under Section 510(b) of the Bankruptcy Code.

As described in Section VI.G above, eight purported securities fraud class action lawsuits have been filed in the United States District Court for the Southern District of Indiana. The Debtors will seek to subordinate the claims related to these lawsuits under section 510(b) of the Bankruptcy Code. If these claims are not subordinated, then they would be treated as General Unsecured Claims.

As described in Section VI.G above, in October 2002, Roderick Russell, on behalf of himself and a class of persons similarly situated, and on behalf of the ConsecoSavePlan, filed an action in the United States District Court for the Southern District of Indiana against CNC, Conseco Services and certain current and former officers of CNC (Roderick Russell, et al. v Conseco, Inc., et al., Case No. I :02-CV -1639 LJM). The purported class action consists of all individuals whose 401(k) accounts held common stock of CNC at any time from April 28, 1999 through the present. The Debtors will seek to subordinate the claims related to this lawsuit under section 510(b) of the Bankruptcy Code. If these claims are not subordinated, then they would be treated as General Unsecured Claims.

Our Valuation of New CNC May Not be Adopted by the Bankruptcy Court.

The Debtors believe based on, among other things, the valuation included herein, that the approximate midpoint enterprise value of New CNC is $3.8 billion. This is significantly less than the value that would be required to provide a recovery to the holders of Trust Preferred Securities or the equity securities of CNC. The holders of the Trust Preferred Securities and the holders of equity securities of CNC, among others, may oppose confirmation of the Plan alleging that value of New CNC is higher than $3.8 billion and that the Plan thereby improperly extinguishes their rights to recoveries under the Plan. At the Confirmation Hearing, the Bankruptcy Court will hear evidence regarding the views of the Debtors and opposing parties (if any) with respect to the valuation of New CNC. Based on that evidence, the Bankruptcy Court will determine the appropriate valuation for New CNC for purposes of the Plan. The Debtors believe that $3.8 billion is the appropriate valuation. We cannot, however, assure you that the Bankruptcy Court will adopt our valuation of New CNC.

General Unsecured Claims Against CNC or CIHC May Be Diluted.

Under the Subplans, the Debtors propose to distribute all or substantially all of the New CNC Common Stock to Holders of Original Note Claims, Exchange Note Claims and Reorganizing Debtor General Unsecured Claims. Disputed litigation claims, however, may materially impact the amount of General Unsecured Claims against CNC and CIHC. In addition, there may be other Claims asserted by unknown parties. If such Claims are Allowed, they will dilute the percentage of shares distributed to Holders of Original Note Claims, Exchange Note Claims and Reorganizing Debtor General Unsecured Claims.

To date, the Debtors have received over 9,000 proofs of claim. The face value of the claims filed as general unsecured claims, excluding Class 5A, 6A, 7A, 10A, 4B, and 5B Claims, are $2,218,678,451 with respect to CNC and $2,086,487,548 with respect to CIHC. The bar date for all creditors (other than certain D&O loan participants and the Finance Company Debtors) to file claims against the Reorganizing Debtors was February 21, 2003. See Section V.A.8 above. The Debtors are reviewing and assessing these claims, many of which appear to be duplicates, filed against the wrong entities, and/or claims of shareholders that may be subordinated under section 510(b) of the Bankruptcy Code. The Debtors will file appropriate objections in due course and attempt to reduce the total amount of General Unsecured Claims but there can be no assurance that the Debtors will be able to do so, particularly in light of the amount of the claims asserted to date.

On February 19, 2003, the Bankruptcy Court entered an Order granting the Finance Company Debtors through April 1, 2003 to file proofs of claim against the Reorganizing Debtors. The Finance Company Debtors are presently engaged in investigations to determine the bases for, and valuation of, intercompany claims they may hold against the Reorganizing Debtors. It is possible that the investigations conducted by the Finance Company Debtors will yield additional information regarding the intercompany obligations which may necessitate adjustments to the amounts of the PrePetition Note Balance, the Advanced Funds, Net Finance Company Debtors' Claims and/or Net Reorganizing Debtors' Claims. We cannot assure you that these adjustments will not materially reduce the recoveries of Holders of Claims against the Reorganizing Debtors. Nor can we assure you whether the Noteholder Subcommittee and/or the Lender Subcommittee will waive the conditions to confirmation and consummation as they relate to the CIHC General Unsecured Claims Cap.

Parties in Interest May Object to Our Classification of Claims.

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. We believe that the classification of claims and interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

We May Object to the Amount or Classification of a Claim.

We reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor or equityholder whose Claim or Equity Interest is subject to an objection. Any such Holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

B. FACTORS AFFECTING THE VALUE OF THE SECURITIES TO BE ISSUED UNDER THE PLAN

We May Not Be Able to Achieve Our Projected Financial Results.

We may not be able to meet our projected financial results or achieve the revenue or cash flow that we have assumed in projecting our future business prospects. If we do not achieve these projected revenue or cash flow levels, we may lack sufficient liquidity to continue operating as planned after the Effective Date. Our financial projections represent management's view based on currently known facts and hypothetical assumptions about our future operations. However, the Projections set forth on Exhibit C attached hereto do not guarantee our future financial performance.

The Plan Exchanges Senior Securities for Junior Securities.

If the Plan is confirmed and consummated, holders of Original Notes and Exchange Notes will, and holders of 93/94 Notes may, receive shares of New CNC Common Stock, and the Lenders will receive shares of New CNC Preferred Stock and New CNC Warrants. Thus, in agreeing to the Plan, the Lenders and holders of Original Notes and Exchange Notes will be consenting to the exchange of their interests in senior debt, which has a stated interest rate, a maturity date, a liquidation preference over equity securities and, in the case of the Lenders and holders of the Exchange Notes, a guaranty, for shares of New CNC Preferred Stock, New CNC Warrants or New CNC Common Stock, as applicable, which will be subordinate to all creditor claims, and, in the case of New CNC Common Stock and New CNC Warrants, the claims of holders of New CNC Preferred Stock.

A Liquid Trading Market for the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants May Not Develop.

Although the Company intends to apply to list the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants on a national securities exchange or NASDAQ, we cannot assure you that we will be able to obtain these listings or, even if we do, that liquid trading markets for the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants will develop. The liquidity of any market for the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants will depend, among other things, upon the number of Holders of New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants, our financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, we cannot assure you that an active trading market will develop or, if a market develops, what the liquidity or pricing characteristics of that market will be.

The Trading Price For the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants May Be Depressed Following the Effective Date.

Assuming consummation of the Plan, the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants will be issued substantially simultaneously to Holders of Claims and Equity Interests who had originally purchased other securities of the Company or who purchased such securities before the need for the financial restructuring of the Company became manifest. Following the Effective Date, such Holders may seek to dispose of the New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants in an effort to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities.

The Estimated Valuation of New CNC and the New CNC Preferred Stock and New CNC Common Stock, and the Estimated Recoveries to Holders of Claims and Equity Interests, is Not Intended to Represent the Trading Values of the New CNC Preferred Stock and New CNC Common Stock.

The estimated valuation of the Company set forth in Section II.J above, prepared by Lazard at the request of the Company and based on the Projections developed by the Company's management, is based on certain generally accepted valuation analyses and is not intended to represent the trading values of New CNC's securities in public or private markets. This valuation analysis is based on numerous assumptions (the realization of many of which is beyond our control), including, among other things, our successful reorganization, an assumed Effective Date of June 1, 2003, our ability to achieve the operating and financial results included in the Projections, our ability to maintain adequate liquidity to fund operations and the assumption that capital and equity markets remain consistent with current conditions. Even if we achieve the Projections, the trading market values for the New CNC Preferred Stock and New CNC Common Stock could be adversely impacted by the lack of trading liquidity for these securities, the lack of institutional research coverage and concentrated selling by recipients of these securities.

The Trading Price of the New CNC Common Stock May be Adversely Affected by Potential Dilution Caused by the New CNC Preferred Stock, the New CNC Warrants and the Equity Incentive Plan.

In addition to the New CNC Common Stock, as of the Effective Date, there will be issued New CNC Preferred Stock (which will be exchangeable or convertible into shares of New CNC Common Stock in the future), New CNC Warrants to purchase 5% of the New CNC Common Stock and equity awards of up to 10% of the issued and outstanding New CNC Common Stock as of the Effective Date on a fully diluted basis under the equity incentive plan. On and after 10 years from the Effective Date, the New CNC Preferred Stock will be exchangeable into shares of New CNC Common Stock based on the fair market value of the New CNC Common Stock on the date of exchange. On and after September 30, 2005, the New CNC Preferred Stock will be convertible into shares of New CNC Common Stock at a conversion price, to be measured on the 120th day following the Effective Date, equal to the average of the volume weighted average prices of the New CNC Common Stock for the immediately preceding 60 days. The potential dilution of the New CNC Common Stock from the conversion or exchange of the New CNC Preferred Stock, the exercise of the New CNC Warrants and the exercise of options under the equity incentive plan may cause the market price of the New CNC Common Stock to trade significantly below the level that it otherwise would.

Certain Holders of New CNC Common Stock May Hold Substantial Interests in New CNC, Including Interests in Excess of 5%.

During the pendency of the Chapter 11 Cases, there is no limitation on the trading of Claims. Accordingly, upon consummation of the Plan, certain Holders of Claims may receive distributions of New CNC Common Stock representing a substantial amount of the outstanding shares of New CNC Common Stock. If Holders of significant numbers of shares of New CNC Common Stock were to act as a group, such Holders could be in a position to control the outcome of actions requiring stockholder approval, including, among other things, election of directors. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Company and, consequently, impact the value of the New CNC Common Stock.

Further, the possibility that one or more Holders of significant numbers of shares of New CNC Common Stock may determine to sell all or a large portion of their shares of New CNC Common Stock in a short period of time may adversely affect the market price of the New CNC Common Stock.

New CNC's Certificate of Incorporation Imposes Restrictions on the Voting Power of Significant Stockholders.

In the event that any Person or group of affiliated Persons obtains direct or indirect beneficial ownership of shares of capital stock of New CNC providing such Person(s) in excess of 10% of the voting power with respect to a particular stockholder vote, such Person(s) will be entitled to vote only such number of shares of capital stock as do not in the aggregate equal or exceed 10% of the voting power with respect to that stockholder vote, unless, prior to that stockholder vote, the acquisition, ownership and voting of such shares of capital stock by such Person(s) in excess of 10% has been approved, or exempted from approval, pursuant to all applicable insurance regulatory requirements. See Section II.G, "Terms of New Securities and New Bank Debt to be Issued Pursuant to the Plan."

The New CNC Common Stock Will Be Issued in Odd Lots.

Holders of Allowed Claims and Allowed Equity Interests may receive odd lot distributions (less than 100 shares) of New CNC Common Stock. Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

We Do Not Expect to Pay Cash Dividends on the New CNC Preferred Stock and New CNC Common Stock For the Foreseeable Future.

The terms of the New Credit Facility will limit, among other things, New CNC's ability to pay dividends, and it is not anticipated that any cash dividends will be paid on the New CNC Preferred Stock and New CNC Common Stock in the near future. See Section II.G, "Terms of New Securities and New Bank Debt to be Issued Pursuant to the Plan."

Certain Tax Consequences of the Plan Raise Unsettled and Complex Legal Issues and Involve Various Factual Determinations.

Some of the material consequences of the Plan regarding United States federal income taxes are summarized in Article IX hereof. Many of these tax issues raise unsettled and complex legal issues, and also involve various factual determinations, such as valuations, that raise additional uncertainties. We cannot assure you that the IRS will not take a contrary view, and no ruling from the IRS has been or will be sought regarding the tax consequences described herein. In addition, we cannot assure you that the IRS will not challenge the various positions we have taken, or intend to take, with respect to our tax treatment, or that a court would not sustain such a challenge. FOR A MORE DETAILED DISCUSSION OF RISKS RELATING TO THE SPECIFIC POSITIONS WE INTEND TO TAKE WITH RESPECT TO VARIOUS TAX ISSUES, PLEASE REVIEW ARTICLE IX.

C. RISKS RELATED TO OUR BUSINESS AND FINANCIAL CONDITION

Our Degree of Leverage May Limit Our Financial and Operating Activities.

We will have significant indebtedness even after the Plan is consummated. Further, our historical capital requirements have been significant and our future capital requirements could vary significantly and may be affected by general economic conditions, industry trends, performance, and many other factors that are not within our control. Recently, we have had difficulty financing our operations due, in part, to our significant losses and leveraged condition, and we cannot assure you that we will be able to obtain financing in the future. Even if the Plan is approved and consummated, we cannot assure you that we will not experience losses. Our profitability and ability to generate cash flow will likely depend upon our ability to successfully implement our business strategy and meet or exceed the results forecasted in the projections. However, we cannot assure you that we will be able to accomplish these results.

A Failure to Improve and Maintain the Financial Strength Ratings of Our Insurance Subsidiaries Could Negatively Impact Our Operations and Financial Results.

An important competitive factor for our insurance subsidiaries is the ratings they receive from nationally recognized rating organizations. See "Description of Conseco's Business - The Company's Business - Competition." In July 2002, A.M. Best downgraded the financial strength ratings of Conseco's primary insurance subsidiaries to "B++ (Very Good)" and placed the ratings "under review with negative implications." On August 14, 2002, A.M. Best further lowered the financial strength ratings of our primary insurance subsidiaries from "B++ (very good)" to "B (fair)". The A.M. Best downgrades caused sales of our insurance products to decline and policyholder redemptions and lapses to increase. In some cases, the downgrades also caused defections among our independent agent sales force and increases in the commissions we must pay. These events have had a material adverse effect on our operations, financial results and liquidity.

Although we currently expect our insurance subsidiaries to achieve a category "A" rating by the end of 2004, we cannot assure you that we will be able to achieve or maintain this rating. If we fail to achieve and maintain a category "A" rating, sales of our insurance products could continue to fall and additional existing policyholders may redeem or lapse their policies, adversely affecting our future operations, financial results and liquidity.

The Covenants in the New Credit Facility Restrict Our Activities and Require Us to Meet or Maintain Various Financial Ratios and Minimum Insurance Ratings.

In connection with our reorganization, we will enter into the New Credit Facility with our lenders. We have agreed to a number of covenants and other provisions that restrict our ability to engage in various financing transactions and pursue certain operating activities without the prior consent of the lenders under the New Credit Facility. We have also agreed to meet or maintain various financial ratios and minimum financial strength ratings for our insurance subsidiaries. For instance, if we experience a ratings downgrade following confirmation of the Plan, if we fail to achieve an "A-" rating by a specified date following confirmation of the Plan or if we experience a ratings downgrade after achieving an "A-" rating, we will

suffer an event of default under the New Credit Facility. Our ability to meet these financial and ratings covenants may be affected by events beyond our control. Although we expect to be in compliance with these requirements as of the Effective Date, these requirements represent significant restrictions on the manner in which we may operate our business. If we default under any of these requirements, the lenders could declare all outstanding borrowings, accrued interest and fees to be due and payable. If that were to occur, we cannot assure you that we would have sufficient liquidity to repay or refinance this indebtedness or any of our other debts.

CNC and CIHC are Holding Companies and Depend on their Subsidiaries for Cash.

CNC and CIHC are holding companies with no business operations of their own; they depend on their operating subsidiaries for cash to make principal and interest payments on debt, and to pay administrative expenses and income taxes. The cash CNC and CIHC receive from insurance subsidiaries consists of fees for services, tax sharing payments, dividends and distributions, and from our non-insurance subsidiaries, loans and advances. A deterioration in the financial condition, earnings or cash flow of the material subsidiaries of CNC or CIHC for any reason could limit such subsidiaries' ability to pay cash dividends or other disbursements to CNC and/or CIHC, which, in turn, would limit CNC's and/or CIHC's ability to meet debt service requirements and satisfy other financial obligations.

The ability of our insurance subsidiaries to pay dividends is subject to state insurance department regulations. These regulations generally permit dividends to be paid from earned surplus of the insurance company for any 12-month period in amounts equal to the greater of (or in a few states, the lesser of): (i) net gain from operations for the prior year; or (ii) 10% of surplus as of the end of the preceding year. Any dividends in excess of these levels require the approval of the director or commissioner of the applicable state insurance department. As described in "Events Leading to The Chapter 11 Case and Related Post-Petition Events - Insurance Ratings and Regulatory Issues," Bankers National Life Insurance Company and Conseco Life Insurance Company of Texas (on behalf of itself and its subsidiaries), entered into consent orders with the Commissioner of Insurance for the State of Texas on October 30, 2002. These consent orders, among other things, limit the ability of our insurance subsidiaries to pay dividends.

Although we believe that amounts required for us to meet our financial and operating obligations will be available from our subsidiaries and from funds currently held by CNC and CIHC, our results for future periods are subject to numerous uncertainties. We may encounter liquidity problems, which could affect our ability to meet our obligations while attempting to meet competitive pressures or adverse economic conditions.

The Obligations of CNC and CIHC are Structurally Subordinated to the Obligations of CNC's and CIHC's Subsidiaries.

Because our operations are conducted through subsidiaries, claims of the creditors of those subsidiaries (including policyholders) will rank senior to claims to distributions from the subsidiaries, which we depend on to make payments on our obligations. CIHC's subsidiaries had indebtedness for borrowed money (including capitalized lease obligations but excluding indebtedness to affiliates), policy reserves and other liabilities of approximately $24.9 billion at September 30, 2002. The obligations of CNC and CIHC, as parent holding companies, will rank effectively junior to these liabilities.

If an insurance company subsidiary were to be liquidated, that liquidation would be conducted under the insurance law of its state of domicile by such state's insurance regulator as the receiver with respect to such insurer's property and business. In the event of a default on our debt or our insolvency, liquidation or other reorganization, our creditors and stockholders will not have the right to proceed against the assets of our insurance subsidiaries or to cause their liquidation under federal and state bankruptcy laws.

Our Insurance Business Performance May Decline if Our Premium Rates Are Not Adequate.

We set the premium rates on our health insurance policies based on facts and circumstances known at the time we issue the policies and on assumptions about numerous variables, including the actuarial probability of a policyholder incurring a claim, the severity, and the interest rate earned on our

investment of premiums. In setting premium rates, we consider historical claims information, industry statistics, the rates of our competitors and other factors. If our actual claims experience proves to be less favorable than we assumed and we are unable to raise our premium rates, our financial results may be adversely affected. We generally cannot raise our health insurance premiums in any state unless we first obtain the approval of the insurance regulator in that state. We review the adequacy of our premium rates regularly and file rate increases on our products when we believe existing premium rates are too low. It is possible that we will not be able to obtain approval for premium rate increases from currently pending requests or requests filed in the future. If we are unable to raise our premium rates because we fail to obtain approval for a rate increase in one or more states, our net income may decrease. If we are successful in obtaining regulatory approval to raise premium rates due to unfavorable actual claims experience, the increased premium rates may reduce the volume of our new sales and cause existing policyholders to allow their policies to lapse. This would reduce our premium income in future periods. Increased lapse rates also could require us to expense all or a portion of the deferred policy costs relating to lapsed policies in the period in which those policies lapse, adversely affecting our financial results in that period.

We May Not Achieve the Goals of Certain Initiatives We Have Undertaken With Respect to the Restructuring of One of Our Principal Insurance Groups.

CIG, one of our principal insurance businesses, has experienced increased losses in its investment portfolio, declining sales and expense levels that do not match product pricing. We have adopted several initiatives designed to improve CIG's operations including, among others, focusing sales efforts on higher margin products; reducing operating expenses by eliminating or reducing the costs of marketing certain products, personnel reductions and streamlined administrative procedures; stabilizing the profitability of in force business, particularly long-term care policies; combining certain legal insurance entities to reduce burdens associated with statutory capital requirements; and improving the performance of investments by reducing exposure to higher risk assets. We have only recently adopted these initiatives and cannot assure you that they will be successfully implemented.

Our Reserves for Future Insurance Policy Benefits and Claims May Prove To Be Inadequate, Requiring Us To Increase Liabilities and Resulting In Reduced Net Income and Shareholders' Equity.

We calculate and maintain reserves for the estimated future payment of claims to our policyholders based on assumptions made by our actuaries. For our health insurance business, we establish an active life reserve plus a liability for due and unpaid claims, claims in the course of settlement, and incurred but not reported claims, as well as a reserve for the present value of amounts not yet due on claims. Many factors can affect these reserves and liabilities, such as economic and social conditions, inflation, hospital and pharmaceutical costs, changes in doctrines of legal liability, and extracontractual damage awards. Therefore, the reserves and liabilities we establish are necessarily based on extensive estimates, assumptions and prior years' statistics. Establishing reserves is an uncertain process, and it is possible that actual claims will materially exceed our reserves and have a material adverse effect on our results of operations and financial condition. Our financial performance depends significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in setting our reserves and pricing our policies. If our assumptions with respect to future claims are incorrect, and our reserves are insufficient to cover our actual losses and expenses, we would be required to increase our liabilities resulting in an adverse effect to our financial results and financial position.

Our Insurance Subsidiaries May be Required to Pay Assessments to Fund Policyholder Losses or Liabilities; This May Have a Material Adverse Effect on Our Results of Operations.

The solvency or guaranty laws of most states in which an insurance company does business may require that company to pay assessments (up to certain prescribed limits) to fund policyholder losses or liabilities of insurance companies that become insolvent. Recent insolvencies of insurance companies increase the possibility that these assessments may be required. These assessments may be deferred or forgiven under most guaranty laws if they would threaten an insurer's financial strength and, in certain instances, may be offset against future premium taxes. We cannot estimate the likelihood and amount of

future assessments. Any future assessments may have a material adverse effect on our financial results and financial position.

We are Subject to Further Risk of Loss Notwithstanding Our Reinsurance Arrangements.

We transfer exposure to certain risks to others through reinsurance arrangements. Under these arrangements, other insurers assume a portion of our losses and expenses associated with reported and unreported claims in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Furthermore, we face credit risk with respect to reinsurance. When we obtain reinsurance, we are still liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of our reinsurers to meet their financial obligations could materially affect our operations and financial condition.

We Are Subject to Extensive Regulation.

Our insurance business is subject to extensive regulation and supervision in the jurisdictions in which we operate, which is primarily for the benefit and protection of our customers, and not for the benefit of our investors or creditors. Our insurance subsidiaries are subject to state insurance laws that establish supervisory agencies with broad administrative powers relative to granting and revoking licenses to transact business, regulating sales and other practices, licensing agents, approving policy forms, setting reserve and solvency requirements, determining the form and content of required statutory financial statements, limiting dividends and prescribing the type and amount of investments.

We have been operating under heightened scrutiny from state insurance regulators. As described in "Events Leading to The Chapter 11 Case and Related Post-Petition Events - Insurance Ratings and Regulatory Issues," our insurance subsidiaries domiciled in Texas, Bankers National Life Insurance Company and Conseco Life Insurance Company of Texas (on behalf of itself and its subsidiaries), entered into consent orders with the Commissioner of Insurance for the State of Texas on October 30, 2002.

In Certain Circumstances, Regulatory Authorities May Place Our Insurance Subsidiaries Under Regulatory Control.

Our insurance subsidiaries are subject to risk-based capital requirements. These requirements were designed to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks associated with: asset quality; mortality and morbidity; asset and liability matching; and other business factors. The requirements are used by states as an early warning tool to discover potential weakly capitalized companies for the purpose of initiating regulatory action. Generally, if an insurer's risk-based capital falls below specified levels, the insurer would be subject to different degrees of regulatory action depending upon the magnitude of the deficiency. Possible regulatory actions range from requiring the insurer to propose actions to correct the risk-based capital deficiency to placing the insurer under regulatory control.

Recently Enacted and Pending or Future Legislation Could Also Affect the Financial Performance of Our Insurance Operations.

During recent years, the health insurance industry has experienced substantial changes, including those caused by healthcare legislation. Recent federal and state legislation and legislative proposals relating to healthcare reform contain features that could severely limit or eliminate our ability to vary our pricing terms or apply medical underwriting standards with respect to individuals which could have the effect of increasing our loss ratios and have an adverse effect on our financial results. In particular, Medicare reform and legislation concerning prescription drugs could affect our ability to price or sell our products.

Proposals currently pending in Congress and some state legislatures may also affect our financial results. These proposals include the implementation of minimum consumer protection standards for inclusion in all long term care policies, including: guaranteed premium rates; protection against inflation; limitations on waiting periods for pre-existing conditions; setting standards for sales practices for long term

care insurance; and guaranteed consumer access to information about insurers (including lapse and replacement rates for policies and the percentage of claims denied). Enactment of any of these proposals could adversely affect our financial results.

In addition, the federal government may seek to regulate the insurance industry, and recent government regulation may increase competition in the insurance industry and may affect our insurance subsidiaries' current sales methods. Although the federal government generally does not directly regulate the insurance industry, federal initiatives often have a direct impact on the insurance business. Current and proposed measures that may significantly affect the insurance business generally include limitations on antitrust immunity and minimum solvency requirements.

Changing Interest Rates May Adversely Affect Our Results of Operations.

Profitability may be directly affected by the level of and fluctuations in interest rates. While we monitor the interest rate environment and employ hedging strategies designed to mitigate the impact of changes in interest rates, our financial results could be adversely affected by changes in interest rates. Our spread-based insurance and annuity business is subject to several inherent risks arising from movements in interest rates, especially if we fail to anticipate or respond to such movements. First, interest rate changes can cause compression of our net spread between interest earned on investments and interest credited on customer deposits, thereby adversely affecting our results. Second, if interest rate changes produce an unanticipated increase in surrenders of our spread-based products, we may be forced to sell investment assets at a loss in order to fund such surrenders. At September 30, 2002, approximately 20 percent of our total insurance liabilities (or approximately $4.5 billion) could be surrendered by the policyholder without penalty. Finally, changes in interest rates can have significant effects on the performance of our mortgage-backed securities portfolio, including collateralized mortgage obligations, as a result of changes in the prepayment rate of the loans underlying such securities. We follow asset/liability strategies that are designed to mitigate the effect of interest rate changes on our profitability. However, there can be no assurance that management will be successful in implementing such strategies and achieving adequate investment spreads.

Litigation and Regulatory Investigations May Harm Our Financial Strength and Reduce Our Profitability.

Insurance companies historically have been subject to substantial litigation resulting from claims disputes and other matters. In addition to the traditional policy claims associated with their businesses, insurance companies are increasingly facing policyholder suits, class actions and disputes with reinsurers. The class actions and policyholder suits are often in connection with insurance sales practices, policy and claims administration practices and other market conduct issues. State insurance departments are increasingly focusing on sales practices and product issues in their market conduct examinations. Negotiated settlements of class action and other lawsuits have had a material adverse effect on the business, financial condition and results of operations of insurance companies. As a result of these trends, we are in the ordinary course of our business a plaintiff or defendant in actions arising out of our insurance business and investment operations, including class actions and reinsurance disputes, and, from time to time, are also involved in various governmental and administrative proceedings. Such litigation and proceedings may harm our financial strength and reduce our profitability. We cannot assure you that such litigation will not adversely affect our future business, financial condition or results of operations.

A Delay or an Unfavorable Outcome in the Dispute Surrounding Our Interest in the GM Building May Adversely Affect Our Financial Condition and Our Ability to Fund Our Business Plan.

As explained in Section VI.G.3 above, entities controlled by Donald J. Trump currently dispute CNC's subsidiary's ability to acquire the GM Building and later to monetize that asset. This dispute could delay New CNC's subsidiary's ability to sell the GM Building and distribute the profits of that sale. CNC's projections presume that CNC's interest in the GM Building will be monetized in the first quarter of 2004, although timing of actual resolution of the dispute with Trump and sale of the building is not certain. The mortgages on the GM Building, which total $700 million, are due on August 1, 2003.

The Markets in Which We Compete Are Highly Competitive.

Each of the markets in which we operate is highly competitive. Competitors include other life insurers, commercial banks, thrifts, mutual funds and broker-dealers. Many of our competitors in different segments and regions are larger companies that have greater capital, technological and marketing resources, and have access to capital at a lower cost. Because the actual cost of products is unknown when they are sold, we are subject to competitors who may sell a product at a price that does not cover its actual cost.

Agents placing insurance business with our insurance subsidiaries generally are compensated on a commission basis. There are many life and health insurance companies in the U.S. Some of these companies may pay higher commissions and charge lower premium rates, and many companies have more substantial resources than we do. Publicity about our recent financial difficulties may cause agents to place business with other insurers.

We must attract and retain sales representatives to sell our insurance and annuity products. Strong competition exists among financial services companies for efficient sales representatives. We compete with other financial services companies for sales representatives primarily on the basis of our financial position, support services and compensation and product features. Our competitiveness for such agents also depends upon the relationships we develop with these agents. If we are unable to attract and retain sufficient sales representatives to sell our products, our ability to compete and our revenues would suffer.

Tax Law Changes Could Adversely Affect Our Insurance Product Sales and Profitability.

We sell deferred annuities and some forms of life insurance products which are attractive to purchasers, in part, because policyholders generally are not subject to United States federal income tax on increases in policy values until some form of distribution is made. Recently, Congress enacted legislation to lower marginal tax rates, reduce the federal estate tax gradually over a ten-year period, with total elimination of the federal estate tax in 2010 and increase contributions which may be made to individual retirement accounts and 401(k) accounts. While these tax law changes will sunset at the beginning of 2011 absent future congressional action, they could in the interim diminish the appeal of our annuity and life insurance products. Additionally, Congress has considered, from time to time, other possible changes to the U.S. tax laws, including elimination of the tax deferral on the accretion of value within certain annuities and life insurance products. There can be no assurance that further tax legislation will not be enacted which would contain provisions with possible adverse effects on our annuity and life insurance products.

The Impact of Recent Terrorist Attacks and Possible Military and Other Actions May Adversely Affect the Insurance Industry and Financial Markets.

Terrorist attacks in New York City and Washington, D.C. on September 11, 2001 adversely affected commerce throughout the United States and resulted in significant disruption to the insurance industry and significant declines and volatility in financial markets. The continued threat of terrorism within the United States and abroad, and the military action and heightened security measures in response to that threat, including the possibility of hostilities in Iraq, may cause additional disruptions to the insurance industry, reduced economic activity and continued volatility in markets throughout the world, which may adversely impact our financial results.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, THE RATINGS ASSIGNED TO OUR INSURANCE SUBSIDIARIES BY RELEVANT RATING AGENCIES, THE PRICES AT WHICH THE COMPANY CAN MARKET AND SELL ITS INSURANCE PRODUCTS, THE PERFORMANCE OF THE COMPANY'S INVESTMENT PORTFOLIOS, ACHIEVING OPERATING EFFICIENCIES, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF

GOVERNMENTAL BODIES, NATURAL DISASTERS, ACTS OF TERRORISM OR WAR, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

IX.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of the Restructuring to the Debtors and Holders of Lender Claims, Original Notes, Exchange Notes, 93/94 Notes, Trust Preferred Securities and Old CNC Equity Interests. We sometimes refer to the Original Notes and the Exchange Notes collectively as the "New Notes". This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date hereof and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and the Debtors do not intend to seek a ruling from the Internal Revenue Service (the "IRS") as to any of such tax consequences, and there can be no assurance that the IRS will not challenge one or more of the tax consequences of the Restructuring described below.

This summary does not apply to Holders of Lender Claims, New Notes, 93/94 Notes, Trust Preferred Securities and Old CNC Equity Interests that are not United States persons (as defined in the Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks (which includes some or all of the Holders of Lender Claims), governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, and regulated investment companies). The following discussion assumes that Holders of Lender Claims, New Notes, 93/94 Notes, Trust Preferred Securities and Old CNC Equity Interests hold such interests as "capital assets" within the meaning of Code Section 1221. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to Debtors and Holders of Lender Claims, New Notes, 93/94 Notes, Trust Preferred Securities and Old CNC Equity Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local, or foreign tax law.

The Debtors and the Official Unsecured Committee continue to explore various possible alternative structures to maximize the going concern value of the Reorganized Debtors' estates. In this regard, if the Debtors and the Official Unsecured Committee determine that an alternative structure should be implemented, the Plan may be modified to effectuate such alternate structure; provided that such modifications shall not affect the treatment and recoveries of Holders of Claims and Equity Interests set forth herein.

The following summary is not a substitute for careful tax planning and advice based on the particular circumstances of each Holder of Lender Claims, New Notes, 93/94 Notes, Trust Preferred Securities and Old CNC Equity Interests. All Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences, as well as any applicable state, local, and foreign consequences, of the Restructuring.

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLAIMS AND EQUITY INTERESTS

1. Consequences to Holders of Lender Claims

Pursuant to the Plan, the Lender Claims will be exchanged for the New Bank Debt, New CNC Preferred Stock and New CNC Warrants. The U.S. federal income tax consequences to Holders of the Lender Claims depend on whether (a) the Reorganization will result in a deemed exchange of the Lender Claims for the New Bank Debt for U.S. federal income tax purposes, (b) the Lender Claims are treated as "securities" for purposes of the reorganization provisions of the Code and (c) the Restructuring qualifies as a tax-free reorganization.

Treasury regulations promulgated under Code Section 1001 (the "Exchange Regulations") provide that if there is a "significant modification" in the terms of a debt instrument, the modification is treated as a deemed exchange of the debt instrument for a new debt instrument. The Exchange Regulations provide that certain changes in the yield or timing of payments, changes in the obligor or security and changes in payment expectation result in a significant modification of debt instruments. It is expected that the terms of the Lender Claims will be modified and that the modifications would be treated as significant under Code Section 1001.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including among others, the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

As explained in more detail below (see "Certain U.S. Federal Income Tax Consequences to CNC," "G Reorganization") the Restructuring should constitute a tax-free reorganization as described in Code ss.368(a)(1)(G).

If the Lender Claims are not treated as securities or the Restructuring is not treated as a tax-free reorganization, Holders of Lender Claims will be treated as exchanging their Lender Claims for New Bank Debt, New CNC Preferred Stock and New CNC Warrants in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of Lender Claims should recognize gain or loss equal to the difference between (i) the sum of (a) the fair market value of the New CNC Preferred Stock and New CNC Warrants received and (b) the "issue price" of the New Bank Debt received (provided such New CNC Preferred Stock, New CNC Warrants and/or New Bank Debt is not allocable to accrued but untaxed interest) and (ii) such Holder's basis in the Lender Claims. To the extent such Holders hold their Lender Claims as capital assets, such gain or loss should be capital in nature and should be long-term capital gain or loss if the Lender Claims were held for more than one year (subject to the "market discount" rules discussed below). To the extent that a portion of the New Bank Debt, New CNC Preferred Stock or New CNC Warrants received in exchange for the Lender Claims is allocable to accrued but untaxed interest, the Holder may recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New CNC Preferred Stock and New CNC Warrants received should equal the fair market value of the New CNC Preferred Stock and New CNC Warrants as of the Effective Date and a Holder's tax basis in New Bank Debt will equal its "issue price." The issue price of the New Bank Debt should equal its stated principal amount since neither the Lender Claims nor the New Bank Debt are (or will be) traded on an established market and the New Bank Debt will provide for adequate stated interest. A Holder's holding period for New Bank Debt, New CNC Preferred Stock and New CNC Warrants should begin on the day following the Effective Date.

If the Lender Claims are treated as securities and the Restructuring pursuant to which the Lender Claims are exchanged for New Bank Debt, New CNC Preferred Stock and New CNC Warrants is treated as a tax-free reorganization, Holders of Lender Claims should not recognize any gain or loss on the exchange, except that a Holder may recognize ordinary income to the extent that New Bank Debt, New CNC Preferred Stock and New CNC Warrants are treated as received in satisfaction of accrued but untaxed interest on the Lender Claims. See "Accrued But Untaxed Interest" below. Such Holder should obtain a tax basis in the New Bank Debt, New CNC Preferred Stock and New CNC Warrants equal to the tax basis of the Lender Claims surrendered therefor and should have a holding period for the New Bank Debt, New CNC Preferred Stock and New CNC Warrants that includes the holding period for the Lender Claims; provided that the tax basis of New Bank Debt, New CNC Preferred Stock and New CNC Warrants treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New Bank Debt, New CNC Preferred Stock and New CNC Warrants should not include the holding period of the Lender Claims.

2. Consequences to Holders of New Notes, 93/94 Notes and Trust Preferred Securities

(a) Exchange of New Notes for New CNC Common Stock

Whether Holders of New Notes will recognize gain or loss on the exchange of New Notes for New CNC Common Stock depends on whether (a) the Restructuring qualifies as a tax-free reorganization and (b) the New Notes are treated as "securities" for purposes of the reorganization provisions of the Code.

As explained in more detail below (see "Certain U.S. Federal Income Tax Consequences to CNC," "G Reorganization") the Restructuring should constitute a tax-free reorganization as described in Code ss.368(a)(1)(G).

As described above, whether an instrument constitutes a "security" is determined based on all the facts and circumstances, with the length of the term of a debt instrument being an important factor. The following series of New Notes have terms to maturity between five and ten years and, based on their terms to maturity and other features, these series of New Notes are likely to be treated as securities for federal income tax purposes: 6.4% Original Notes (issued on February 15, 1998 and maturing on February 10, 2003); 8.75% Original Notes (issued on February 3, 2000 and maturing on February 9, 2004); 6.8% Original Notes (issued on June 5, 1998 and maturing on June 15, 2005); 9.0% Original Notes (issued October 19, 1999 and maturing on October 15, 2006); 10.75% Original Notes (issued June 27, 2001 and maturing on June 15, 2008); 6.8% Exchange Notes (issued on April 24, 2002 and maturing on June 15, 2007); 9.0% Exchange Notes (issued on April 24, 2002 and maturing on October 15, 2008); and 10.75% Exchange Notes (issued on April 24, 2002 and maturing on June 15, 2009).

The following series of New Notes have terms to maturity of less than five years and, based on their terms to maturity and other features, these series of New Notes may not be treated as securities for federal income tax purposes: 8.5% Exchange Notes (issued on April 24, 2002 and maturing on October 15, 2003); 6.4% Exchange Notes (issued April 24, 2002 and maturing on February 10, 2004); 8.75% Exchange Notes (issued on April 24, 2002 and maturing on February 9, 2006); and 8.5% Original Notes (issued on October 18, 1999 and maturing on October 15, 2002).

If any series of New Notes are treated as securities and the Restructuring pursuant to which the New Notes are exchanged for New CNC Common Stock is treated as a tax-free reorganization, Holders of such New Notes should not recognize any gain or loss on the exchange, except that a Holder may recognize ordinary income to the extent that New CNC Common Stock is treated as received in satisfaction of accrued but untaxed interest on such New Notes. See "Accrued But Untaxed Interest" below. Such Holder should obtain a tax basis in the New CNC Common Stock equal to the tax basis of the New Notes surrendered therefor and should have a holding period for the New CNC Common Stock that includes the holding period for the New Notes; provided that the tax basis of any share of New CNC Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New CNC Common Stock should not include the holding period of the New Notes.

If any series of New Notes are not treated as securities or the Restructuring pursuant to which the New Notes are exchanged for New CNC Common Stock does not qualify as a tax-free reorganization, Holders of such New Notes will be treated as exchanging their New Notes for New CNC Common Stock in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of the New Notes should recognize gain or loss equal to the difference between (i) the fair market value of New CNC Common Stock (as of the Effective Date) received in exchange for the New Notes and (ii) the Holder's adjusted basis in the New Notes. Such gain or loss should be capital in nature so long as the New Notes are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the New Notes were held for more than one year. To the extent that a portion of the New CNC Common Stock received in exchange for the New Notes is allocable to accrued but untaxed interest, the Holder may recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New CNC Common Stock received should equal the fair market value of the New CNC Common Stock as of the Effective Date. A Holder's holding period for New CNC Common Stock should begin on the day following the Effective Date.

(b) Exchange of 93/94 Notes for New CNC Common Stock or New Senior Notes

Pursuant to the Plan, the Holders of 93/94 Notes will receive either
(a) New CNC Common Stock, (b) New Senior Notes or (c) some combination thereof. Whether Holders of 93/94 Notes will recognize gain or loss on the exchange of 93/94 Notes for New CNC Common Stock or New Senior Notes depends on (a) the type of consideration received (i.e., New CNC Common Stock or New Senior Notes); (b) whether the Restructuring qualifies as a tax-free reorganization and (c) whether 93/94 Notes and (if the Holders of 93/94 Notes receive New Senior Notes) New Senior Notes are treated as "securities" for purposes of the reorganization provisions of the Code.

As explained in more detail below (see "Certain U.S. Federal Income Tax Consequences to CNC," "G Reorganization") the Restructuring should constitute a tax-free reorganization as described in Code ss.368(a)(1)(G).

As described above, whether an instrument constitutes a "security" is determined based on all the facts and circumstances, with the length of the term of a debt instrument being an important factor. Each series of 93/94 Notes has a term to maturity of approximately ten years and, based on their terms to maturity and other features, the 93/94 Notes should be treated as securities for federal income tax purposes. At this time, the maturity date and other terms of the New Senior Notes have not yet been determined.

If Holders of 93/94 Notes receive New CNC Common Stock under the Plan, and (i) 93/94 Notes are treated as securities and (ii) the Restructuring pursuant to which the 93/94 Notes are exchanged for New CNC Common Stock is treated as a tax-free reorganization, Holders of such 93/94 Notes should not recognize any gain or loss on the exchange, except that a Holder may recognize ordinary income to the extent that New CNC Common Stock is treated as received in satisfaction of accrued but untaxed interest on such 93/94 Notes. See "Accrued But Untaxed Interest" below. Such Holder should obtain a tax basis in the New CNC Common Stock equal to the tax basis of the 93/94 Notes surrendered therefor and should have a holding period for the New CNC Common Stock that includes the holding period for the 93/94 Notes; provided that the tax basis of any share of New CNC Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New CNC Common Stock should not include the holding period of the 93/94 Notes.

If Holders of 93/94 Notes receive New CNC Common Stock under the Plan, and (i) the 93/94 Notes are not treated as securities or (ii) the Restructuring pursuant to which the 93/94 Notes are exchanged for New CNC Common Stock does not qualify as a tax-free reorganization, Holders of such 93/94 Notes will be treated as exchanging their 93/94 Notes for New CNC Common Stock in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of the 93/94 Notes should recognize gain or loss equal to the difference between (i) the fair market value of New CNC Common Stock (as of the Effective Date) received in exchange for the 93/94 Notes and (ii) the Holder's adjusted basis in the 93/94 Notes. Such gain or loss should be capital in nature so long as the 93/94 Notes are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the 93/94 Notes were held for more than one year. To the extent that a portion of the New CNC Common Stock received in

exchange for the 93/94 Notes is allocable to accrued but untaxed interest, the Holder may recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New CNC Common Stock received should equal the fair market value of the New CNC Common Stock as of the Effective Date. A Holder's holding period for New CNC Common Stock should begin on the day following the Effective Date.

If Holders of 93/94 Notes receive New Senior Notes under the Plan, and
(i) both, 93/94Notes and New Senior Notes are treated as securities and (ii) the Restructuring pursuant to which the 93/94 Notes are exchanged for New Senior Notes is treated as a tax-free reorganization, Holders of such 93/94 Notes should not recognize any gain or loss on the exchange, except that a Holder may recognize ordinary income to the extent that any portion of New Senior Notes is treated as received in satisfaction of accrued but untaxed interest on such 93/94 Notes. See "Accrued But Untaxed Interest" below. Such Holder should obtain a tax basis in the New Senior Notes equal to the tax basis of the 93/94 Notes surrendered therefor and should have a holding period for the New Senior Notes that includes the holding period for the 93/94 Notes; provided that the tax basis of any portion of New Senior Notes treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New Senior Notes should not include the holding period of the 93/94 Notes.

If Holders of 93/94 Notes receive New Senior Notes under the Plan, and
(i) either the 93/94 Notes or New Senior Notes are not treated as securities or
(ii) the Restructuring pursuant to which the 93/94 Notes are exchanged for New Senior Notes does not qualify as a tax-free reorganization, Holders of such 93/94 Notes will be treated as exchanging their 93/94 Notes for New Senior Notes in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of the 93/94 Notes should recognize gain or loss equal to the difference between
(i) the value of New Senior Notes (as of the Effective Date) received in exchange for the 93/94 Notes and (ii) the Holder's adjusted basis in the 93/94 Notes. Such gain or loss should be capital in nature so long as the 93/94 Notes are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the 93/94 Notes were held for more than one year. To the extent that a portion of the New Senior Notes received in exchange for the 93/94 Notes is allocable to accrued but untaxed interest, the Holder may recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New Senior Notes received should equal the value of the New Senior Notes as of the Effective Date. A Holder's holding period for New Senior Notes should begin on the day following the Effective Date.

(c) Exchange of Trust Preferred Securities for New CNC Common Stock

Whether Holders of Trust Preferred Securities will recognize gain or loss on the exchange of Trust Preferred Securities for New CNC Common Stock depends on whether (a) the Restructuring qualifies as a tax-free reorganization and (b) the Subordinated Debentures underlying the Trust Preferred Securities are treated as "securities" for purposes of the reorganization provisions of the Code.

As explained in more detail below (see "Certain U.S. Federal Income Tax Consequences to CNC," "G Reorganization") the Restructuring should constitute a tax-free reorganization as described in Code ss.368(a)(1)(G).

As described above, whether an instrument constitutes a "security" is determined based on all the facts and circumstances, with the length of the term of a debt instrument being an important factor. Each series of Trust Preferred Securities (other than the 6.75% Trust Preferred Securities) has a term to maturity of more than five years and, based on their term to maturity and other features, the Subordinated Debentures underlying the Trust Preferred Securities should be treated as securities for federal income tax purposes.

If the Trust Preferred Securities are treated as securities and the Restructuring pursuant to which the Trust Preferred Securities are exchanged for New CNC Common Stock is treated as a tax-free reorganization, Holders of the Trust Preferred Securities should not recognize any gain or loss on the exchange, except that a Holder may recognize ordinary income to the extent that New CNC Common Stock is treated as received in satisfaction of accrued but untaxed interest on Trust Preferred Securities. See "Accrued But Untaxed Interest" below. Such Holder should obtain a tax basis in the New CNC Common

Stock equal to the tax basis of Trust Preferred Securities surrendered therefor and should have a holding period for the New CNC Common Stock that includes the holding period for the Trust Preferred Securities; provided that the tax basis of any share of New CNC Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New CNC Common Stock should not include the holding period of the Trust Preferred Securities.

If the Trust Preferred Securities are not treated as securities or the Restructuring pursuant to which the Trust Preferred Securities are exchanged for New CNC Common Stock does not qualify as a tax-free reorganization, Holders of such Trust Preferred Securities will be treated as exchanging their Trust Preferred Securities for New CNC Common Stock in a taxable exchange under Section 1001 of the Code. Accordingly, a Holder of Trust Preferred Securities should recognize gain or loss equal to the difference between (i) the fair market value of New CNC Common Stock (as of the Effective Date) received in exchange for the Trust Preferred Securities and (ii) the Holder's adjusted basis in the Trust Preferred Securities. Such gain or loss should be capital in nature (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the Trust Preferred Securities were held for more than one year. To the extent that a portion of the New CNC Common Stock received in exchange for the Trust Preferred Securities is allocable to accrued but untaxed interest, the Holder may recognize ordinary income. See "Accrued But Untaxed Interest" below. A Holder's tax basis in New CNC Common Stock (including in any fractional share) received should equal the fair market value of the New CNC Common Stock as of the Effective Date. A Holder's holding period for New CNC Common Stock (including for any fractional share) should begin on the day following the Effective Date.

(d) Accrued Interest and Market Discount

(i) Accrued But Untaxed Interest

To the extent that any amount received in the Reorganization by a Holder of Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities is attributable to accrued but untaxed interest, such amount should be taxable to the Holder as interest income, if such accrued interest has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, a Holder of Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for bad debts) to the extent that any accrued interest was previously included in the Holder's gross income but was not paid in full by CNC.

The extent to which New CNC Common Stock, New CNC Preferred Stock, 93/94 Notes or New CNC Warrants received by a Holder of Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities will be attributable to accrued but untaxed interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be treated as first satisfying an amount equal to the stated principal amount of the Allowed Claim for such Holders and any remaining consideration as satisfying accrued, but unpaid, interest, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a bankruptcy plan is binding for federal income tax purposes. However, the IRS could take the position that the consideration received by a Holder should be allocated in some way other than as provided in the Plan. Holders of Lender Claims, New Notes, 93/94 Notes and Trust Preferred Securities should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

(ii) Market Discount

Holders of Lender Claims, New Notes, 93/94 Notes and Trust Preferred Securities who exchange Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities for New Bank Debt, New CNC Preferred Stock, New CNC Common Stock, New Senior Notes or New CNC Warrants may be affected by the "market discount" provisions of Code Sections 1276 through 1278. Under these rules, some or all of the gain realized by a Holder of Lender Claims, New Notes or Trust Preferred Securities may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on such Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be a acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory de minimis amount (equal to 0.25 percent of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount).

Any gain recognized by a Holder on the taxable disposition of Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities were considered to be held by a Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities that were acquired with market discount are exchanged in a tax-free transaction for other property (as may occur here), any market discount that accrued on the Lender Claims, New Notes, 93/94 Notes or Trust Preferred Securities (i.e., up to the time of the exchange) but was not recognized by the Holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued market discount.

(e) Receipt of Interests in a Residual Trust

On the Effective Date, the Residual Trust shall be settled and exist as a grantor trust for the benefit of certain creditors. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt of an adverse determination by the IRS upon audit if not contested by the Residual Trustee), pursuant to Treasury Regulation Section 1.671-1(a) and/or Treasury Regulation Section 301.7701-4(d) and related regulations, the Residual Trustee may designate and file returns for the Residual Trust as a "grantor trust" and/or "liquidating trust" and therefore, for federal income tax purposes, the Residual Trust's taxable income (or loss) should be allocated pro rata to its beneficiaries.

The tax consequences of the right to receive and of the receipt (if any) of property from the Residual Trust are uncertain, and may depend, among other things, on the timing of the distribution and the nature of the property received. It is possible that the receipt of property from the Residual Trust would be a taxable event to the Holders of Claims at the time the property is received; however, it is also possible that the IRS could seek to treat the right to receive property from the Residual Trust as property received at the time of the Restructuring, and tax it in the same manner as cash or other property received on the exchange. Alternatively, the Holders of Claims could be treated as exchanging the right to receive property from the Residual Trust for a portion of their Claims. Finally, a portion of any amount of property received from the Residual Trust may be treated in respect of accrued but unpaid interest to the Holders of Claims. In light of these substantial uncertainties, Holders of Claims are urged to consult their tax advisors regarding the tax consequences of the right to receive and of the receipt (if any) of property from the Residual Trust.

3. Consequences to Holders of Old CNC Preferred Stock and Old CNC Common Stock

Holders of Old CNC Preferred Stock and Old CNC Common Stock that is cancelled in the Restructuring will be allowed a worthless stock deduction (unless such Holder had previously claimed a worthless stock deduction with respect to any Old CNC Preferred Stock or Old CNC Common Stock and assuming that the taxable year that includes the Restructuring is the same taxable year in which such stock first became worthless) in an amount equal to the Holder's adjusted basis in the Old CNC Preferred Stock and/or Old CNC Common Stock. A worthless stock deduction is a deduction allowed to a holder of a corporation's stock for the taxable year in which such stock becomes worthless. If the Holder held Old CNC Preferred Stock and/or Old CNC Common Stock as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset.

4. Consequences to Holders of Reorganizing Debtor General Unsecured Claims

Pursuant to the Plan, Holders of Reorganizing Debtor General Unsecured Claims may receive a distribution of New CNC Common Stock in respect of such claims. Holders of Reorganizing Debtor General Unsecured Claims should recognize gain or loss equal to the amount realized under the Plan in respect of their claims less their respective tax basis in those claims. The amount realized for this purpose generally will equal the fair market value of New CNC Common stock and other consideration (if any) received under the Plan. Any gain or loss recognized in the exchange will be capital or ordinary depending on the status of the claim in the Holder's hands. The Holder's aggregate tax basis for any consideration received under the Plan should equal the fair market value of the property received under the Plan. The holding period for any consideration under the Plan generally will begin on the day following the Effective Date.

5. Treatment of Subsequent Distributions on New CNC Preferred Stock and New CNC Common Stock

(a) Distributions--In General

The amount of distributions (other than any constructive distributions on the New CNC Preferred Stock (see discussion below)), if any, by New CNC in respect of the New CNC Common Stock and the New CNC Preferred Stock will be equal to the amount of cash and the fair market value as of the date of distribution of any property distributed. Subject to the discussion in paragraph (d) immediately below, regarding redemption of New CNC Preferred Stock, distributions generally will be treated for federal income tax purposes first as a taxable dividend to the extent of New CNC's current and accumulated earnings and profits (as determined for federal income tax purposes) and then as a tax-free return of capital to the extent of the holder's tax basis in its stock, with any excess treated as capital gain from the sale or exchange of the stock.

(b) PIK Distributions

Distributions on the New CNC Preferred Stock will be paid in kind with additional shares of New CNC Preferred Stock until the later of (i) the second anniversary of the Effective Date or (ii) the next fiscal quarter after the date that the principal insurance subsidiaries of New CNC achieve any "A" category financial strength rating by A.M. Best; thereafter, distributions may be paid in kind with additional shares of New CNC Preferred Stock thereafter at the option of New CNC. Any such distribution of additional shares of New CNC Preferred Stock generally will be taxed under the general distribution rules described above. Under these rules, the amount of any such distribution generally will equal the fair market value of the New CNC Preferred Stock so received on the distribution date and be treated for federal income tax purposes first as a taxable dividend to the extent of New CNC's current and accumulated earnings and profits (as determined for federal income tax purposes) and then as a tax-free return of capital to the extent of the holder's tax basis in its stock, with any excess treated as capital gain from the sale or exchange of the stock. In addition, a holder's tax basis in the New CNC Preferred Stock so received will equal the fair market value of such stock on the distribution date, and such holder's holding period for such stock will commence on the date following the distribution date.

(c) Constructive Distributions on New CNC Preferred Stock

If the New CNC Preferred Stock (including any New CNC Preferred Stock paid in kind as described in paragraph (b) above) is treated as having more than a de minimis "redemption premium" (i.e., an excess of the redemption price of the New CNC Preferred Stock over its "issue price"), holders may be treated as receiving constructive distributions of additional shares of New CNC Preferred Stock totaling the amount of such "redemption premium" over the period of time during which the New CNC Preferred Stock is outstanding, based on a constant yield-to-maturity method that reflects compounding. These constructive distributions would be in addition to the distributions described in paragraph (b) above and would generally be taxed in the same manner. Although the matter is subject to some uncertainty, New CNC intends to take

the position that the New CNC Preferred Stock has an "issue price" equivalent to its fair market value on the issue date. New CNC will provide to holders of New CNC Preferred Stock the title and address or telephone number of a New CNC representative who will make available to holders upon the request of such holders the information required to comply with the constructive distribution provisions described in this paragraph (c).

(d) Subsequent Sale, Redemption, or other disposition of New CNC Common Stock or New CNC Preferred Stock

The federal income tax treatment to a holder of New CNC Common Stock and/or New CNC Preferred Stock upon sale, redemption, or other disposition of such stock will depend on the particular facts relating to such holder at the time of such sale, redemption, or other disposition. Generally, any gain recognized by a holder may be treated as ordinary income to the extent of (i) any bad debt deductions (or additions to a bad debt reserve) claimed with respect to such holder's claim and any ordinary loss deductions incurred upon satisfaction of its claim, less any income (other than interest income) recognized by the holder upon satisfaction of its claim, and (ii) any amounts received by cash-basis holder which would have been included in its gross income if the holder's claim had been satisfied in full but which was not included by reason of the cash method of accounting.

The rules applicable to the treatment of the receipt of constructive distributions, and the sale, redemption, or other disposition of New CNC Common Stock and/or New CNC Preferred Stock are complex and in some cases uncertain. Thus, holders of New CNC Common Stock and/or New CNC Preferred Stock are urged to consult their own tax advisors regarding the application of the rules to their particular situations.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO CNC

1. G Reorganization

CNC intends to accomplish the Restructuring in the form of a reorganization described in Code ss.368(a)(1)(G) (a "G Reorganization"). Pursuant to the Plan, on the Effective Date, CNC will transfer substantially all of its assets (principally the stock of CIHC and other direct subsidiaries of CNC) to New CNC in exchange for New CNC Common Stock, New CNC Preferred Stock, New CNC Warrants, New Senior Notes and New CNC's assumption of certain indebtedness of CNC, as specified in the Plan. Certain of CNC's assets (the "unwanted assets") will not be transferred to New CNC. The unwanted assets consist of (i) the stock of certain indirect subsidiaries of CNC that management of CNC has determined do not have material operations that would be beneficial to New CNC and its subsidiaries and (ii) cash or cash equivalents that will be used to satisfy certain obligations of CNC pursuant to the Plan. CNC will then distribute New CNC Common Stock, New CNC Preferred Stock, New Senior Notes and New CNC Warrants to Holders of Lender Claims, New Notes and Trust Preferred Securities.

This transfer of assets and distribution of New CNC Common Stock, New CNC Preferred Stock, New Senior Notes and New CNC Warrants pursuant to the Plan should constitute a reorganization as described in Code ss. 368(a)(1)(G), assuming that certain non-statutory requirements, such as the requirement that a reorganization have a business purpose and preserve continuity of proprietary interest, are satisfied. The (i) corporate law benefits to be derived from an incorporation of New CNC in Delaware, (ii) ability of CNC to leave unwanted assets behind in the Reorganization in order to facilitate the winding up of certain non-critical subsidiaries and the satisfaction of certain claims pursuant to the Plan, and (iii) ability of CNC to substantially reduce its debt in the Reorganization should satisfy the business purpose requirement. For purposes of G reorganizations, a corporation's creditors that receive stock are considered to hold proprietary interests; as a result, the receipt of New CNC Common Stock and New CNC Preferred Stock by the holders of Lender Claims, New Notes and Trust Preferred Securities should satisfy the requirements for continuity of proprietary interest. Accordingly, the transfer of assets by CNC to New CNC in exchange for New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants and the distribution of all consideration received from New CNC to the creditors of CNC should constitute a G Reorganization.

Assuming that the transfers and distributions described above constitute a G reorganization, (i) CNC will recognize no gain or loss with respect to such transactions, (ii) CNC's taxable year will close on the Effective Date and it will begin a new taxable year on the day after the Effective Date, and (iii) all of CNC's tax attributes existing on the Effective Date, including NOLs and other loss and credit carryovers, will be transferred to New CNC as of the close of the Effective Date. Thus any income recognized by CNC (and not excluded under Code ss. 108) in its tax year beginning on the day following the Effective Date (or subsequent tax years), during its winding up, will not be protected by CNC's pre-Effective Date NOLs, but only by NOLs (if any) incurred after the Effective Date or attributable to unwanted assets.

If the transfers and distributions described above do not constitute a G reorganization, (i) CNC will recognize gain or loss with respect to the transaction, although the amount of such gain, if any, is not expected to exceed the amount of the NOL of CNC, and thus is not expected to result in any tax upon CNC, (ii) CNC's taxable year will not close on the Effective Date, and (iii) all of CNC's tax attributes should remain with CNC, and will not be transferred to New CNC.

Although CNC anticipates that it will accomplish the restructuring through a G reorganization structure (described above), there is a small possibility that the restructuring could be accomplished by other means if CNC determines that such alternative structure could maximize tax savings to New CNC and would not adversely affect the tax treatment of Holders of Claims and Equity Interests.

2. Cancellation of Indebtedness and Reduction of Tax Attributes

As a result of the Restructuring, the amount of CNC's aggregate outstanding indebtedness will be substantially reduced. In general, absent an exception, a debtor will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any new consideration (including stock of the debtor) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a Title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income which it excluded from gross income under Code Section 108. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"), (b) tax credits and capital loss carryovers, and (c) tax basis in assets.

Because the Plan provides that Holders of New Notes, Lender Claims and Trust Preferred Securities will receive New CNC Common Stock, New CNC Preferred Stock, New CNC Warrants and New Bank Debt, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend on the fair market value of the New CNC Common Stock, New CNC Preferred Stock, New CNC Warrants and the issue price of New Bank Debt. These values and issue price of the New Bank Debt cannot be known with certainty until after the Effective Date. Thus, although it is expected that a reduction of tax attributes will be required, the exact amount of such reduction cannot be predicted.

C. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NEW CNC

1. Transfer of Assets from CNC to New CNC

New CNC will recognize no gain or loss with respect to the receipt of CNC assets in exchange for New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants pursuant to the Restructuring. Assuming, as described above, that the transfer of assets by CNC to New CNC constitutes a G reorganization, the assets transferred to New CNC will have the same basis in New CNC's hands as such assets did in CNC's hands, and New CNC's holding period for such assets will include CNC's holding period. New CNC will also succeed to CNC's tax attributes at the close of the Effective Date. Subject to potential limitations imposed by Code Section 382, as described below, New CNC intends to take the

position that CNC will succeed to the attributes of New CNC without reduction for the COD Income of CNC, and that such attributes will be available to offset income of New CNC in its tax year beginning on the day following the Effective Date (and in subsequent tax years). However, there is no assurance that the IRS will not take a contrary position and assert that New CNC will only succeed to the attributes of CNC with a reduction for the COD Income of CNC under Code
Section 108(b), or, as discussed below, that Code Section 269 will apply to reduce or eliminate New CNC's ability to use the attributes of CNC.

2. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

Code Section 382 generally limits a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change) if a corporation undergoes an "ownership change." This discussion describes the limitation determined under Code Section 382 in the case of an "ownership change" as the "Section 382 Limitation." The Section 382 Limitation on the use of pre-change losses (the NOLs and built-in losses recognized within the five year post-ownership change period) in any "post change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change and the long term tax-exempt rate (which is published monthly by the Treasury Department and most recently was approximately 4.61%) in effect for the month in which the ownership change occurs. In addition, Code Section 383 applies a similar limitation to capital loss carryforwards and tax credits.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5 percent shareholders" increases by more than 50 percentage points over the lowest percentage owned at any time during the applicable "testing period" (generally, the shorter of (a) the three-year period preceding the testing date or (b) the period of time since the most recent ownership change of the corporation). A "5 percent shareholder" for these purposes includes, generally, an individual or entity that directly or indirectly owns 5 percent or more of a corporation's stock during the relevant period, and may include one or more groups of shareholders that in the aggregate own less than 5 percent of the value of the corporation's stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that have consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group. An ownership change will occur with respect to CNC and its successor, New CNC, in connection with the Plan. Therefore, New CNC's ability to use its NOLs will be limited by Code ss. 382.

When an "ownership change" occurs pursuant to the implementation of a plan of reorganization under the Bankruptcy Code, the general Section 382 Limitation may not apply if certain requirements are satisfied. Under Section 382(l)(5) of the Code, the Section 382 Limitation does not apply to an ownership change of a loss corporation if the corporation was under the jurisdiction of a bankruptcy court immediately before the change and those persons who were shareholders and creditors of the loss corporation immediately before the ownership change own at least 50 percent of the loss corporation's stock by value and voting power after the ownership change (the "Bankruptcy Exception").

Thus, under Code Section 382(l)(5), New CNC would avoid entirely the application of the Section 382 Limitation to the NOLs and recognized built-in losses, if any, but would be required to reduce their NOLs and possibly other tax attributes by any deduction for interest claimed by CNC with respect to any indebtedness converted into stock for (a) the three-year period preceding the taxable year of the "ownership change" and (b) the portion of the year of the "ownership change" prior to the consummation of the Plan. However, New CNC currently intends to elect out of the application of Code Section 382(l)(5). Instead, CNC expects to take advantage of the special rule in Code Section 382(l)(6) (discussed immediately below).

As noted above, the Section 382 Limitation is generally determined by reference to the fair market value of the loss corporation's outstanding stock immediately before the ownership change. However, Code Section 382(l)(6) provides that a debtor may elect, in the case of an ownership change resulting from a bankruptcy proceeding of a debtor, to have the value of the debtor's stock for the purpose of calculating the Section 382 Limitation determined by reference to the net equity value of the debtor's stock immediately after the ownership change. Although it is not possible to know with certainty what the fair market value

of New CNC Common Stock and New CNC Preferred Stock will be following the Effective Date (and accordingly what the amount of the Section 382 Limitation would be), CNC believes that the Code Section 382(l)(6) rule could be of significant benefit with respect to New CNC's ability to utilize any remaining tax attributes following the Effective Date. Accordingly, CNC currently intends to elect the application of this rule. Thus, for purposes of calculating the
Section 382 Limitation, the value of New CNC Common Stock and New CNC Preferred Stock would reflect the increase, if any, in value resulting from any surrender or cancellation of creditors' claims against CNC in the bankruptcy.

3. Application of Code Section 269 to the G Reorganization

Pursuant to Code Section 269(a)(1), the IRS may disallow a corporate tax benefit if the principal purpose for an acquisition of 50% or more (in vote or value) of the stock of a corporation (the "Applicable Stock Acquisition") is the evasion or avoidance of federal income tax by securing a corporate tax benefit that would not otherwise be available. Furthermore, pursuant to Code
Section 269(a)(2), the IRS may disallow a corporate tax benefit if the principal purpose for certain asset acquisitions (the "Applicable Asset Acquisition") is the evasion or avoidance of federal income tax by securing a corporate tax benefit that would not otherwise be available. If the IRS were to assert Code
Section 269 with respect to an Applicable Stock Acquisition or an Applicable Asset Acquisition, the taxpayer would have the burden of proof because the IRS's determination of a tax avoidance principal purpose is presumptively correct. If the taxpayer is unable to carry the burden of proving a principal purpose other than tax avoidance, the determination of a tax avoidance would stand.

In the Reorganization, New CNC will acquire substantially all of the assets of CNC and more than 50% in value of New CNC Common Stock will be acquired by Holders of New Notes and Trust Preferred Securities. If the IRS determines that either the acquisition of New CNC Common Stock or CNC assets is principally for tax avoidance purposes, it could assert that Code Section 269 authorizes it to disallow deductions with respect to some or all of New CNC's NOLs. This determination is primarily a question of fact.

There is a risk that the IRS could assert that the principal purpose of the G Reorganization is to enhance the ability of the New CNC to utilize its NOLs. To prevail in this assertion, the IRS must demonstrate that the purpose to evade or avoid federal income tax exceeds in importance any other purpose. The determination of the purpose for which an acquisition was made requires a scrutiny of the entire circumstances in which the transaction or course of conduct occurred, in connection with the tax result claimed to arise therefrom. Courts are generally reluctant to invoke Code Section 269 where a reasonable business purpose existed for the timing and form of the acquisition, even if the availability of NOLs was also a major consideration in the transaction.

As noted above, the determination of whether tax avoidance is the principal motivation of a transaction is primarily a question of fact. Although the matter is subject to some uncertainty, CNC believes that, if the G Reorganization were challenged by the IRS, the IRS should not be able to demonstrate that the federal tax avoidance was the principal motivation for the G Reorganization. CNC believes that the acquisition of control of CNC and New CNC by holders of Lender Claims, New Notes and Trust Preferred Securities pursuant to the Plan will be made for legitimate business purposes. The Holders of Lender Claims, New Notes and Trust Preferred Securities will be offered New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants because CNC cannot offer them sufficient cash and/or new debt instruments to preserve their investment in CNC. In light of business exigencies requiring CNC to satisfy most of the claims against CNC with New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants, tax avoidance should not be considered the principal motivation for the Plan. Further, CNC believes that there are legitimate business purposes for the reincorporation of CNC, an Indiana corporation, as New CNC, a Delaware corporation, which will carry on the CNC business unhampered by concerns relating to the unwanted assets. Accordingly, CNC believes that Code
Section 269 should not apply to the G Reorganization.

If, nevertheless, the IRS were to make an assertion that Code Section 269 applied and such assertion were sustained, Code Section 269 would severely limit or even extinguish New CNC's ability to utilize CNC's pre-ownership change NOLs to which it succeeded in the G Reorganization. Due to the

highly fact dependent nature of this issue, there can be no assurance that the IRS would not prevail if it were to assert the application of Code Section 269 to the G Reorganization.

4. Information Reporting and Backup Withholding

Under the backup withholding rules, a Holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless that holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or
(b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax.

CNC and New CNC will withhold all amounts required by law to be withheld from payments of interest and dividends. CNC and New CNC will comply with all applicable reporting requirements of the Code.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF LENDER CLAIMS, NEW NOTES, SECURED NOTES, TRUST PREFERRED SECURITIES AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

X.

RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the Holders than would otherwise result in a liquidation under Chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the Holders of Claims. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan.

Dated: March 18, 2003 Respectfully Submitted,

CONSECO, INC.

By: /s/Eugene M. Bullis
Name: Eugene M. Bullis
Title: Executive Vice President and Chief Financial Officer

CIHC, INCORPORATED

By: /s/Eugene M. Bullis
Name: Eugene M. Bullis
Title: Executive Vice President and Chief Financial Officer

CTIHC, INC.

By: /s/Daniel J. Murphy
Name: Daniel J. Murphy
Title: Senior Vice President and Treasurer

PARTNERS HEALTH GROUP, INC.

By: /s/Daniel J. Murphy
Name: Daniel J. Murphy
Title: Senior Vice President and Treasurer

Prepared by:
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(312) 861-2000

COUNSEL TO DEBTORS AND DEBTORS IN POSSESSION

Exhibit T3E-2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

EASTERN DIVISION

In re:	)	Chapter 11
	)	
Conseco, Inc., et al.,(1)	)	
	)	Case No. 02 B49672
Debtors.	)	Honorable Carol A. Doyle
	)	(Jointly Administered)
	)	

REORGANIZING DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

James H.M. Sprayregen, P.C.
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KIRKLAND & ELLIS
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Chicago, Illinois 60601
(312) 861-2000

Counsel for the Debtors and Debtors in Possession Dated: March 18, 2003

1 The Reorganizing Debtors are the following entities: (i) Conseco, Inc., (ii) CIHC, Incorporated, (iii) CTIHC, Inc., and (iv) Partners Health Group, Inc., (defined herein, collectively, as the "Debtors" or "Reorganizing Debtors"). This Plan is not a chapter 11 plan for the Finance Company Debtors (as defined herein).

TABLE OF CONTENTS

REORGANIZING DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Pursuant to Title 11 of the United States Code, 11 U.S.C. ss.ss. 101 et seq., the Debtors and Debtors in Possession in the above-captioned and numbered cases, hereby respectfully propose the following Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code:

Article I.

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME AND GOVERNING LAW

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference herein to an existing document or exhibit Filed, or to be Filed, shall mean such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references herein to Sections and Articles are references to Sections and Articles hereof or hereto; (e) the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of this Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and
(h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. In computing any period of time prescribed or allowed hereby, the provisions of Bankruptcy Rule 9006(a) shall apply.

3. Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

B. Proponents of Plan

This Plan is proposed by the Reorganizing Debtors. The classification and treatment of Claims and Equity Interests against the Reorganizing Debtors is contained in Article III.

C. Severability of Plan Provisions

1. The Plan is comprised of four subplans of reorganization. The confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each subplan. If any subplan is not confirmed, the Debtors reserve the right, with the prior written consent of the Conseco Creditors Committee, to either (a) request that the other subplans be confirmed or (b) withdraw some or all subplans; provided that (i) the subplan for CIHC may not be confirmed unless the subplan for CNC is confirmed and (ii) the subplan for CNC may not be confirmed unless the subplan for CIHC is confirmed. Subject to the preceding provision, the Debtors' inability to confirm or election to withdraw any subplan(s) shall not impair the confirmation of any other subplan(s).

D. Substantive Consolidation

The estates of the Debtors have not been substantively consolidated. The Claims held solely against one of the Debtors will be satisfied solely from the cash and assets of such Debtor except as provided for herein. Except as specifically set forth herein, nothing in this Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that one of the Debtors is subject to or liable for any Claim against any other Debtor. Except as specifically set forth herein, the Claims of Creditors that hold Claims against multiple Debtors will be treated as separate Claims with respect to each Debtor's estate for all purposes (including, but not limited to, distributions and voting), and such Claims will be administered as provided in the Plan. Any Claims against any Debtor will be satisfied according to the terms of the Plan.

E. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "93/94 Notes" means, collectively, (i) 8.125% Senior Notes; and
(ii) 10.5% Senior Notes.

2. "93/94 Note Claims" means Claims derived from or based upon the 93/94 Notes, to the extent they are Secured Claims.

3. "93/94 Notes Distribution" means, at CNC's option, (A) New CNC Common Stock issued on the Effective Date having a value (based on Plan Value) equal to the amount of the Allowed Class 4A 93/94 Note Claims, (B) the New Senior Notes issued on the Effective Date with a principal amount equal to the amount of the Allowed Class 4A 93/94 Note Claims in accordance with the terms summarized in the 93/94 Notes Term Sheet as found in the Plan Supplement or (C) some combination of (i) New CNC Common Stock (based on Plan Value) and (ii) New Senior Notes that, in the aggregate, equal the value of the Allowed Class 4A 93/94 Note Claims. The Class 4A Notice (to be mailed to holders of the 93/94 Note Claims 30 days before the Voting Deadline) will disclose whether CNC chose option (A) or option (B) for the 93/94 Notes Distribution, provided that such election shall revert to option (A) above if CFC asserts a Class 4A Claim by virtue of CFC previously satisfying the Holders of the 93/94 Notes, which is not satisfied under Article VII.F hereof.

4. "93/94 Notes Term Sheet" means that document in the Plan Supplement summarizing the new notes that may be issued pursuant to the 93/94 Notes Distribution.

5. "6.4% Original Notes" means the $250 million original principal amount 6.4% senior notes due February 10, 2003, issued by CNC, with $246,880,305 in principal and accrued but unpaid interest outstanding as of the Petition Date.

6. "6.8% Original Notes" means the $250 million original principal amount 6.8% senior medium-term notes, Series A, due June 15, 2005, issued by CNC, with $102,646,601 in principal and accrued but unpaid interest outstanding as of the Petition Date.

7. "8.5% Original Notes" means the $450 million original principal amount 8.5% senior notes due October 15, 2002, issued by CNC with $237,808,925 outstanding in principal and accrued but unpaid interest as of the Petition Date.

8. "8.75% Original Notes" means the $800 million original principal amount 8.75% senior notes due February 9, 2004, issued by CNC pursuant to the senior indenture dated as of November 13, 1997, and pursuant to prospectus supplement filed with the SEC on February 3, 2000, with $455,528,087 in principal and accrued but unpaid interest outstanding as of the Petition Date.

9. "9.0% Original Notes" means the $550 million original principal amount 9.0% senior notes due October 15, 2006, issued by CNC, with $159,961,100 in principal and accrued but unpaid interest outstanding as of the Petition Date.

10. "10.75% Original Notes" means the $400 million original principal amount 10.75% senior notes due June 15, 2008, issued by CNC, with $39,619,881 in principal and accrued but unpaid interest outstanding as of the Petition Date.

11. "6.4% Exchange Notes" means the $14,936,000 original principal amount 6.4% senior notes due February 10, 2004, issued by CNC and guaranteed by CIHC, with $15,763,476 in principal and accrued but unpaid interest outstanding as of the Petition Date.

12. "6.8% Exchange Notes" means the $150,783,000 original principal amount 6.8% senior notes due June 15, 2007, issued by CNC and guaranteed by CIHC, with $156,092,447 in principal and accrued but unpaid interest outstanding as of the Petition Date.

13. "8.5% Exchange Notes" means the $991,000 original principal amount 8.5% senior notes due October 15, 2003, issued by CNC and guaranteed by CIHC, with $1,048,499 in principal and accrued but unpaid interest outstanding as of the Petition Date.

14. "8.75% Exchange Notes" means the $364,294,000 original principal amount 8.75% senior notes due August 9, 2006, issued by CNC and guaranteed by CIHC, with $391,889,271 in principal and accrued but unpaid interest outstanding as of the Petition Date.

15. "9.0% Exchange Notes" means the $399,200,000 original principal amount 9.0% senior notes due April 15, 2008, issued by CNC and guaranteed by CIHC, with $423,709,217 in principal and accrued but unpaid interest outstanding as of the Petition Date.

16. "10.75% Exchange Notes" means the $362,433,000 original principal amount 10.75% senior notes due June 15, 2009, issued by CNC and guaranteed by CIHC, with $382,472,525 in principal and accrued but unpaid interest outstanding as of the Petition Date.

17. "8.125% Senior Notes" means the $200,000,000 original principal amount 8.125% senior notes due February 15, 2003, issued by CNC, with $67,892,689 in principal and accrued but unpaid interest outstanding as of the Petition Date.

18. "10.5% Senior Notes" means the $200,000,000 original principal amount 10.5% senior notes due December 15, 2004, issued by CNC, with $25,855,090 in principal and accrued but unpaid interest outstanding as of the Petition Date.

19. "1997 D&O Credit Facility" means the Credit Agreement dated as of May 13, 1996 among certain officers, directors and employees of CNC and its subsidiaries, Bank of America, N.A., as Administrative Agent, and the financial institutions signatory thereto, and all other agreements and instruments, including guarantees, entered into in connection therewith, in each case as amended, restated, refinanced, supplemented, waived, extended, renewed, replaced or otherwise modified from time to time, including, without limitation, pursuant to the following instruments: Amended and Restated Credit Agreement dated as of August 26, 1997, Agreement dated as of September 22, 2000, Credit Agreement dated as of November 22, 2000, First Amendment dated as of August 21, 2001, First Stage Amendment and Agreement dated as of March 20, 2002, Waiver No. 1 dated as of August 14, 2002, Waiver No. 2 dated as of September 8, 2002 and Waiver No. 3 dated as of October 18, 2002. The 1997 D&O Credit Facility is guaranteed by CNC and CIHC.

20. "1998 D&O Credit Facility" means the Credit Agreement dated as of August 21, 1998 among certain officers, directors and employees of CNC and its subsidiaries, Bank of America, N.A., as Administrative Agent, and the financial institutions signatory thereto, and all other agreements and instruments, including guarantees, entered into in connection therewith, in each case as amended, restated, refinanced, supplemented, waived, extended, renewed, replaced or otherwise modified from time to time, including, without limitation, pursuant to the following instruments: Agreement dated as of September 22, 2000, Credit Agreement dated as of November 22, 2000, First Amendment dated as of August 21, 2001, Second Amendment dated as of December 7, 2001, First Stage Amendment and Agreement dated as of March 20, 2002, Waiver No. 1 dated as of August 14,

2002, Waiver No. 2 dated as of September 8, 2002 and Waiver No. 3 dated as of October 18, 2002. The 1998 D&O Credit Facility is guaranteed by CNC and CIHC.

21. "1998 Non-Refinanced D&O Credit Facility" means the Credit Agreement dated as of August 21, 1998 among certain officers, directors and employees of CNC and its subsidiaries, Bank of America, N.A., as Administrative Agent, and the financial institutions signatory thereto, and all other agreements and instruments, including guarantees, entered into in connection therewith, in each case as amended, restated, refinanced, supplemented, waived, extended, renewed, replaced or otherwise modified from time to time, including, without limitation, pursuant to the following instruments: Agreement dated as of September 22, 2000, First Stage Amendment and Agreement dated as of March 20, 2002, Waiver No. 1 dated as of August 14, 2002, Waiver No. 2 dated as of September 8, 2002 and Waiver No. 3 dated as of October 18, 2002. The 1998 Non-Refinanced D&O Credit Facility is guaranteed by CNC and CIHC.

22. "1999 D&O Credit Facility" means the Credit Agreement dated as of September 15, 1999 among certain officers, directors and employees of CNC and its subsidiaries, JPMorgan Chase Bank, as Administrative Agent, and the financial institutions signatory thereto, and all other agreements and instruments, including guarantees, entered into in connection therewith, in each case as amended, restated, refinanced, supplemented, waived, extended, renewed, replaced or otherwise modified from time to time, including, without limitation, pursuant to the following instruments: Termination and Replacement Agreement dated as of May 30, 2000, Agreement dated as of September 22, 2000, Credit Agreement dated as of November 22, 2000, First Stage Amendment and Agreement dated as of March 20, 2002, Waiver No. 1 dated as of August 14, 2002, Waiver No. 2 dated as of September 8, 2002 and Waiver No. 3 dated as of October 18, 2002. The 1999 D&O Credit Facility is guaranteed and secured by CNC and CIHC.

23. "Accrued Professional Compensation" means, at any given moment, all accrued fees and expenses (including but not limited to success fees) for services rendered by all Professionals in the Chapter 11 Cases that the Bankruptcy Court has not denied by Final Order, to the extent such fees and expenses have not been paid regardless of whether a fee application is filed for such amount. To the extent a court denies by Final Order a Professional's fees or expenses, such amounts shall no longer be considered Accrued Professional Compensation.

24. "Administrative Claim" means a Claim for costs and expenses of administration under sections 503(b), 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise for the period commencing on the Petition Date and ending on the Confirmation Date; and (c) all fees and charges assessed against the Estate under chapter 123 of title 28 United States Code, 28 U.S.C. ss.ss. 1911-1930.

25. "Allowed" means, with respect to Claims or Equity Interests, any Claim against or Equity Interest in a Debtor, proof of which is timely Filed, or by order of the Bankruptcy Court is not or will not be required to be Filed, any Claim or Equity Interest that has been or is hereafter listed in the Schedules as neither disputed, contingent or unliquidated, and for which no timely proof of Claim has been Filed, or (c) any Claim Allowed pursuant to the Plan; provided, however, that with respect to any Claim or Equity Interest described in clauses (a) or (b) above, such Claim or Equity Interest shall be Allowed only if (x) no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or (y) such an objection is so interposed and the Claim or Equity Interest shall have been Allowed by a Final Order (but only if such allowance was not solely for the purpose of voting to accept or reject the Plan). Except as otherwise specified in the Plan or a Final Order of the Bankruptcy Court, the amount of an Allowed Claim shall not include interest on such Claim from and after the Petition Date.

26. "Allowed Claim" means an Allowed Claim in the particular Class described.

27. "Allowed Equity Interest" means an Allowed Equity Interest in the particular Class described.

28. "Allowed Lender Claims" means the Allowed Claims of the Lenders and the Lenders' Agents consisting of (a) all unpaid principal, interest, Waiver Consideration and other charges accrued through the Petition Date (including, without limitation, interest at default contract rates) in respect of the Senior Credit Facility and respective D&O Credit Facilities, together with all Claims arising from the CIHC Guarantee of Senior Credit Facility Claims, and the Guarantees of D&O Credit Facilities, plus (b) all reasonable fees and expenses (including, without limitation, the fees and expenses of counsel and financial advisors to the Lenders and Lenders' Agents), and other charges. The Claims referred to in clause (a) of the preceding sentence will be Allowed in the following amounts: (i) Senior Credit Facility: $1,537,808,635.55; (ii) 1997 D&O Credit Facility: $206,426,597.90; (iii) 1998 D&O Credit Facility:
$134,205,323.05; (iv) 1998 Non-Refinanced D&O Credit Facility: $10,133,691.23; and (v) 1999 D&O Credit Facility: $146,375,210.76; the fees and expenses referred to in clause (b) of the preceding sentence will be separately quantified through the Effective Date.

29. "Available Proceeds" means the amount of Cash received at any time by Old CNC from its liquidation of Residual Assets, after the payment in full in Cash of (a) the reasonable costs and expenses associated with the liquidation (including, without limitation, the payment of any taxes, assessments, insurance premiums, repairs, legal fees and costs, rent, storage and sales commissions), and (b) if applicable, the reasonable costs and expenses associated with the Residual Trust.

30. "Ballots" mean the ballots accompanying the Disclosure Statement upon which Holders of Impaired Claims or Impaired Equity Interests entitled to vote shall indicate their acceptance or rejection of the Plan in accordance with the Plan and the Voting Instructions.

31. "Bankruptcy Code" means Title 11 of the United States Code and applicable portions of Titles 18 and 28 of the United States Code.

32. "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Illinois, or any other court having jurisdiction over the Chapter 11 Cases.

33. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. ss. 2075 and the General, Local and Chambers Rules of the Bankruptcy Court.

34. "Bar Date for the Reorganizing Debtors" means February 21, 2003.

35. "Beneficial Holder" means the Person or Entity holding the beneficial interest in a Claim or Equity Interest.

36. "Business Day" means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

37. "Cash" means cash and cash equivalents.

38. "Cause of Action" means any and all claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on or after the Petition Date, in contract or in tort, in law or in equity, or under any other theory of law. Without limiting the generality of the foregoing, when referring to Causes of Action of the Debtors or their Estates, "Causes of Action" shall include, but not be limited to (i) rights of setoff, counterclaim or recoupment and claims on contracts or for breaches of duties imposed by law; (ii) the right to object to Claims or Equity Interests; (iii) Claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; and (iv) such Claims and defenses as fraud, mistake, duress and usury.

39. "CFC" means Conseco Finance Corp., a Delaware corporation.

40. "CFC/CIHC Intercompany Note" means that certain $1,460,799,080 note due May 11, 2005, issued September 9, 2000, by CFC to CIHC, with $277,376,671 in principal and accrued but unpaid interest outstanding as of the Petition Date.

41. "CFC Preferred Stock" means those 750 shares of 9% Redeemable Cumulative Preferred Stock of CFC, held by CNC, with a stated value of $1 million per share.

42. "CFC Residual Intercompany Claims" means the amount (if any) that CIHC owes to CFC on account of the CIHC/CFC Intercompany Note after setoff of the CFC/CIHC Intercompany Note.

43. "CFC Subsidiary Guarantee" means the CIHC guarantee of up to $250 million of indebtedness of CFC based on CIHC's guarantee of (i) up to $125 million of CFC residual and warehouse facilities with Lehman Brothers; and (ii) up to $125 million of CFC swingline debt and cash management facility with U.S. Bank.

44. "CFC Subsidiary Guarantee Claims" means any and all Claims derived from or based upon the CFC Subsidiary Guarantee.

45. "Chapter 11 Cases" means the chapter 11 bankruptcy proceedings filed by the Debtors on the Petition Date in the Bankruptcy Court, with case numbers 02-49671 through 02-49674.

46. "CIHC" means CIHC, Incorporated, a Delaware corporation.

47. "CIHC General Unsecured Claims Cap" means the Deemed amount of the Reorganizing Debtors General Unsecured Claims against CIHC, not to exceed $60 million in the aggregate.

48. "CIHC Guarantee of D&O Credit Facilities" means, collectively, the guarantees by CIHC of the D&O Credit Facilities.

49. "CIHC Guarantee of Exchange Notes" means those guarantees by CIHC of the Exchange Notes, pursuant to the first senior indenture and terms resolutions dated as of April 24, 2002.

50. "CIHC Guarantee of Senior Credit Facility" means that CIHC guarantee of the Senior Credit Facility.

51. "CIHC Guarantee of Senior Credit Facility Claims" means any and all Claims derived from or based upon the CIHC Guarantee of Senior Credit Facility.

52. "CIHC Unsecured Distribution Cap" means the lesser of (A) 1.00 and (B) a number equal to (i) $3.8 billion, less the Allowed Class 5A Lender Claims, divided by (ii) the sum of Allowed Class 6B Reorganizing Debtor General Unsecured Claims and Total Exchange Note Claims.

53. "CIHC Unsecured Distribution" means a percentage of the New CNC Common Stock to be issued on the Effective Date equal to the product of (1) (A) the amount of Allowed Class 6B Reorganizing Debtor General Unsecured Claims, divided by (B) $3.8 billion less the sum of (x) the Total Bank Debt Balance plus
(y) the amount of Allowed Class 4A 93/94 Note Claims, multiplied by (2) the CIHC Unsecured Distribution Cap.

54. "CIHC/CFC Intercompany Note" means the $400 million original principal amount note dated May 11, 2002, issued by CIHC to CFC, with approximately $315,030,986 in principal and accrued but unpaid interest as of the Petition Date.

55. "CIHC/CNC Intercompany Payables" means certain payables owed by CIHC to CNC, including $88,202,660 on account of cash transfers, $523,785,034 on account of intercompany notes payable, $159,087,485 on account of accrued but unpaid interest on intercompany notes and $272,600 on account of accrued but unpaid dividends on certain preferred stock.

56. "Claim" means a claim (as defined in section 101(5) of the Bankruptcy Code) against a Debtor, including, but not limited to: (a) any right to payment from a Debtor whether or not such right is reduced to judgment, liquidated, unliquidated, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such performance gives rise to a right of payment from a Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

57. "Claims Objection Bar Date" means ____, 2003.

58. "Class" means a category of Holders of Claims or Equity Interests as set forth in Article III herein (including, in the case of Class 5A and Class 4B, each subclass thereof).

59. "Class 4A Notice" means a notice Filed with the Bankruptcy Court that discloses whether the Debtors elected option A, option B or option C in the 93/94 Notes Distribution. The Class 4A Notice shall be mailed to the Holders of 93/94 Notes no later than 30 days prior to the Voting Deadline.

60. "CNC" means Conseco Inc., an Indiana corporation.

61. "CNC Guarantee of D&O Credit Facilities" means, collectively, the guarantees by CNC of the D&O Credit Facilities.

62. "CNC Guarantees of Trust Preferred Securities" means the limited and subordinated guarantees by CNC of the Trust Preferred Securities, which guarantees were limited to the extent that the issuing Trust had funds available for such distributions.

63. "CNC Guarantee of Trust Preferred Securities Claims" means any and all Claims derived from or based upon the CNC Guarantees of Trust Preferred Securities. Pursuant to its terms, the CNC Guarantee of Trust Preferred Securities is limited to the extent the Trusts have funds available for distribution. As of the Petition Date, the Trusts had no funds available for distribution and, therefore, the CNC Guarantee of Trust Preferred Securities Claims are Allowed in the amount of $0.

64. "CNC Unsecured Distribution" means a percentage of the New CNC Common Stock equal to the result of (A) the CNC Unsecured Numerator, divided by (B) $3.8 billion less (i) Allowed Class 5A Lender Claims plus (ii) the difference between Total Bank Debt Balance and Allowed Class 5A Lender Claims.

65. "CNC Unsecured Numerator" means an amount equal to the product of (A) the result of (i) $140 million (the assumed amount of Allowed Class 8A Reorganizing Debtor General Unsecured Claims) divided by (ii) the sum of (w) $140 million (the assumed amount of Allowed Class 8A Reorganizing Debtor General Unsecured Claims), (x) Allowed Class 7A Original Note Claims, (y) Total Exchange Note Claims multiplied by 1.7 and (z) Allowed Class 10A Trust Related Claims, multiplied by (B) the First Stepdown Amount, provided however that the CNC Unsecured Numerator shall not exceed $39.4 million.

66. "Confirmation" means the entry of the Confirmation Order, subject to all conditions specified in Article IX herein having been satisfied or waived pursuant to Article IX herein.

67. "Confirmation Date" means the date upon which the Confirmation Order is entered by the Bankruptcy Court in its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

68. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

69. "Confirmation Hearing" means the hearing at which the Confirmation Order is considered by the Bankruptcy Court.

70. "Conseco Creditors Committee" means the Official Committee of Unsecured Creditors of the Reorganizing Debtors.

71. "Consummation" means the occurrence of the Effective Date.

72. "Convenience Class Claims" means (i) any Reorganizing Debtor General Unsecured Claim that is under $500 or (ii) any Reorganizing Debtor General Unsecured Claim in excess of $500, which by election of the Holder thereof pursuant to such Holder's ballot elects to have its claim reduced to an amount of $500 and to be treated in Class 9A or Class 7B.

73. "Creditor" means any Holder of a Claim.

74. "CTIHC" means CTIHC, Inc., a Delaware corporation.

75. "D&O Credit Facilities" means the 1997 D&O Credit Facility, the 1998 D&O Credit Facility, the 1998 Non-Refinanced D&O Credit Facility and the 1999 D&O Credit Facility.

76. "D&O Transfer Agreement" means a transfer agreement as described in Article III.C.4 hereof, to be executed on the Effective Date.

77. "Debtor" shall mean, as the context requires, any of the Reorganizing Debtors.

78. "Debtors" means the Reorganizing Debtors, as debtors in the Chapter 11 Cases.

79. "Debtors in Possession" means the Reorganizing Debtors, as debtors in possession in the Chapter 11 Cases.

80. "Declaration of Trust" means the declaration of trust to be executed and delivered by CNC and accepted by the Residual Trustee on the Effective Date in substantially the form contained in the Plan Supplement.

81. "Deemed" means, for any particular Claim, (a) the scheduled amount of the Claim, unless a proof of claim was Filed, in which case the proof of claim amount supersedes the scheduled amount, and (b) the amount asserted in Filed proofs of claim for which there are not corresponding scheduled amounts. In all events, if the amount of a Claim is determined or estimated for all purposes by Final Order or stipulation, then that amount shall be the Deemed amount for that Claim.

82. "Discharged Intercompany Claims" means those intercompany claims and interests which are not Reinstated Intercompany Claims.

83. "Disclosure Statement" means the Disclosure Statement for Plan of Reorganization of the Debtors under Chapter 11 of the Bankruptcy Code dated January 31, 2003, as amended, supplemented, or modified from time to time, describing the Plan, that is prepared and distributed in accordance with sections 1125, 1126(b) and/or 1145 of the Bankruptcy Code and Bankruptcy Rule 3018 and/or other applicable law.

84. "Disputed" means, with respect to any Claim or Equity Interest, any Claim or Equity Interest that is not Allowed.

85. "Distribution Agent" means Old CNC or entity or entities chosen by Old CNC to make or to facilitate distributions required by the Plan.

86. "Distribution Record Date" means the date for determining which Holders of Claims and Equity Interests are eligible to receive distributions hereunder, and shall be the Confirmation Date or such other date as designated in an order of the Bankruptcy Court.

87. "Effective Date" means the date selected by the Debtors and consented to by the Conseco Creditors Committee, which is a Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect, and (b) all conditions specified in Article IX herein have been (i) satisfied or (ii) waived pursuant to Article IX.C.

88. "Entity" means an entity as defined in Section 101(15) of the Bankruptcy Code.

89. "Equity Interest" means all equity interests in any of the Reorganizing Debtors, including, but not limited to, all issued, unissued, authorized or outstanding shares of stock, together with any warrants, options or contract rights to purchase or acquire such interests at any time.

90. "Estates" means the estates of the Debtors created by section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

91. "Exchange Notes" means, collectively, the (i) 8.5% Exchange Notes;
(ii) 6.4% Exchange Notes; (iii) 8.75% Exchange Notes; (iv) 6.8% Exchange Notes;
(v) 9.0% Exchange Notes; and (vi) 10.75% Exchange Notes.

92. "Exchange Note Claims" means any and all Claims derived from or based upon the Exchange Notes.

93. "Exchange Note Distribution" means a percentage of the New CNC Common Stock to be issued on the Effective Date equal to the result of (A) Exchange Note Numerator, divided by (B) $3.8 billion less (i) the Allowed 5A Lender Claims and plus (ii) the difference between Total Bank Debt Balance and Allowed 5A Lender Claims.

94. "Exchange Note Numerator" means an amount equal to the product of (A) the result of (i) the Total Exchange Note Claims multiplied by 1.7, divided by (ii) the sum of (w) Allowed Class 7A Original Note Claims, plus the Total Exchange Note Claims multiplied by 1.7, multiplied by (B) the Second Stepdown Amount.

95. "File" or "Filed" means file or filed with the Bankruptcy Court in the Chapter 11 Cases.

96. "Final Decree" means the decree contemplated under Bankruptcy Rule 3022.

97. "Final Order" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.

98. "Finance Company Debtors" means Conseco Finance Corp., Conseco Finance Servicing Corp., Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Consumer Discount Company, Conseco Finance Canada Holding Company, Conseco Finance Canada Company, Conseco Finance Loan Company, Rice Park Properties Corporation, Landmark Manufactured Housing, Inc., Conseco Finance Net Interest Margin Finance Corp. I, Conseco Finance Net Interest Margin Finance Corp. II, Green Tree Finance Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc.

99. "First Stepdown Amount" means $3.8 billion, less (i) the Allowed Class 5A Lender Claims, (ii) the difference between (x) Total Bank Debt Balance and (y) Allowed Lender Claims, (iii) the Allowed Class 6B Reorganizing Debtor General Unsecured Claims, (iv) the Allowed Class 4A 93/94 Note Claims and (v) the aggregate amount of the Convenience Class Claims.

100. "GM Building" means the office building commonly known as the GM Building, located at 767 5th Avenue, New York, New York 10153.

101. "G-Reorganization" means the contribution of assets by the Reorganizing Debtors to New CNC, the issuance of New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants to Old CNC, and subsequent transfer of the New CNC Common Stock, New CNC Preferred Stock and New CNC Warrants by Old CNC to the creditors of the Reorganizing Debtors, in accordance with the Plan and Section 368(a)(1)(G) of the Internal Revenue Code of 1986, as amended.

102. "Guarantees of D&O Credit Facilities" means, collectively, the CNC Guarantee of D&O Credit Facilities and CIHC Guarantee of D&O Credit Facilities.

103. "Guarantee of Senior Notes" means the CIHC Guarantee of the Senior Notes.

104. "Holder" means a Person or Entity holding an Equity Interest or Claim.

105. "Impaired" means with respect to any Class of Claims or Equity Interests, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

106. "Impaired Claim" means a Claim classified in an Impaired Class.

107. "Insurance Subsidiary" means those subsidiaries of the Debtors authorized or licensed to issue or write insurance.

108. "Junior Recovery" means, if Class 10A accepts the Plan, 1.25% of the New CNC Common Stock on the Effective Date.

109. "Lenders' Agents" means Bank of America, N.A. and JPMorgan Chase Bank, in their respective roles as Administrative Agents under the Senior Credit Facility and D&O Credit Facilities.

110. "Lender Claims" means any and all Claims based on or derived from the (i) Senior Credit Facility; (ii) CIHC Guarantee of Senior Credit Facility,
(iii) CNC Guarantee of D&O Credit Facilities, or (iv) CIHC Guarantee of D&O Credit Facilities.

111. "Lender Subcommittee" means a subcommittee of the Conseco Creditors Committee consisting of Bank of America, N.A., Angelo Gordon & Co. and The Bank of New York, together with JPMorgan Chase Bank as an exofficio member of such subcommittee.

112. "Lenders" means all Holders of Lender Claims, the Lenders' Agents, and their respective officers, directors, employees, agents, professionals and representatives.

113. "Management Incentive Plan" means a post-Effective Date management incentive compensation plan on terms substantially as set forth in the Plan Supplement, as such plan may be modified or supplemented after the Effective Date by the Board of Directors of New CNC.

114. "Master Ballots" mean the master ballots accompanying the Disclosure Statement upon which Holders of Impaired Claims or Impaired Equity Interests shall indicate their acceptance or rejection of the Plan in accordance with the Voting Instructions.

115. "New CNC" means a corporation that is to be incorporated under the laws of the State of Delaware and pursuant hereto.

116. "New CNC By-laws" means the by-laws of New CNC, substantially in the form contained in the Plan Supplement.

117. "New CNC Charter" means the Certificate of Incorporation of New CNC, substantially in the form contained in the Plan Supplement.

118. "New CNC Common Stock" means ___ shares of common stock in New CNC, par value $.01 per share, to be authorized pursuant to the New CNC Charter of which up to ___ shares shall be initially issued pursuant hereto on the Effective Date.

119. "New CNC Common Stock Holdback" means the New CNC Common Stock held in reserve, as of the Effective Date, for distributions to Holders of disputed Class 4A, 8A, 10A, 11A-1 and 6 B Claims and Equity Interests.

120. "New CNC Preferred Stock" means Class A Preferred Stock of New CNC to be distributed on the Effective Date to the Holders of Allowed Claims in Classes 5A-1, 5A-2, 4B-1 and 4B-2 pursuant to the Plan with terms substantially as set forth in the Plan Supplement, and an initial liquidation preference equal to the Remaining Bank Debt Balance.

121. "New CNC Warrant Agreement" means the warrant agreement substantially in the form contained in the Plan Supplement.

122. "New CNC Warrants" means those certain warrants of New CNC to be distributed on the Effective Date to the Holders of Allowed Claims in Classes 5A-1, 5A-2, 4B-1 and 4B-2 in substantially the form attached to the New CNC Warrant Agreement in the Plan Supplement.

123. "New Credit Facility" means a senior secured Credit Agreement among New CNC, as borrower, Bank of America, N.A., as Agent, and the Holders of Lender Claims, substantially in the form included in the Plan Supplement providing for the New Tranche A Bank Debt and the New Tranche B Bank Debt, the Security Agreement (as defined in the New Credit Facility) among New CNC, Reorganized CIHC and certain other subsidiaries of New CNC, as Guarantors, and Bank of America, N.A., as Agent, and all other documents entered into in connection therewith or contemplated thereby.

124. "New Senior Notes" means the new senior notes issued by New CNC with terms substantially as set forth in the Class 4A Notice in the 93/94 Notes Term Sheet.

125. "New Tranche A Bank Debt" means that portion of indebtedness of New CNC under the New Credit Facility that constitutes Tranche A Term Loans as defined therein having a principal amount of $1 billion.

126. "New Tranche B Bank Debt" means that portion of the indebtedness of New CNC under the New Credit Facility that constitutes Tranche B Term Loans as defined therein in a principal amount equal to the New Tranche B Bank Debt Amount.

127. "New Tranche B Bank Debt Amount" means $300 million.

128. "Nominee" means any broker, dealer, commercial bank, trust company, savings and loan, financial institution or other nominee in whose name securities were registered or held of record on behalf of a Beneficial Holder.

129. "Noteholder Subcommittee" means a subcommittee of the Conseco Creditors Committee consisting of Appaloosa Management, L.P., Metropolitan West Asset Management, HSBC Bank USA, and First Pacific Advisors, Inc., together with Allfirst Trust Company, N.A. as an exofficio member of such subcommittee.

130. "Official Committees" means the Conseco Creditors Committee and the Official Committee of TOPrS creditors of the Reorganizing Debtors.

131. "Old CIHC Common Stock" means all of the issued and outstanding shares of common stock of CIHC as of immediately prior to the Effective Date.

132. "Old CIHC Common Stock Interest" means all Equity Interests evidenced by Old CIHC Common Stock.

133. "Old CNC" means CNC or any successor thereto (other than New CNC), by merger, consolidation or otherwise, on and after the Effective Date.

134. "Old CNC Common Stock" means all of the issued and outstanding shares of CNC common stock, as of immediately prior to the Effective Date.

135. "Old CNC Common Stock Interest" means all Equity Interests evidenced by Old CNC Common Stock.

136. "Old CNC Other Preferred Stock" means all preferred Equity Interests in Old CNC that are not Series F Preferred Stock.

137. "Old CNC Other Preferred Stock Interests" means all Equity Interests evidenced by the Old CNC Other Preferred Stock.

138. "Old CNC Preferred Stock" means all Equity Interests evidenced by
(i) the Old CNC Series F Preferred Stock and (ii) the Old CNC Other Preferred Stock.

139. "Old CNC Preferred Stock Interest" means all Equity Interests evidenced by Old CNC Preferred Stock.

140. "Old CNC Series F Preferred Stock" means those certain Equity Interests evidenced by Series F preferred stock in Old CNC, as of immediately prior to the Effective Date.

141. "Old CNC Series F Preferred Stock Interests" means all Equity Interests evidenced by Old CNC Series F Preferred Stock.

142. "Old CTIHC Common Stock" means all of the issued and outstanding shares of CTIHC common stock, as of immediately prior to the Effective Date.

143. "Old CTIHC Common Stock Interest" means all Equity Interests evidenced by Old CTIHC Common Stock.

144. "Old PHG Common Stock" means all of the issued and outstanding shares of PHG common stock, as of immediately prior to the Effective Date.

145. "Old PHG Common Stock Interest" means all Equity Interests evidenced by Old PHG Common Stock.

146. "Original Notes Distribution" means a percentage of the New CNC Common Stock to be issued on the Effective Date equal to the result of (A) Original Notes Numerator, divided by (B) $3.8 billion less (i) the Allowed 5A Lender Claims, plus (ii) the difference between Total Bank Debt Balance and Allowed 5A Lender Claims.

147. "Original Notes" means, collectively: (i) 8.5% Original Notes;
(ii) 6.4% Original Notes; (iii) 8.75% Original Notes; (iv) 6.8% Original Notes;
(v) 9.0% Original Notes; and (vi) 10.75% Original Notes.

148. "Original Notes Numerator" means an amount equal to the product of
(A) the result of (i) the Allowed Class 7A Original Note Claims divided by (ii) the sum of (w) Allowed Class 7A Original Note Claims, plus the Total Exchange Note Claims multiplied by 1.7, multiplied by (B) the Second Stepdown Amount.

149. "Other Priority Claims" means any and all Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

150. "Other Secured Claims" means any and all Secured Claims against the Debtors not specifically described herein, excluding, without limiting the generality of the foregoing, the 93/94 Note Claims and the Lender Claims arising under or derived from the 1999 D&O Credit Facility.

151. "Person" means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, trustee, United States Trustee, estate, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency, or political subdivision thereof, or other entity.

152. "Petition Date" means December 17, 2002.

153. "PHG" means Partners Health Group, Inc., an Illinois corporation.

154. "Plan" means this Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code, together with all exhibits hereto, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the terms hereof, the Bankruptcy Code and the Bankruptcy Rules.

155. "Plan Supplement" means the compilation of documents and form of documents, schedules and exhibits to be Filed prior to the hearing on the Disclosure Statement, as modified or supplemented prior to the Confirmation Hearing in accordance with Article XII.A of the Plan.

156. "Plan Value" means $3.8 billion as the value of New CNC.

157. "Priority Tax Claim" means a Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

158. "Professional Escrow Account" means an interest-bearing savings account funded and maintained by the Reorganized Debtors on and after the Effective Date solely for the purpose of paying all fees and expenses of Professionals in these Chapter 11 Cases.

159. "Professional", or collectively "Professionals" means a Person or Entity (a) employed pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Confirmation Date, pursuant to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

160. "Pro Rata" means the proportion that an Allowed Claim or an Allowed Equity Interest in a particular Class bears to the aggregate amount of Allowed Claims or the aggregate number of Allowed Equity Interests in such Class.

161. "Registration Rights Agreement" means an agreement entered into by New CNC for the benefit of holders of New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants, substantially in the form set forth in the Plan Supplement.

162. "Reinstated CIHC Preferred Stock" means such preferred stock issued by CIHC pursuant to which amounts owed to certain CIHC non-debtor insurance subsidiaries include (i) $43,387,976 owed to Bankers Life and Casualty Company, $35,300,140 owed to Conseco Annuity Assurance Company and $16,986,835 owed to Conseco Life Insurance Company on account of 1994 series preferred stock, (ii) $10,224,000 owed to Bankers Life and Casualty Company, $23,004,000 owed to Conseco Life Insurance Company and $12,780,000 owed to Washington National Insurance Company on account of 1998 series preferred stock, and (iii) $4,709,250 owed to Conseco Life Insurance Company on account of the CIHC $2.32 redeemable callable preferred stock.

163. "Reinstated CIHC Preferred Stock Dividends" means those amounts owed to certain CIHC non-debtor insurance subsidiaries on account of accrued but unpaid dividends on Reinstated CIHC Preferred Stock.

164. "Reinstated CIHC Preferred Stock Interest" means all Equity Interests evidenced by Reinstated CIHC Preferred Stock.

165. "Reinstated Intercompany Claims" means those intercompany Claims set forth on Exhibit G to the Disclosure Statement, including, but not limited to the Reinstated CIHC Preferred Stock Dividends, plus any Claims arising from executory contracts (i) between or among the Debtors or (ii) between or among a Debtor or Debtors and an Insurance Subsidiary or Insurance Subsidiaries of the Debtors which have been assumed on or prior to the Effective Date, including but not limited to intercompany tax sharing agreements.

166. "Releasees" means all officers, directors, employees, attorneys, financial advisors, accountants, investment bankers, agents and representatives of the Reorganizing Debtors and their subsidiaries except for (i) the Finance Company Debtors and (ii) the subsidiaries of the Finance Company Debtors, whether current or former, in each case in their capacity as such, and only if serving in such capacity on the Petition Date or thereafter.

167. "Remaining Bank Debt Balance" means the Total Bank Debt Balance minus (i) the aggregate initial principal amount of New Tranche A Bank Debt and New Tranche B Bank Debt and (ii) any portion of the Allowed Lender Claims paid in cash on the Effective Date under the Plan.

168. "Reorganized CIHC" means CIHC, or any successor thereto, by merger, consolidation, or otherwise, on and after the Effective Date.

169. "Reorganized Debtors" means the Reorganizing Debtors and New CNC, in each case, on or after the Effective Date.

170. "Reorganizing Debtor" shall mean, as the context requires, CIHC, CNC, CTIHC and/or PHG (collectively, the "Reorganizing Debtors").

171. "Reorganizing Debtor General Unsecured Claims" means any Claim against the Reorganizing Debtors that is not a/an: (i) Administrative Claim;
(ii) Priority Tax Claim; (iii) Other Priority Claim; (iv) Other Secured Claim;
(v) Secured Claim; (vi) Reinstated Intercompany Claim; (vii) 93/94 Note Claim
(to the extent secured); (viii) Lender Claim; (ix) Exchange Note Claim; (x) Original Note Claim; (xi) Convenience Class Claim; (xii) Trust Related Claim;
(xiii) Discharged Intercompany Claim; or (xiv) Securities Claim. Without limiting the generality of the foregoing, "Reorganizing Debtors General Unsecured Claims" includes, without limitation, the CFC Residual Intercompany Claims (after giving effect to Article VII.F hereof).

172. "Reorganizing Debtors" means CNC, CIHC, CTIHC and PHG.

173. "Reorganizing Subplans" means the individual Plans of reorganization, provided herein, for each of the Reorganizing Debtors.

174. "Residual Assets" means only the following assets of Old CNC: the Residual Subsidiaries and to the extent not included in the assets of the Residual Subsidiaries, an amount of Cash required to satisfy (a) all Administrative Claims, (b) the reasonable costs and expenses associated with the liquidation of Old CNC (including, without limitation, the payment of any taxes, assessments, insurance premiums, repairs, legal fees, Residual Trustee's fees and costs, rent, storage and sales commissions), and (c) if applicable, the reasonable costs and expenses associated with the Residual Trust.

175. "Residual Claims" means the Claims assigned to the Residual Trust pursuant to the provisions herein.

176. "Residual Share" means the authorized capital stock of Old CNC, which shall consist of a single share of common stock, no par value.

177. "Residual Subsidiaries" means those direct or indirect subsidiaries of CNC set forth on the Residual Subsidiary Schedule contained in the Plan Supplement.

178. "Residual Trust" means the grantor trust to be created on the Effective Date to hold the equity interests in Old CNC.

179. "Residual Trustee" means [Wilmington Trust Company], who will be appointed pursuant to the Declaration of Trust to serve as trustee of the Residual Trust.

180. "Schedules" mean the schedules of assets and liabilities, schedules of executory contracts, and the statement of financial affairs as the Bankruptcy Court requires the Debtors to file pursuant to section 521 of the Bankruptcy Code, the Official Bankruptcy Forms and the Bankruptcy Rules, as they may be amended and supplemented from time to time.

181. "Second Stepdown Amount" means the First Stepdown Amount less (i) the value of the CNC Unsecured Distribution and (ii) the value of the Junior Recovery based upon Plan Value.

182. "Secured Claim" means (a) a Claim that is secured by a lien on property in which the Estate has an interest, which lien is valid, perfected and enforceable under applicable law or by reason of a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code, or (b) a Claim Allowed under this Plan as a Secured Claim.

183. "Securities Act" means the Securities Act of 1933, 15 U.S.C. sections 77a-77aa, as now in effect or hereafter amended, or any similar federal, state or local law.

184. "Securities Claims" means Claims of the type described in, and subject to subordination under, section 510(b) of the Bankruptcy Code, including any and all Claims whatsoever, whether known or unknown, foreseen or unforeseen, currently existing or hereafter arising, arising from rescission of a purchase or sale of a security of the Debtors or an affiliate of the Debtors, for damages arising from the purchase, sale or holding of such securities, or for reimbursement, indemnification or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

185. "Senior Credit Facility" means the $1,500,000,000 Five-Year Credit Agreement dated as of September 25, 1998 among CNC, Bank of America, N.A., as Agent, and the financial institutions signatory thereto, as amended, supplemented, waived or otherwise modified from time to time, including, without limitation, pursuant to the following instruments: Amendment dated as of September 22, 2000, Amendment dated as of May 30, 2001, Amendment dated as of March 20, 2002, Waiver No. 1 dated as of August 14, 2002, Waiver No. 2 dated as of September 8, 2002 and Waiver No. 3 dated as of October 18, 2002. The Senior Credit Facility is guaranteed by CIHC.

186. "Senior Management Employment Agreements" means, except as executives otherwise agree, those employment agreements included in the Plan Supplement.

187. "Senior Management Employment Agreement Amounts" means those amounts owing or committed under the Senior Management Employment Agreements, including severance, and amounts owing upon change in control, but not salary.

188. "Senior Management Escrow Account" means an interest-bearing savings account funded and maintained by the Reorganized Debtors on and after the Effective Date solely for the purpose of paying the Senior Management Severance (to be paid according to the terms of the Senior Management KERP) and the Senior

Management Settlement Amounts (to be paid according to the terms of any and all Final Orders approving such settlement agreements).

189. "Senior Management KERP" means that certain key employee retention program described in the Debtors' motion for an order authorizing the Debtors to implement a key employee retention program for senior management, filed February 5, 2003, and approved by the Bankruptcy Court on February 24, 2003.

190. "Senior Management Settlement Amounts" means all amounts owing pursuant to settlement agreements entered into by a Debtor and any member of such Debtor's management and approved by the Bankruptcy Court during the course of these Chapter 11 Cases.

191. "Senior Management Severance" means those amounts which the Debtors are authorized to pay pursuant to the Senior Management KERP, in an amount equal to approximately $16.59 million.

192. "Senior Note Claims" means, collectively, the (i) Exchange Note Claims and (ii) Original Note Claims.

193. "Stated Cure Amounts" means those cure amounts for contracts to be assumed by the Debtors on or prior to the Effective Date, notice of which shall be sent to affected contract counterparties no later than 10 days before the Confirmation Hearing.

194. "Stated Intercompany Cure Amounts" means those Stated Cure Amounts that relate to assumed contracts between the Debtors or between the Debtors and their subsidiaries.

195. "Subordinated Debentures" means those certain subordinated deferrable interest debentures that are held by the Trusts and issued under a subordinated indenture dated November 14, 1996 from CNC to State Street Bank and Trust Company as successor trustee to Fleet National Bank, as trustee, and five supplemental indentures between CNC and State Street Bank and Trust Company (in its own right or as successor trustee to Fleet National Bank), including: (i) 9.16% subordinated deferrable interest debentures dated November 14, 1996, due November 30, 2026, (ii) 8.70% subordinated deferrable interest debentures dated November 22, 1996, due November 15, 2026, (iii) 8.796% subordinated deferrable interest debentures dated March 27, 1997, due April 1, 2027, (iv) 8.70% subordinated deferrable interest debentures dated August 24, 1998, due September 30, 2028, (v) 9.00% subordinated deferrable interest debentures dated October 14, 1998, due December 31, 2028, (vi) 9.44% subordinated deferrable interest debentures dated August 31, 1999, due September of 2029, and (vii) 6.75% subordinated deferrable interest debentures due February 16, 2003.

196. "Subordinated Debenture Claims" means all Claims derived from or based upon the Subordinated Debentures.

197. "Total Bank Debt Balance" means the aggregate amount of the Allowed Lender Claims, plus all interest, Waiver Consideration and accrued but unpaid interest thereon (at the contractual default rate), compounded monthly, through the Effective Date in a manner consistent with the Senior Credit Facility and D&O Credit Facilities. Such amount is intended to include all obligations under the Senior Credit Facility and the D&O Credit Facilities, and the respective guarantees thereof by CIHC that benefit from the contractual subordination of other Allowed Claims.

198. "Total Exchange Note Claims" means the aggregate of the Allowed Exchange Note Claims plus, to the extent permitted under the Bankruptcy Code, interest through the Effective Date.

199. "Trust Preferred Securities" means the following securities that have been issued by subsidiary trusts of CNC: 9.16% Trust Originated Preferred Securities, 8.70% Trust Pass-Through Securities, 8.796% Capital Securities, 6.75% Trust Originated Preferred Securities, 8.70% Trust Originated Preferred Securities, 9% Trust Originated Preferred Securities, and 9.44% Trust Originated Preferred Securities.

200. "Trust Indenture Act" means the Trust Indenture Act of 1939, 15 U.S.C. section 77aaa, as now in effect or hereafter amended.

201. "Trust Related Claims" means collectively, (a) the Subordinated Debenture Claims and (b) the CNC Guarantee of Trust Preferred Securities.

202. "Trusts" means those certain Delaware business trusts which (a) issued common securities to CNC, (b) issued the Trust Preferred Securities, and
(c) are the Holders of the Subordinated Debentures.

203. "Unimpaired" means, with respect to a Class of Claims or Equity Interests, a Claim or Equity Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

204. "Unofficial Bank Committee" means that certain steering committee of the Lenders formed prior to the Petition Date and comprised of Bank of America, N.A., JPMorgan Chase Bank, The Bank of New York, Deutsche Bank, AG, Angelo, Gordon and Co. L.P. and General Electric Capital Corporation.

205. "Unofficial Noteholder Committee" means that certain unofficial committee of Noteholders formed prior to the Petition Date and comprised of Appaloosa Management, L.P., Barclays Bank, Calvert Group, Ltd., First Pacific Advisors, Inc., HSBC Bank USA, Metropolitan West Asset Management and Whippoorwill Associates.

206. "Voting Deadline" means May 14, 2003.

207. "Voting Instructions" means the instructions for voting on the Plan contained in the section of the Disclosure Statement entitled "SOLICITATION; VOTING PROCEDURES" and in the Ballots and the Master Ballots.

208. "Waiver Consideration" means the aggregate amount of "Waiver Consideration" as defined in each of the Waivers No. 2 dated as of September 8, 2002 with respect to the D&O Credit Facilities.

209. "Work-Down Plan" means the Conseco, Inc. 2000 Employee Stock Purchase Program Work-Down Plan, and the Conseco, Inc. 2000 Non-Employee Stock Purchase Program Work-Down Plan.

Article II.

ADMINISTRATIVE AND PRIORITY TAX CLAIMS AGAINST ALL OF THE DEBTORS

A. Administrative Claims

Subject to the provisions of sections 328, 330(a) and 331 of the Bankruptcy Code, each Holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash (i) on the Effective Date or as soon thereafter as is practicable, (ii) if such Administrative Claim is Allowed after the Effective Date, on the date such Administrative Claim is Allowed, or as soon thereafter as is practicable, or
(iii) upon such other terms as may be agreed upon by such Holder and the respective Reorganized Debtor or otherwise upon an order of the Bankruptcy Court; provided that Allowed Administrative Claims representing obligations incurred in the ordinary course of business or otherwise assumed by the Debtors pursuant to the Plan will be assumed on the Effective Date and paid or performed by the respective Reorganized Debtor when due in accordance with the terms and conditions of the particular agreements governing such obligations. The Reorganizing Debtors (and the Reorganized Debtors) are not obliged to pay Administrative Claims against any Finance Company Debtors.

B. Priority Tax Claims

On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall be paid, at the option of the respective Debtor, (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, or (b) Cash over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code, with interest payable at a rate of 4% per annum or such other rate as may be required by the Bankruptcy Code. The amount of any Priority Tax Claim that is not an Allowed Claim or that is not otherwise due and payable on or prior to the Effective Date, and the rights of the

Holder of such Claim, if any, to payment in respect thereof shall (x) be determined in the manner in which the amount of such Claim and the rights of the Holder of such Claim would have been resolved or adjudicated if the Chapter 11 Cases had not been commenced, (y) survive the Effective Date and Consummation of the Plan as if the Chapter 11 Cases had not been commenced, and (z) not be discharged pursuant to section 1141 of the Bankruptcy Code. Reorganizing Debtors (and the Reorganized Debtors) are not obliged to pay Priority Tax Claims Allowed against any Finance Company Debtor.

Article III.

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests in or against the Reorganizing Debtors for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise satisfied prior to the Effective Date.

1. CNC: Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
1A	Other Priority Claims	Unimpaired	Deemed to Accept
2A	Other CNC Secured Claims	Unimpaired	Deemed to Accept
3A	Reinstated Intercompany Claims	Unimpaired	Deemed to Accept
4A	93/94 Note Claims	Impaired	Entitled to vote
5A	Lender Claims		
	Subclass 5A-1	Impaired	Entitled to vote
	Subclass 5A-2	Impaired	Entitled to vote
6A	Exchange Note Claims	Impaired	Entitled to vote
7A	Original Note Claims	Impaired	Entitled to vote
8A	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to vote
9A	Convenience Class Claims	Unimpaired	Deemed to Accept
10A	Trust Related Claims	Impaired	Entitled to vote
11A	Old CNC Preferred Stock Interests		
	Subclass 11A-1	Impaired	Entitled to vote
	Subclass 11A-2	Impaired	Deemed to reject
12A	Old CNC Common Stock Interests	Impaired	Deemed to reject
13A	Discharged Intercompany Claims	Impaired	Deemed to reject
14A	Securities Claims	Impaired	Deemed to reject

2. CIHC: Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
1B	Other Priority Claims	Unimpaired	Deemed to accept
2B	Other Secured Claims	Unimpaired	Deemed to accept
3B	Reinstated Intercompany Claims	Unimpaired	Deemed to accept
4B	Lender Claims		
	Subclass 4B-1	Impaired	Entitled to vote
	Subclass 4B-2	Impaired	Entitled to vote

5B	Exchange Note Claims	Impaired	Entitled to vote
6B	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to vote
7B	Convenience Class Claims	Unimpaired	Deemed to accept
8B	Reinstated CIHC Preferred Stock Interests	Unimpaired	Deemed to accept
9B	Old CIHC Common Stock Interests	Unimpaired	Deemed to accept
10B	Discharged Intercompany Claims	Impaired	Deemed to reject
11B	Securities Claims	Impaired	Deemed to reject

3. CTIHC: Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
1C	Other Priority Claims	Unimpaired	Deemed to accept
2C	Other Secured Claims	Unimpaired	Deemed to accept
3C	Reorganizing Debtor General Unsecured Claims	Impaired	Entitled to vote
4C	Old CTIHC Common Stock Interests	Impaired	Deemed to reject

4. PHG: Summary of Classification and Treatment of Claims and Equity Interests

Class	Claim	Status	Voting Right
1D	Other Priority Claims	Unimpaired	Deemed to accept
2D	Other Secured Claims	Unimpaired	Deemed to accept
3D	Reorganizing Debtor General Unsecured Claims	Impaired	Deemed to accept
4D	Old PHG Common Stock Interests	Impaired	Deemed to reject

B. Classification and Treatment of Classified Claims and Equity Interests:
CNC

1. Class 1A--Other Priority Claims

(a) Classification: Class 1A consists of the Other Priority Claims against CNC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 1A Claims are unaltered by the Plan. Unless otherwise agreed to by the Holders of the Allowed Other Priority Claim and CNC, each Holder of an Allowed Class 1A Claim shall receive, in full and final satisfaction of such Allowed Class 1A Claim, one of the following treatments, in the sole discretion of CNC:

(i) CNC or the Distribution Agent will pay the Allowed Class 1A Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; provided that, Class 1A Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1A Claims become due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 1A is Unimpaired and the Holders of Class 1A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1A are not entitled to vote to accept or reject the Plan.

2. Class 2A--Other Secured Claims

(a) Classification: Class 2A consists of the Other Secured Claims against CNC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Class 2A Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2A Claim and CNC, each Holder of an Allowed Class 2A Claim shall receive, in full and final satisfaction of such Allowed Class 2A Claim, one of the following treatments, in the sole discretion of CNC:

(i) the Allowed Class 2A Claims shall be reinstated as an obligation of New CNC;

(ii) CNC shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against CNC; provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 2A is Unimpaired and the Holders of Class 2A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2A are not entitled to vote to accept or reject the Plan.

3. Class 3A--Reinstated Intercompany Claims

(a) Classification: Class 3A consists of the Reinstated Intercompany Claims against CNC.

(b) Allowance: The Reinstated Intercompany Claims are Allowed in the amount of the Reinstated CIHC Preferred Stock Dividends plus all Stated Intercompany Cure Amounts.

(c) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 3A Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of such Claim and CNC, each Allowed Class 3A Claim shall be reinstated as obligations of New CNC in full and final satisfaction of such Class 3A Claim. The relevant agreements, instruments and documents underlying Allowed Class 3A Claims will be also be unimpaired.

(d) Voting: Class 3A is Unimpaired and the Holders of Class 3A Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3A are not entitled to vote to accept or reject the Plan.

4. Class 4A--93/94 Note Claims

(a) Classification: Class 4A consists of the 93/94 Note Claims against CNC.

(b) Treatment: On or as soon as practicable after the Effective Date, each Holder of a Class 4A Claim will receive in respect of its Allowed Class 4A Claim, in full and final satisfaction of all such Allowed Class 4A Claims, a Pro Rata share of the 93/94 Notes Distribution. Immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 4A Claims shall be deemed to release all pre-petition liens on any assets of, and all security interests they may have held in or against, the Debtors or any of the Debtors' Subsidiaries or their respective assets as of the Petition Date, including, but not limited to their security interests in the CFC/CIHC Intercompany Note.

(c) Voting: Class 4A is Impaired and the Holders of Class 4A Claims are entitled to vote to accept or reject the Plan.

5. Class 5A--Lender Claims

(a) Classification: Class 5A consists of two subclasses of the Lender Claims against CNC: Lender Claims under or derived from the 1999 D&O Credit Facility (Class 5A-1), which are partially Secured Claims, and all other Lender Claims (Class 5A-2).

(b) Allowance: The respective Class 5A Claims are Allowed for all purposes of the Chapter 11 Cases, without the need to File proofs of claim, in the amount of the Allowed Lender Claims, but due to the contractual subordination of certain other Allowed Claims, distributions will be made on account of the Total Bank Debt Balance, and such Allowed Class 5A Claims and the distributions hereunder in respect of Class 5A Claims shall not be subject to offset, reduction or counterclaim in any respect.

(c) Treatment: On or as soon as practicable after the Effective Date, (i) each Holder of an Allowed Class 5A-1 Claim shall receive on account of its Allowed Class 5A-1 Claim and its related Allowed Class 4B-1 Claim, the treatment as set forth for Class 4B-1 in Article III.C.4 below, and (ii) each Holder of an Allowed Class 5A-2 Claim shall receive on account of its Allowed Class 5A-2 Claim and its related Allowed Class 4B-2 Claim, the treatment as set forth for Class 4B-2 in Article III.C.4 below. Such treatments shall be in full and final satisfaction of all Class 5A Claims. In addition, immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 5A Claims shall be deemed to release all pre-petition liens on and security interests in the CFC/CIHC Intercompany Note.

(d) Voting: Classes 5A-1 and 5A-2 are Impaired Classes and Holders of Class 5A-1 and 5A-2 Claims are entitled to vote separately to accept or reject the Plan.

6. Class 6A--Exchange Note Claims Against CNC

(a) Classification: Class 6A consists of the Exchange Note Claims against CNC.

(b) Allowance: The Class 6A Claims are Allowed for all purposes under this Plan, without the need to File proofs of claim, along with Class 5B Claims, in an aggregate amount of $1,370,975,431.97, but to the extent that the Holders of Exchange Note Claims are entitled to postpetition interest under the Bankruptcy Code, distributions will be made on account of the Total Exchange Note Claims. Allowed Class 6A Claims and the distributions hereunder in respect thereof shall not be subject to offset, reduction or counterclaim in any respect.

(c) Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 6A Claim shall receive in full and final satisfaction of all such Allowed Class 6A Claims, and related Allowed Class 5B Claims, the treatment set forth for Class 5B in Article III.B.5 aboveC.5 below.

(d) Voting: Class 6A is Impaired and Holders of Class 6A Claims are entitled to vote to accept or reject the Plan.

7. Class 7A--Original Note Claims

(a) Classification: Class 7A consists of the Original Note Claims against CNC.

(b) Allowance: The Class 7A Claims are Allowed for all purposes under this Plan, without the need to file Proofs of Claim, in the amounts as set forth in an aggregate amount of $1,242,444,895.76 and such Allowed Class 7A Claims and the distributions hereunder in respect thereof shall not be subject to offset, reduction or counterclaim in any respect.

(c) Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 7A Claim shall receive, in full and final satisfaction of all such Allowed Class 7A Claims,

its Pro Rata share of the Original Note Distribution. In addition, Houlihan Lokey Howard & Zukin and any other professionals of the Unofficial Noteholders Committee will be paid on the Effective Date their unpaid fees and expenses (whether incurred prior to or after the Petition Date) in accordance with their prepetition engagement letters.

(d) Voting: Class 7A is Impaired and Holders of Class 7A Claims are entitled to vote to accept or reject the Plan.

8. Class 8A--Reorganizing Debtor General Unsecured Claims

(a) Classification: Class 8A consists of the Reorganizing Debtor General Unsecured Claims against CNC.

(b) Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 8A Claim will receive, in full and final satisfaction of all such Allowed Class 8A Claims, its Pro Rata share of the CNC Unsecured Distribution.

(c) Voting: Class 8A is Impaired and Holders of Class 8A Claims are entitled to vote to accept or reject the Plan.

9. Class 9A--Convenience Class Claims

(a) Classification: Class 9A consists of the Convenience Class Claims against CNC.

(b) Treatment: CNC will treat such Allowed Class 9A Claims in a manner that will render such Claims Unimpaired by the Bankruptcy Code. Each holder of an Allowed Class 8A Claim may elect to be treated as a Holder of an Allowed Class 9A Convenience Class Claim. Any such election must be made on the Ballot, and no Creditor can elect Class 9A Claim treatment after the Voting Deadline. Each Holder of an allowed Class 9A Claim shall receive the lesser of (i) $500 or (ii) the amount of their Allowed Class 8A Claim. Any Allowed Class 8A Claim that exceeds $500, but whose Holder elects to be treated as a Class 9A Claim shall be automatically reduced in complete satisfaction of such Class 8A Claim to the amount of distribution made on account of such Convenience Class Claim.

(c) Voting: Class 9A is Unimpaired and the Holders of Class 9A Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

10. Class 10A--Trust Related Claims

(a) Classification: Class 10A consists of the Trust Related Claims against CNC.

(b) Allowance: Pursuant to its terms, the CNC Guarantee of Trust Preferred Securities is limited to the extent the Trusts have funds available for distribution. As of the Petition Date, the Trusts had no funds available for distribution, and, therefore, the CNC Guarantee of Trust Preferred Securities Claims are Allowed in the amount of $0. The Subordinated Debenture Claims will be Allowed in an amount of $2,019,100,000.

(c) Treatment: If Class 10A accepts the Plan, on or as soon as practicable after the Effective Date, each Holder of an Allowed Class 10A Claim shall receive, along with the Holders of Allowed Class 11A-1 interests (to the extent that Class 11A-1 accepts the Plan), in full and final satisfaction of all such Allowed Claims, its Pro-Rata share of the Junior Recovery.

Restriction on recovery: The Junior Recovery being offered to Class 10A is subject to contractual subordination between the Holders of the Trust Related Claims, on the one hand, and the Lender Claims and Senior Note Claims, on the other hand, and is being provided by the Holders of the Lender Claims and Senior Note Claims in order to facilitate a consensual Plan. The Junior Recovery is being provided with

the consent of the Holders of the Lender Claims and Senior Note Claims. If Class 10A rejects the Plan, Holders of Class 10A and 11A-1 Claims or Interests will not receive a distribution under the Plan, and the distributions that are reserved for Class 10A under this paragraph shall instead be distributed to the Holders of Senior Note Claims. The Debtors reserve the right (i) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or (ii) to modify the Plan in accordance with the terms hereof.

(d) Voting: Class 10A is Impaired and Holders of Class 10A Claims are entitled to vote to accept or reject the Plan.

11. Class 11A--Old CNC Preferred Stock Interests

(a) Classification: Class 11A consists of the two subclasses of Old CNC Preferred Stock Interests: Old CNC Series F Preferred Stock Interests (Class 11A-1) and Old CNC Other Preferred Stock Interests (Class 11A-2).

(b) Treatment: If Class 10A and Class 11A-1 accept the Plan, on or as soon as practicable after the Effective Date, each Holder of an Allowed Class 11A-1 Interest shall receive, along with the Holders of Allowed Class 10A Claims, in full and final satisfaction of all such Allowed Interests, its Pro-Rata share of the Junior Recovery. In any event, Holders of Allowed Class 11A-2 Interests will not receive a distribution under the Plan in respect of such Interests. On the Effective Date, Class 11A-1 Interests and 11A-2 Interests will be cancelled.

(c) Voting: Class 11A-1 is Impaired and Holders of Class 11A-1 Interests are entitled to separately vote to accept or reject the Plan. Holders of Class 11A-2 Interests are conclusively deemed to reject the Plan and are not entitled to vote to accept or reject the Plan.

Restriction on recovery: If Class 11A-1 rejects the Plan, Holders of Class 11A-1 Interests will not receive a distribution under the Plan, and the distributions that are reserved for Class 11A-1 under this paragraph shall be retained in the Junior Recovery and be added to the distribution made available to the Holders of Allowed Class 10A Claims. If both Class 11A-1 and 10A reject the plan, the entire Junior Recovery will be distributed to the Holders of Senior Note Claims. The Debtors reserve the right (i) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code and/or
(ii) to modify the Plan in accordance with the terms hereof.

12. Class 12A--Old CNC Common Stock Interests

(a) Classification: Class 12A consists of the Allowed Old CNC Common Stock Interests.

(b) Treatment: On the Effective Date Class 12A Interests will be cancelled and Holders thereof will not receive a distribution under the Plan in respect of such Interests.

(c) Voting: Class 12A is Impaired and is conclusively deemed to reject the Plan. Holders of Class 12A Old CNC Common Stock Interests are not entitled to vote to accept or reject the Plan.

13. Class 13A--Discharged Intercompany Claims

(a) Classification: Class 13A consists of the Discharged Intercompany Claims against CNC.

(b) Treatment: Class 13A Claims will be cancelled and Holders thereof will not receive a distribution under the Plan in respect of such Claims.

(c) Voting: Class 13A is Impaired and is conclusively deemed to reject the Plan. Holders of Class 13A Discharged Intercompany Claims are not entitled to vote to accept or reject the Plan.

14. Class 14A--Securities Claims

(a) Classification: Class 14A consists of the Securities Claims against CNC.

(b) Treatment: Class 14A Claims will be cancelled and Holders thereof will not receive a distribution under the Plan in respect of such Claims.

(c) Voting: Class 14A is Impaired, and is conclusively deemed to reject the Plan. Holders of Class 14A Claims are not entitled to vote to accept or reject the Plan.

C. Classification and Treatment of Classified Claims and Equity Interests:
CIHC

1. Class 1B--Other Priority Claims

(a) Classification: Class 1B consists of the Other Priority Claims against CIHC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 1B Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and CIHC, each Holder of an Allowed Class 1B Claim shall receive, in full and final satisfaction of such Allowed Class 1B Claim, one of the following treatments, in the sole discretion of CIHC:

(i) Reorganized CIHC or such Distribution Agent will pay the Allowed Class 1B Claim in full in Cash on the Effective Date or as soon thereafter as is practicable; provided that, Class 1B Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Claim becomes due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 1B is Unimpaired and the Holders of Class 1B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1B are not entitled to vote to accept or reject the Plan.

2. Class 2B--Secured Claims

(a) Classification: Class 2B consists of the Secured Claims against CIHC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Class 2B Claims are Unimpaired by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2B Claim and CIHC, each Holder of an Allowed Class 2B Claim shall receive, in full and final satisfaction of such Allowed Class 2B Claim, one of the following treatments, in the sole discretion of CIHC:

(i) the Allowed Class 2B Claims shall be reinstated as an obligation of Reorganized CIHC;

(ii) Reorganized CIHC or such Distribution Agent shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or further recourse against CIHC, Reorganized CIHC or such Distribution Agent provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code;

(c) Voting: Class 2B is Unimpaired and the Holders of Class 2B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2B are not entitled to vote to accept or reject the Plan.

3. Class 3B--Reinstated Intercompany Claims

(a) Classification: Class 3B consists of the Reinstated Intercompany Claims against CIHC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 3B Claims are Unimpaired by the Plan. Unless otherwise agreed to by the Holder of such Claim and CIHC, each Allowed Class 3B Claim shall be reinstated by Reorganized CIHC in full and final satisfaction of such Class 3B Claim.

(c) Voting: Class 3B is Unimpaired and the Holders of Class 3B Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3B are not entitled to vote to accept or reject the Plan.

4. Class 4B--Lender Claims

(a) Classification: Class 4B consists of two subclasses of the Lender Claims against CIHC: Lender Claims under or derived from the 1999 D&O Credit Facility (Class 4B-1), which are partially Secured Claims, and all other Lender Claims (Class 4B-2).

(b) Allowance: The Class 4B Claims are Allowed for all purposes of the Chapter 11 Cases, without the need to File proofs of claim, in the amount of the Allowed Lender Claims, but due to the contractual subordination of certain other Allowed Claims, distributions will be made on account of the Total Bank Debt Balance, and such Allowed Class 4B Claims and the distributions hereunder in respect of Class 4B Claims shall not be subject to offset, reduction or counterclaim in any respect.

(c) Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 4B Claim shall receive on account of and in full and final satisfaction of its Allowed Class 4B Claim and its related Allowed Class 5A Claim, its Pro Rata share of the: (i) New Tranche A Bank Debt; (ii) New Tranche B Bank Debt; (iii) New CNC Preferred Stock; and (iv) New CNC Warrants. CIHC will guaranty the New Tranche A Bank Debt and the New Tranche B Bank Debt and the obligations in respect thereof will be secured as contemplated by the New Credit Facility. Such treatment shall be in full and final satisfaction of all Class 4B and Class 5A Claims, and of any rights to contractual subordination of other Allowed Claims for the benefit of Class 4B and Class 5A Claims. In addition, immediately prior to the Effective Date, but subject in all respects to the immediate occurrence of the Effective Date, the Holders of Class 4B and Class 5A Claims shall be deemed to release all pre-petition liens on and security interests in the CFC/CIHC Intercompany Note. In addition, the Lenders' Agents and each of the Lenders shall receive in Cash on the Effective Date an amount equal to all of its fees, expenses and other amounts (including, without limitation, all fees and expenses of counsel and financial advisors including, without limitation, Greenhill & Co., LLC) payable in connection with the Senior Credit Facility or the D&O Credit Facilities, as the case may be, including, without limitation, in connection with the Chapter 11 Cases, the Plan, the implementation of the Plan or any documentation relating thereto. The New Tranche A Bank Debt and New Tranche B Bank Debt shall be issued in separate tranches as follows: (i) to Holders of Claims under the Senior Credit Facility,
(ii) to Holders of Claims under or derived from the 1999 D&O Facility and (iii) to Holders of Claims under or derived from the other D&O Credit Facilities. The Lenders under the respective D&O Credit Facilities shall be deemed to have transferred to New CNC, pursuant to the terms of the D&O Transfer Agreement to be executed on the Effective Date, all loans made to the individual borrowers under the D&O Credit Facilities as a result of satisfaction of the Guarantees of D&O Credit Facilities and all rights and remedies in respect thereof to New CNC, and all amounts paid by such borrowers shall be applied to the loans under the New Credit Facility as set forth in the New Credit Facility.

(d) Voting: Classes 4B-1 and 4B-2 are Impaired Classes and Holders of Class 4B-1 and 4B-2 Claims are entitled to vote separately to accept or reject the Plan.

5. Class 5B-- Exchange Note Claims

(a) Classification: Class 5B consists of the Exchange Note Claims against CIHC.

(b) Allowance: Notwithstanding any provision to the contrary contained in this Plan, the Class 5B Claims shall be deemed Allowed Class 5B Claims for all purposes of the Chapter 11 Cases, without the need to File proofs of claim, along with Class 6A Claims, in an aggregate amount of $1,370,975,431.97, but to the extent that the Holders of Exchange Note Claims are entitled to postpetition interest under the Bankruptcy Code, distributions will be made on account of the Total Exchange Note Claims.

(c) Treatment: Each Holder of an Allowed Class 5B Claim shall receive in full and final satisfaction of all such Allowed Class 6A and Class 5B Claims, its Pro Rata share of (i) the Exchange Note Distribution on or as soon as practicable after the Effective Date, and (ii) any Available Proceeds, when and if such proceeds are available, as determined by the Residual Trustee. In addition, Houlihan Lokey Howard & Zukin and any other professionals of the Unofficial Noteholders Committee will be paid on the Effective Date the unpaid fees and expenses (whether incurred prior to or after the Petition Date) in accordance with their prepetition engagement letters.

(d) Voting: Class 5B is Impaired and is entitled to vote to accept or reject the Plan.

6. Class 6B--Reorganizing Debtor General Unsecured Claims

(a) Classification: Class 6B consists of the Reorganizing Debtor General Unsecured Claims against CIHC, including the CIHC/CFC Intercompany Note.

(b) Treatment: On or as soon as practicable after the Effective Date, each Holder of an Allowed Class 6B Claim shall receive in full and final satisfaction of such Class 6B Claims, its Pro Rata share of the CIHC Unsecured Distribution.

(c) Voting: Class 6B is Impaired and Holders of Class 6B Claims are entitled to vote to accept or reject the Plan.

7. Class 7B--Convenience Class Claims

(a) Classification: Class 7B consists of the Convenience Class Claims against CIHC.

(b) Treatment: CIHC will treat such Allowed 7B Claims in a manner that will render such Claims Unimpaired under the Bankruptcy Code. Each Holder of an Allowed Class 6B General Unsecured Claim may elect to be treated as a Holder of an Allowed Class 7B Convenience Class Claim. Any such election must be made on the Ballot, and no Creditor can elect Class 7B Claim treatment after the Voting Deadline. Each Holder of an Allowed Class 7B Claim shall receive the lesser of (i) $500 or (ii) the amount of their Allowed Class 6B Claim. Any Allowed Class 6B Claim that exceeds $500 but whose Holder elects to be treated as a Class 7B Claim shall be automatically reduced in complete satisfaction of such Class 6B Claim to the amount of distribution made on account of such Convenience Class Claim.

(c) Voting: Class 7B is Unimpaired and the Holders of Class 7B Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

8. Class 8B--Reinstated CIHC Preferred Stock Interests

(a) Classification: Class 8B consists of the Reinstated CIHC Preferred Stock Interests.

(b) Treatment: Reorganized CIHC will reinstate the Allowed Reinstated CIHC Preferred Stock Interests.

(c) Voting: Class 8B is Unimpaired and the Holders of Class 8B Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Interests in Class 8B are not entitled to vote to accept or reject the Plan.

9. Class 9B--Old CIHC Common Stock Interests

(a) Classification: Class 9B consists of the Old CIHC Common Stock Interests.

(b) Treatment: Reorganized CIHC will reinstate the Allowed Old CIHC Common Stock Interests.

(c) Voting: Class 9B is Unimpaired and the Holders of Class 9B Old Common Stock Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Interests in Class 9B are not entitled to vote to accept or reject the Plan.

10. Class 10B--Discharged Intercompany Claims

(a) Classification: Class 10B consists of the Discharged Intercompany Claims against CIHC.

(b) Treatment: Class 10B Claims will be cancelled and the Holders thereof will receive no distribution under the Plan in respect of such Claims.

(c) Voting: Class 10B is Impaired and is conclusively deemed to reject the Plan. Holders of Class 10B Discharged Intercompany Claims are not entitled to vote to accept or reject the Plan.

11. Class 11B--Securities Claims

(a) Classification: Class 11B consists of the Securities Claims against CIHC.

(b) Treatment: Class 11B will be cancelled and the Holders thereof will receive no distribution under the Plan in respect of such Claims.

(c) Voting: Class 11B is Impaired, and is conclusively deemed to reject the Plan. Holders of Class 11B Claims are not entitled to vote to accept or reject the Plan.

D. Classification and Treatment of Classified Claims and Equity Interests:
CTIHC

1. Class 1C--Other Priority Claims

(a) Classification: Class 1C consists of the Other Priority Claims against CTIHC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 1C Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and CTIHC, each Holder of an Allowed Class 1C Claim shall receive, in full and final satisfaction of such Allowed Class 1C Claim, one of the following treatments, in the sole discretion of CTIHC:

(i) the Distribution Agent will pay the Allowed Class 1C Claim in full in Cash on the Effective Date or as soon thereafter as is practicable, provided that, Class 1C Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1C Claims become due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 1C is Unimpaired and the Holders of Class 1C Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1C are not entitled to vote to accept or reject the Plan.

2. Class 2C--Secured Claims

(a) Classification: Class 2C consists of the Secured Claims against CTIHC.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Class 2C Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2C Claim and CTIHC, each Holder of an Allowed Class 2C Claim shall receive, in full and final satisfaction of such Allowed Class 2C Claim, one of the following treatments, in the sole discretion of CTIHC:

(i) the Allowed Class 2C Claims shall be reinstated as an obligation of Reorganized CTIHC;

(ii) CTIHC shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or recourse against CTIHC or Reorganized CTIHC, provided that, such surrender must render such Claim Unimpaired pursuant to Section 1124 of the Bankruptcy Code; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 2C is Unimpaired and the Holders of Class 2C Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2C are not entitled to vote to accept or reject the Plan.

3. Class 3C--Reorganizing Debtor General Unsecured Claims against CTIHC

(a) Classification: Class 3C consists of the Reorganizing Debtor General Unsecured Claims against CTIHC.

(b) Treatment: If there are any Allowed Class 3C Claims, Holders thereof will receive a Pro Rata share of the Old CTIHC Common Stock.

(c) Voting: Class 3C is Impaired and Holders of Class 3C Reorganizing Debtor General Unsecured Claims are entitled to vote to accept or reject the Plan.

4. Class 4C--Old CTIHC Common Stock Interests

(a) Classification: Class 4C consists of the Old CTIHC Common Stock Interests.

(b) Treatment: Class 4C Interests will be allocated to the Holders of Allowed Class 3C Claims, if any, and if none, shall be held by Reorganized CIHC.

(c) Voting: Class 4C is Impaired and is conclusively deemed to reject the Plan. Holders of Class 4C Old CTIHC Common Stock Interests are not entitled to vote to accept or reject the Plan.

E. Classification and Treatment of Classified Claims and Equity Interests:
Partners Health Group, Inc.

1. Class 1D--Other Priority Claims

(a) Classification: Class 1D consists of the Other Priority Claims against PHG.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Allowed Class 1D Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Other Priority Claim and PHG, each Holder of an Allowed Class 1D Claim shall receive, in full and final satisfaction of such Allowed Class 1D Claim, one of the following alternative treatments, in the sole discretion of PHG:

(i) the Distribution Agent will pay the Allowed Class 1D Claim in full in Cash on the Effective Date or as soon thereafter as is practicable, provided that, Class 1D Claims representing obligations incurred in the ordinary course of business will be paid in full in Cash when such Class 1D Claims become due and owing in the ordinary course of business; or

(ii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 1D is Unimpaired and the Holders of Class 1D Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1D are not entitled to vote to accept or reject the Plan.

2. Class 2D--Secured Claims

(a) Classification: Class 2D consists of the Secured Claims against PHG.

(b) Treatment: The legal, equitable and contractual rights of the Holders of Class 2D Claims are unaltered by the Plan. Unless otherwise agreed to by the Holder of the Allowed Class 2D Claim and PHG, each Holder of an Allowed Class 2D Claim shall receive, in full and final satisfaction of such Allowed Class 2D Claim, one of the following alternative treatments, in the sole discretion of PHG:

(i) the Allowed Class 2D Claims shall be reinstated as an obligation of Reorganized PHG;

(ii) the Distribution Agent shall surrender all collateral securing such Claim to the Holder thereof, without representation or warranty by or recourse against PHG or Reorganized PHG, provided that, such surrender must render such Claim Unimpaired pursuant to section 1124 of the Bankruptcy Code; or

(iii) such Claim will be treated in any other manner so that such Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) Voting: Class 2D is Unimpaired and the Holders of Class 2D Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2D are not entitled to vote to accept or reject the Plan.

3. Class 3D-- Reorganizing Debtor General Unsecured Claims against PHG

(a) Classification: Class 3D consists of the Reorganizing Debtor General Unsecured Claims against PHG.

(b) Treatment: Class 3D Claims will voluntarily waive any right to receive a distribution under the Plan.

(c) Voting: CIHC is the only creditor in Class 3D and approves of its treatment under this subplan.

4. Class 4D-- Old PHG Common Stock Interests

(a) Classification: Class 4D consists of the Old PHG Common Stock Interests.

(b) Treatment: PHG is a Residual Subsidiary and the Old PHG Common Stock will be transferred to the Residual Trust.

(c) Voting: CIHC is the indirect parent of PHG. CIHC and intermediate holding company approve of their treatment under this subplan.

Article IV.

ACCEPTANCE OR REJECTION OF THE PLAN

A. Voting Classes

Each Holder of an Allowed Claim or Allowed Equity Interest in Classes 4A, 5A-1, 5A-2, 6A, 7A, 8A, 10A, 11A-1, 4B-1, 4B-2, 5B, 6B and 3C shall be entitled to vote to accept or reject the Plan.

B. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if (a) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (b) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. An Impaired Class of Equity Interests shall have accepted the Plan if Holders (other than any Holder designated under Section 1126(e) of the Bankruptcy Code) that hold at least two-thirds in amount of the Allowed Equity Interests actually voting in such Class have voted to accept the Plan.

C. Presumed Acceptance of Plan

Classes 1A, 2A, 3A, 9A, 1B, 2B, 3B, 7B, 8B, 9B, 1C, 2C, 1D, 2D and 3D are Unimpaired under the Plan, and, therefore, are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

D. Presumed Rejection of Plan

Classes 11A-2, 12A, 13A, 14A, 10B, 11B, 4C, and 4D are Impaired and shall receive no distributions, and, therefore, are presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

E. Non-Consensual Confirmation

The Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to the Impaired Classes presumed to reject the Plan, and reserve the right to do so with respect to any other rejecting Class and/or to modify the Plan in accordance with Article X.E hereof.

Article V.

MEANS FOR IMPLEMENTATION OF THE REORGANIZING SUBPLANS

A. Corporate Existence and Vesting of Assets in the Reorganizing Debtors and Old CNC

1. On the Effective Date: (i) Old CNC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Indiana and its Articles of Incorporation and By-laws, each of which shall be amended and restated to limit Old CNC's activity to the implementation of the Plan, the liquidation of its Residual Assets and the winding-up of its affairs; (ii) New CNC shall be incorporated and shall exist thereafter as a separate corporate entity, with all corporate powers in accordance with the laws of the State of Delaware, the New CNC Charter and the New CNC By-laws; and (iii) (1) the Residual Trust shall be settled and exist as a grantor trust and/or liquidating trust under the laws of the State of Delaware and pursuant to the Declaration of Trust; (2) Reorganized CIHC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Delaware and its existing charter and by-laws; (3) Reorganized CTIHC shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Delaware and its existing charter and by-laws; and (4) Reorganized PHG shall continue to exist as a separate corporate entity, with corporate powers in accordance with the laws of the State of Illinois and its existing charter and by-laws.

2. Except as otherwise contemplated by the Plan, on and after the Effective Date, all property of the Estate, and any property retained or acquired by the Debtors, Reorganizing Debtors or Reorganized Debtor under the Plan, shall vest in the respective Debtor, Reorganizing Debtor or Reorganized Debtor free and clear of all Claims, liens, charges, or other encumbrances. On and after the Effective Date, each Debtor or Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims or Equity Interests, without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

3. On the Effective Date, all assets of Old CNC, other than the Residual Assets, shall be transferred by Old CNC to New CNC in exchange for the New CNC Common Stock, New CNC Preferred Stock, New CNC Warrants and the assumption of the New Tranche A Bank Debt, the New Tranche B Bank Debt, and New Senior Notes.

B. Cancellation of Old Notes, Old Preferred Stock and Old Common Stock

On the Effective Date, except to the extent otherwise expressly provided herein, all notes, instruments, certificates, and other documents evidencing the (i) Senior Credit Facility, (ii) Exchange Notes, (iii) Original Notes, (iv) Subordinated Debentures, (v) the 93/94 Notes, (vi) Old CNC Common Stock, and (vii) Old CNC Preferred Stock and any and all other Claims and Equity Interests shall be canceled and the obligations of the Reorganizing Debtors or Reorganized Debtors thereunder or in any way related thereto shall be discharged. On the Effective Date, except to the extent otherwise expressly provided herein, any indenture or similar instrument relating to any of the foregoing shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the respective Reorganizing Debtors or Reorganized Debtors thereunder, shall be discharged and no such obligations will be assumed by the Reorganized Debtors.

C. Issuance of New Securities; Execution of Related Documents

1. On or as soon as practicable after the Effective Date, the Reorganized Debtors shall distribute or issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, including, without limitation, (i) the New Credit Facility, (ii) New Senior Notes, (iii) New CNC Common Stock, (iv) New CNC Preferred Stock, and (v) New CNC Warrants, each of which shall be distributed as provided herein. The Reorganized Debtors shall execute and deliver such other agreements, documents and instruments as are required to be executed pursuant to the terms hereof.

2. On the Effective Date, Old CNC shall issue the Residual Share to the Residual Trust.

3. The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys), the Unofficial Noteholders' Committee, the Unofficial Lenders' Committee, and the Official Committees, and each of the members of such committees (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon confirmation of this Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities under this Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or such distributions made pursuant to this Plan.

D. Creation of Residual Trust

On the Effective Date the Residual Trust shall be settled and exist as a grantor trust and/or liquidating trust under the laws of the State of Delaware and pursuant to the Declaration of Trust. The sole asset of the Residual Trust shall be the Residual Share.

E. Implementation of Senior Management KERP

To the extent the Debtors have not already implemented all or part of the Senior Management KERP prior to the Effective Date, on the Effective Date the Debtors are directed to implement the Senior Management KERP with regard to Edward M. Berube, Eugene M. Bullis, Charles H. Cremens, Eric R. Johnson, and William J. Shea, and the Debtors and/or Reorganized Debtors shall perform any and all obligations thereunder, including the payment of performance bonuses, emergence bonuses and severance amounts contemplated thereby.

F. Assumption of the Senior Management Employment Agreements

To the extent the Debtors have not already assumed the Senior Management Employment Agreements prior to the Effective Date (to the extent such agreements apply to the Debtors), on the Effective Date the Debtors shall be deemed to have assumed the Senior Management Employment Agreements, and to the extent such agreements apply to affiliated non-debtors, they shall be affirmed and restated in all respects by the Debtors and the applicable affiliated non-debtors on the Effective Date.

G. Creation of Professional Escrow Account

On the Effective Date, the Reorganized Debtors shall establish the Professional Escrow Account and reserve the amounts necessary to ensure the payment of all Accrued Professional Compensation.

H. Creation of Senior Management Escrow Account

On the Effective Date, to the extent funds are available after all Administrative Claims are reserved or accrued for under the Plan, the Reorganized Debtors shall establish the Senior Management Escrow Account and reserve the amounts necessary to ensure the payment of the Senior Management Severance and the Senior Management Settlement Amounts. In no event shall the amount so reserved on the Effective Date be less than $16.59 million plus any Senior Management Settlement Amounts and Senior Management Employment Agreement Amounts.

I. Corporate Governance, Directors and Officers, and Corporate Action

1. Amended Certificate of Incorporation and By-laws

On or before the Effective Date, New CNC will file the New CNC Charter with the Secretary of State of Delaware in accordance with Section 103 of the Delaware General Corporation Law. The New CNC Charter and the New CNC By-laws will, among other things, authorize ____ shares of New CNC Common Stock and ____

shares of New CNC Preferred Stock. In addition, the New CNC Charter shall prohibit the issuance of non-voting equity securities to the extent required by the provisions of Section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, New CNC may amend and restate the New CNC Charter and other constituent documents as permitted by Delaware law.

2. Directors and Officers of the Reorganized Debtors

The Boards of Directors of each of New CNC, Reorganized CIHC and the other Debtors as reorganized immediately following the Effective Date shall consist of the individuals specified in the Plan Supplement.

3. Management Incentive Plan

On the Effective Date, New CNC will implement the Management Incentive Plan substantially in the form set forth in the Plan Supplement.

4. Employment Agreements

On the Effective Date, New CNC shall enter into the Senior Management Employment Agreements.

5. Resolution of the Directors & Officers Stock Purchase Program for Certain Participants

Within fifteen (15) days after the Effective Date, New CNC and Reorganized CIHC shall take the following actions with respect to the individuals and entities (each a "Participant" and collectively, the "Participants") that (i) owe amounts under the D&O Credit Facilities or to New CNC and Reorganized CIHC pursuant to the various directors, officers and key employees stock purchase programs (the "Stock Programs") and (ii) purchased 40,000 or less shares of Conseco, Inc. common stock pursuant to the Stock Programs and owe amounts under the D&O Credit Facilities or to New CNC and Reorganized CIHC as part of the Stock Programs:

(a) New CNC and Reorganized CIHC, in settlement of any good faith claims(2) such Participant may have in any manner relating to the D&O Credit Facilities, the Stock Programs, or any Work-Down Plan, shall offer a Purchase Price Adjustment Agreement substantially in the form attached as Exhibit H to the Disclosure Statement (the "Adjustment Agreement") to such Participant pursuant to which (i) the Participant's initial loan amounts shall be reduced to an amount equal to an agreeable price(3) per share for the shares purchased by such Participant (the "Adjusted Purchase Amount"), and (ii) New CNC and Reorganized CIHC shall cause their affiliate Conseco Services, LLC ("LLC") to execute the Adjustment Agreement and to reduce any loans such Participant owes to LLC related to the D&O Credit Facilities and/or the Stock Programs to an amount calculated on an agreeable price per share for the shares purchased by such Participant (the "Adjusted Interest Amount"); provided, however, that under the Adjustment Agreement:

(i) Participant shall (A) pay to New CNC the Adjusted Purchase Amount and (B) pay to LLC the Adjusted Interest Amount within 90 days after the Participant signs the Adjustment Agreement, but if payment is not made on such date, Participant shall owe (A) New CNC 4% per annum simple interest on the Adjusted Purchase Amount, accruing as of the 91st day, and (B) LLC 4% per annum simple interest on the Adjusted Interest Amount, accruing as of the 91st day.

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2 Pursuant to an order entered on February 19, 2003, the claims bar date for Participants is 60 days after the Effective Date. As of the date this amended Plan was filed with the Bankruptcy Court, it appears that very few Participants have filed a proof of claim against any Reorganizing Debtor. Any Participant who executes an Adjustment Agreement will release his or her claims against the Reorganizing Debtors related to the D&O Credit Facilities, Stock Programs and any Work-Down Plan.

3 New CNC and Reorganized CIHC shall negotiate with each Participant an agreeable price per share unique to such Participant. New CNC and Reorganized CIHC shall not be obliged to offer the same price to all Participants.

(ii) Participant releases New CNC, Reorganized CIHC, the original lenders under the D&O Credit Facilities (and their successors and assigns), their respective affiliates, and the respective officers, directors, employees, agents (including financial consultants) and attorneys of the original lenders under the D&O Credit Facilities (and of their successors and assigns) (collectively, the "SP Releasees") from any and all claims the Participant may have with respect to the D&O Credit Facilities, his or her participation in the Stock Programs or any Work-Down Plan, and/or this Plan, but Participant reserves all rights against the Ineligible Persons (defined in paragraph c. below) and all others (other than the SP Releasees) who were involved in the D&O Credit Facilities and/or the Stock Programs (such others (other than the SP Releasees) together with the Ineligible Persons, the "Non-Released Entities") and waives no causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters), whether under the pertinent loan documents, applicable law or otherwise, against the Non-Released Entities and/or the Non-Released Entities' past, present or future property (including any such property that may be in the hands of any immediate or mediate transferee), all regardless of whether New CNC or Reorganized CIHC asserts or exercises (or does not assert or exercise, as the case may be) similar causes of action, setoffs, claims, rights, defenses and/or remedies (or similar matters) (in any combination) against any other person or entity.

(iii) Upon Participant's payment of (A) the Adjusted Purchase Amount to New CNC and (B) the Adjusted Interest Amount to LLC, New CNC, Reorganized CIHC, and LLC and their respective affiliates shall release the Participant from any claims with respect to the D&O Credit Facilities, Stock Programs or any Work-Down Plan, but New CNC, Reorganized CIHC and LLC (A) waive no other causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters) against Participant and (B) New CNC, Reorganized CIHC and LLC reserve all rights against Non-Released Entities (as defined in paragraph a.2. above) and waive no causes of action, setoffs, claims, rights, defenses, powers, and/or remedies (or similar matters), whether under the pertinent loan documents, applicable law or otherwise, against the Non-Released Entities and/or the Non-Released Entities' past, present or future property (including any such property that may be in the hands of any immediate or mediate transferee), all regardless of whether New CNC or Reorganized CIHC asserts or exercises (or does not assert or exercise, as the case may be) similar causes of action, setoffs, claims, rights, defenses and/or remedies (or similar matters) (in any combination) against any other person or entity.

(iv) Participant assigns to New CNC his or her rights against the Non-Released Entities (as defined in paragraph (a)(ii) above).

The Adjustment Agreement annexed as Exhibit H to the Disclosure Statement shall be executed on an individualized basis by the Reorganized Debtors and Participants that are offered it and choose to sign it and, in addition to the other restrictions set forth herein, no Participant shall be entitled to the benefits of the Adjustment Agreement absent such execution and delivery of the Adjustment Agreement. Participants who are offered the Adjustment Agreement may choose to decline to sign it, but in such event, any such declining Participants shall become Ineligible Persons (defined in paragraph c. below).

The Debtors have determined based on several different business and legal considerations to offer an Adjustment Agreement to such Participant subject to the foregoing conditions, and their decision to do so shall in no manner be deemed to be an admission by either of them (or by any other Person) as to the accuracy of any factual statement or legal theory underlying any such good faith claims on the part of any such Participant or any other borrower under the D&O Credit Facilities, but on the contrary, the Debtors deny the legal validity or enforceability of any such claims or defenses and expressly reserves any and all of their claims, defenses, rights, powers and/or remedies against any such Participant in the event that this Plan is not confirmed and against Ineligible Persons, whether or not this Plan is confirmed. The decision to offer an Adjustment Agreement to a Participant under the terms and conditions of this Article V.F.5.a has been made in connection with and is a part of this Plan and, as such, is independent of and is expressly not a renewal or extension of any Work-Down Plan, and shall not be deemed to be a renewal or extension of any Work-Down Plan under any circumstances.

(b) Pursuant to Article III.C.4.(c) of this Plan, New CNC shall succeed to the lenders' right, title and interest in the loans underlying the D&O Credit Facilities.

(c) The following are ineligible to be offered an Adjustment Agreement (collectively, "Ineligible Persons"): (i) persons or entities that purchased more than 40,000 shares of Conseco, Inc. common stock and owe amounts under the D&O Credit Facilities or to New CNC or Reorganized CIHC as part of the Stock Programs, (ii) Participants who are offered an Adjustment Agreement under paragraph a. above but who, for whatever reason, refuse to sign an Adjustment Agreement, and (ii) Participants who are not offered an Adjustment Agreement under paragraph d. below.

(d) Notwithstanding Article F.5.a. above, New CNC and Reorganized CIHC may choose not to offer an Adjustment Agreement to any Participant who purchased 40,000 or less shares who New CNC and Reorganized CIHC reasonably believe directed and/or authorized (1) the implementation of the Stock Program, (2) the number of shares (or aggregate purchase price) of Conseco, Inc. common stock to be purchased in the aggregate pursuant to the Stock Program and/or (3) the selection of individuals eligible to participate in the Stock Program and/or their permitted level of participation. The fact that a Participant is or is not a current employee of New CNC, Reorganized CIHC or any affiliate shall not be a factor in determining whether New CNC and Reorganized CIHC offer a Participant an Adjustment Agreement.

6. Listing/Registration Rights

On the Effective Date, New CNC shall (a) be a reporting company under the Exchange Act, (b) cause the shares of New CNC Preferred Stock, New CNC Common Stock and New CNC Warrants to be listed on the New York Stock Exchange or such other securities exchange as agreed with the Conseco Creditors Committee, if the listing requirements for such securities exchange are satisfied with respect to such securities, and (c) execute and deliver a Registration Rights Agreement substantially in the form set forth in the Plan Supplement.

7. Corporate Action

On the Effective Date, the adoption and filing of the New CNC Charter and New CNC By-laws, the appointment of directors and officers for the Reorganized Debtors, the adoption of the Management Incentive Plan, and all actions contemplated hereby shall be authorized and approved in all respects (subject to the provisions hereof) pursuant to this Plan. All matters provided for herein involving the corporate structure of the Debtors or Reorganizing Debtors, and any corporate action required by the Debtors or Reorganizing Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the board of directors of the Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors without the need for any required approvals, authorizations or consents except for express consents required under this Plan.

J. Sources of Cash for Plan Distribution

All Cash necessary for the Reorganizing Debtors and Reorganized Debtors to make payments pursuant hereto shall be obtained from existing Cash balances of the Debtors.

K. Retiree Benefits

The Reorganizing Debtors shall timely pay any retiree benefits as defined in Section 1114(a) of the Bankruptcy Code to the extent that such retiree benefits are payable by the Reorganizing Debtors. Such retiree benefits include those that arise from the plans, funds or programs described in the Plan Supplement.

L. GM Building Sale

The sale or transfer of the GM Building (or entities owning the GM Building or interests therein) pursuant to or consistent with an Order of the Bankruptcy Court shall be deemed a transfer under, pursuant to and in furtherance of this Plan.

Article VI.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases

Immediately prior to the Effective Date, except as otherwise provided herein, all executory contracts including, without limitation, the prepetition engagement letters for the financial and legal advisors to the Unofficial Bank Committee and the Unofficial Noteholder Committee, respectively, stipulation agreements entered into with Distribution Agents during the course of these Chapter 11 Cases, or unexpired leases of the Reorganizing Debtors will be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases that (1) have been rejected by order of the Bankruptcy Court, (2) have previously been assumed by order of the Bankruptcy Court, (3) are the subject of a motion to reject pending on the Effective Date, (4) are identified in the Plan Supplement to be rejected, or (5) relate to the purchase or other acquisition of Equity Interests. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All Proofs of Claims with respect to Claims arising from the rejection of executory contracts or unexpired leases, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such rejection. Any Claims arising from the rejection of an executory contract or unexpired lease not Filed within such time will be forever barred from assertion against any Debtor or Reorganized Debtor, any Estate, or property of any Debtor or Reorganized Debtor, unless otherwise ordered by the Bankruptcy Court. All Allowed Claims arising from the rejection of executory contracts or unexpired leases of the Reorganizing Debtor will be classified as Reorganizing Debtor General Unsecured Claims.

C. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, or as soon thereafter as is practicable, or on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any cure payments, (2) the ability of the relevant Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption. Ten days before the Confirmation Hearing, the Debtors will contact relevant contract counterparties with the Stated Cure Amounts (if any) for all executory contracts and unexpired leases to be assumed pursuant to the Plan.

D. Indemnification of Directors, Officers and Employees

The obligations of any Debtor to indemnify any Releasee serving at any time on or after the Petition Date as one of its directors, officers or employees by reason of such Releasee's service in such capacity, or as a director, officer or employee of any other corporation or legal entity, to the extent provided in such Debtor's constitutive

documents, by a written agreement with such Debtor or under applicable state corporate law (to the maximum extent permitted thereunder), shall be deemed and treated as executory contracts that are assumed by the relevant Reorganized Debtor (it being understood that New CNC is the relevant Reorganized Debtor of CNC) pursuant hereto and section 365 of the Bankruptcy Code as of the Effective Date. Accordingly, such indemnification obligations shall survive Unimpaired and unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

E. Compensation and Benefit Programs

Except as otherwise expressly provided herein, all employment and severance agreements and policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their respective employees, former employees, retirees and non-employee directors and the employees, former employees and retirees of its subsidiaries, including, without limitation, all savings plans, retirement plans, health care plans, disability plans, severance benefit agreements and plans, incentive plans, deferred compensation plans and life, accidental death and dismemberment insurance plans shall be treated as executory contracts under the Plan and on the Effective Date shall be deemed assumed pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code; and the Debtors' obligations under such programs to Persons shall survive confirmation of this Plan, except for (i) executory contracts or employee benefit plans specifically rejected pursuant to this Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code), (ii) all employee equity or equity-based incentive plans, and (iii) such executory contracts or employee benefit plans as have previously been rejected, are the subject of a motion to reject as of the Confirmation Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract; provided however, that the Debtors' obligations, if any, to pay all "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code shall continue.

F. Assumption of D&O Insurance

All directors' and officers' liability insurance policies maintained by the Debtors are hereby assumed. Entry of the order confirming the Plan by the clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code. The Reorganized Debtors shall maintain for a period not less than 10 years from the Effective Date coverage for the individuals covered, as of the Petition Date, by such policies at levels and on terms no less favorable to such individuals than the terms and levels provided for under the policies assumed pursuant to the Plan. Solely with respect to directors and officers of any of the Debtors who served in such capacity at any time on or after the Petition Date, the Debtors shall be deemed to assume, as of the Effective Date, their respective obligations to indemnify such individuals (and only such individuals) with respect to or based upon any act or omission taken or omitted in any of such capacities, or for or on behalf of any Debtor, pursuant to and to the extent provided by the Debtors' respective articles of incorporation, certificates of formation, corporate charters, bylaws, and similar corporate documents as in effect as of the date of entry of the Confirmation Order. Notwithstanding anything to the contrary contained herein, such assumed indemnity obligations shall not be discharged, Impaired, or otherwise modified by confirmation of this Plan and shall be deemed and treated as executory contracts that have been assumed by the Debtors pursuant to this Plan as to which no proofs of claim need be Filed.

Article VII.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims and Equity Interests Allowed as of the Effective Date

Except as otherwise provided herein or as may be ordered by the Bankruptcy Court, distributions to be made on the Effective Date on account of Claims and Equity Interests that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as soon as practicable thereafter.

For purposes of determining the accrual of interest, dividends or rights in respect of any other payment from and after the Effective Date, the New Tranche A Bank Debt, the New Tranche B Bank Debt, the New Senior Notes, New CNC Preferred Stock, New CNC Warrants and New CNC Common Stock shall be deemed issued as of the Effective Date regardless of the date on which they are actually dated, authenticated or distributed; provided that, the respective Reorganized Debtor shall withhold any actual payment until such distribution is made.

B. Distributions by the Distribution Agent(s)

The Debtors shall have the authority, in their sole discretion, to enter into agreements with one or more Distribution Agents, to facilitate the solicitation of votes on the Reorganizing Subplans and distributions required under the Reorganizing Subplans. As a condition to serving as a Distribution Agent, a Distribution Agent must (i) affirm its obligation to facilitate the prompt distribution of any documents or solicitation materials, (ii) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required under the Reorganizing Subplan at issue, and (iii) waive any right or ability to setoff against, deduct from, or assert any lien or encumbrance against the distributions required under the Reorganizing Subplan that are to be distributed by such Distribution Agent. In consideration for waiving its rights to setoff, deduct from or assert any lien or encumbrance against such distributions, the Debtors shall pay all reasonable fees and expenses (whether prepetition or postpetition) of such Distribution Agent. The Distribution Agent shall submit detailed invoices to the Debtors for all fees and expenses for which the Distribution Agent seeks reimbursement. The Debtors, upon review of such invoices, shall pay those amounts the Debtors, in their sole discretion, deem reasonable, and shall object in writing to those fees and expenses, if any, that the Debtors deem to be unreasonable. In the event that the Debtors object to all or any portion of a Distribution Agent's invoice, the Debtors and such Distribution Agent will endeavor, in good faith, to reach mutual agreement on the amount of such disputed fees and/or expenses. In the event that the Debtors and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court. To the extent the Debtors and any Distribution Agent entered into a stipulation during these Chapter 11 Cases concerning the fees of such Distribution Agent, such stipulations are assumed hereunder and the payment obligations evidenced thereby shall become obligations of the Reorganized Debtors to the extent such obligations remain unpaid as of the Effective Date.

C. Delivery and Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions in General

Distributions to Holders of Allowed Claims and Allowed Equity Interests shall be made to the Holders of such Allowed Claims and Allowed Equity Interests as of the Distribution Record Date. Except as otherwise provided herein, distributions to Holders of Allowed Claims and Allowed Equity Interests shall be made at the address of the Holder of such Claim or Equity Interest as indicated on the records of the Debtors as of the date that such distribution is made.

2. Undeliverable Distributions

(a) Holding of Undeliverable Distributions

If any distribution to a Holder of an Allowed Claim or Allowed Equity Interest is returned to a Distribution Agent as undeliverable, no further distributions shall be made to such Holder unless and until such Distribution Agent is notified in writing of such Holder's then-current address. Undeliverable distributions shall remain in the possession of such Distribution Agent subject to Subsection (b) below until such time as a distribution becomes deliverable. Undeliverable Cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, a Distribution Agent shall make all distributions that become deliverable.

(b) Failure to Claim Undeliverable Distributions

In an effort to ensure that all Holders of Allowed Claims and Equity Interests receive their allocated distributions, ninety (90) days after the Effective Date, the Reorganized Debtors will file with the Bankruptcy Court a

listing of unclaimed distributions. This list will be maintained for as long as the Chapter 11 Cases stay open. Any Holder of an Allowed Claim or Equity Interest (irrespective of when a Claim or Equity Interest became an Allowed Claim or Equity Interest) that does not assert a Claim or Equity Interest pursuant hereto for an undeliverable distribution (regardless of when not deliverable) within two years after the Effective Date shall have its Claim or Equity Interest for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim or Equity Interest against the relevant Reorganized Debtor or its property. In such cases: (i) any Cash held for distribution on account of such Claims or Equity Interests shall be property of the relevant Reorganized Debtor free of any restrictions thereon; and (ii) any securities issued hereunder held for distribution on account of such Claims or Equity Interests shall be canceled and of no further force or effect. Nothing contained herein shall require any Reorganized Debtor or any Distribution Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

3. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, each Reorganizing Debtor, Reorganized Debtor and Distribution Agent shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Each Reorganizing Debtor, Reorganized Debtor and Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

D. Timing and Calculation of Amounts to be Distributed

On the Effective Date or as soon as practicable thereafter, each Holder of an Allowed Claim against or Allowed Equity Interest in the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Equity Interests in the applicable Class. If and to the extent that there are Disputed Claims or Disputed Equity Interests, distributions on account of such Disputed Claims or Equity Interests shall be made pursuant to the provisions set forth in Article IX.A.3.

E. Minimum Distribution

Any other provision of the Plan notwithstanding, payments of fractions of shares of New CNC Common Stock or New CNC Preferred Stock or fractions of New CNC Warrants will not be made and will be deemed to be zero. Any other provision of the Plan notwithstanding, the Reorganized Debtors or a Distribution Agent will not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

F. Claims Between Finance Company Debtors and Reorganizing Debtors

As of the Petition Date CFC owed CIHC $277,376,671 under a promissory note (the "CFC/CIHC Intercompany Note"), and CIHC owed CFC $315,030,986 under a separate note (the "CIHC/CFC Intercompany Note"). The net pre-petition balance owing by CIHC to CFC under those two notes is $37,654,315 (the "Pre-Petition Note Balance"). CIHC holds other pre-petition claims against CFC. In addition, on and after the Petition Date, CIHC has funded certain expenses incurred on behalf of the Finance Company Debtors (the "Advanced Funds"). Certain first day orders entered in the Reorganizing Debtors' and Finance Company Debtors' jointly administered bankruptcy cases may entitle one or more of the Reorganizing Debtors to a super-priority administrative claim in the Finance Company Debtors' cases.

Except as expressly provided for herein, each Reorganizing Debtor and Reorganized Debtor may, as the case may be, pursuant to the Bankruptcy Code (including, without limitation, section 553) or applicable non-bankruptcy law or as may be agreed to by the Holder of a Claim, set off against any Allowed Claim or Equity Interest and the distributions to be made pursuant hereto on account of such Allowed Claim or Equity Interest

(before any distribution is made on account of such Allowed Claim or Equity Interest), any Claims, Equity Interests, rights and Causes of Action of any nature that such Reorganizing Debtor or Reorganized Debtor, as the case may be, may hold against the Holder of such Allowed Claim or Equity Interest to the extent the Claims, Equity Interests, rights or Causes of Action against such Holder have not been compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided that, neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest hereunder shall constitute a waiver or release by such Reorganizing Debtor or Reorganized Debtor of any such Claims, Equity Interests, rights and Causes of Action that such Reorganizing Debtor or Reorganized Debtor may possess against such Holder.

Without limiting the generality of the foregoing, on the Effective Date, prior to effectuating the distributions contemplated by this Plan, the CIHC/CFC Intercompany Note and any other Claims CFC may hold against CIHC shall be offset against (i) the CFC/CIHC Intercompany Note, (ii) all other prepetition amounts owed by CFC and (iii) all postpetition amounts owed by CFC that are not repaid in full in Cash by CFC, including, without limitation, health and welfare benefits, insurance, other direct CFC expenses and an appropriate allocation (which allocation will be filed by the Reorganizing Debtors 10 days prior to the Confirmation Hearing) of the postpetition professional fees paid by CIHC, except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). Any balance of the CIHC/CFC Intercompany Note remaining after giving effect to all the setoffs in the preceding sentence (the "Net CFC Claims") will be Class 6B Claims.

In addition, without limiting the generality of the foregoing, each of the Reorganizing Debtors shall offset against Claims by any of the Finance Company Debtors all (x) prepetition Claims owing by the Finance Company Debtors to the Reorganizing Debtors, including without limitation, (i) amounts owing under the prepetition tax sharing payments, (ii) amounts owing as a result of payments made on behalf of the Finance Company Debtors to ExlServices.com, Inc. ("Exl"), (iii) an appropriate allocation of prepetition professional fees incurred by the Reorganizing Debtors and Finance Company Debtors in connection with their restructuring and the preparation for these Chapter 11 Cases, (iv) prepetition amounts owing by the Finance Company Debtors to Conseco Services or CIHC, and (y) postpetition amounts owing by the Finance Company Debtors to the Reorganizing Debtors that are not repaid in full in Cash, including without limitation, (i) postpetition tax sharing payments owed by the Finance Company Debtors, (ii) an appropriate allocation of the postpetition professional fees incurred by the Reorganizing Debtors during these Chapter 11 Cases, (iii) any postpetition payments by the Reorganizing Debtors to Exl pursuant to the guarantee by CNC of a transition services agreement between Exl and CFC, and
(iv) postpetition amounts owed by the Finance Company Debtors to Conseco Services or CIHC, except to the extent that prior to Confirmation, the Bankruptcy Court determines by Final Order that such setoff or treatment may not be allowed under applicable law (including the Bankruptcy Code). Claims (if any) of Finance Company Debtors against Reorganizing Debtors that continue to be outstanding after such offsets as well as any Net CFC Claims are referred to herein collectively as "Net Finance Company Debtors' Claims." To the extent any Net Finance Company Debtors' Claims are Allowed Claims against CNC they will be Class 8A Claims. For purposes of this Article VII.F, "Net Reorganizing Debtors' Claims" means any and all Claims held by any of the Reorganizing Debtors or any of their affiliates against the Finance Company Debtors after effecting any and all of the offsets described above. Notwithstanding anything else contained herein, all such Net Reorganizing Debtors' Claims shall be preserved and unaffected by the confirmation of the Plan.

G. Surrender of Canceled Instruments or Securities

Subject to Subsection I. below, each record Holder of an Allowed Claim or Equity Interest relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facility, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes,
(vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or
(ix) CNC Preferred Stock shall surrender the certificates or other documentation underlying such Claim or Equity Interest, and all such surrendered certificates and other documentations shall be marked as canceled.

H. Failure to Surrender Canceled Instruments

Any Holder of Allowed Claims or Equity Interests relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facility, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes, (vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or (ix) CNC Preferred Stock that fails to surrender or is deemed to have failed to surrender its certificates or other documentation representing such Claim or Equity Interest required to be tendered hereunder within one year after the Effective Date shall have its Claim for a distribution pursuant hereto on account of such Allowed Claim or Allowed Equity Interests discharged and shall be forever barred from asserting any such Claim or Equity Interest against any Reorganizing Debtor, Reorganized Debtor, Distribution Agent or their assets.

I. Lost, Stolen, Mutilated or Destroyed Debt Securities

Any Holder of Allowed Claims or Equity Interests relating to the (i) Senior Credit Facility, (ii) CIHC Guarantee of Senior Credit Facility, (iii) CNC Guarantee of D&O Credit Facilities, (iv) CIHC Guarantee of D&O Credit Facilities, (v) Exchange Notes, (vi) Original Notes, (vii) Subordinated Debentures, (viii) CNC Common Stock, or (ix) CNC Preferred Stock that is evidenced by a note or by a stock certificate which has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering such note or stock certificate, deliver to such relevant Distribution Agent: (a) an affidavit of loss reasonably satisfactory to the Distribution Agent setting forth the unavailability of the note or the stock certificate; and (b) such additional indemnity as may reasonably be required by the Distribution Agent to hold the Distribution Agent harmless from any damages, liabilities or costs incurred in treating such individual as a Holder of an Allowed Claim or Equity Interest. Upon compliance with this procedure by a Holder of an Allowed Claim or Equity Interest evidenced by such a lost, stolen, mutilated or destroyed note or stock certificate, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such note or certificate.

Article VIII.

PROCEDURES FOR RESOLUTION OF DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS OR EQUITY INTERESTS

A. Resolution of Disputed Claims

1. Prosecution of Objections to Claims

After the Effective Date, the Reorganized Debtors (for Claims against the Reorganized Debtors) shall have the exclusive authority on or before the Claims Objection Bar Date to file objections, settle, compromise, withdraw or litigate to judgment objections to Claims or Equity Interests. From and after the Effective Date, the Debtors and Reorganized Debtors may settle or compromise any Disputed Claim or Equity Interest without approval of the Bankruptcy Court. The Debtors, Reorganizing Debtors and Reorganized Debtors also reserve the right to resolve any Disputed Claims or Equity Interests outside the Bankruptcy Court under applicable governing law.

2. Estimation of Claims and Equity Interests

The Reorganizing Debtors and the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim or Equity Interest pursuant to section 502(c) of the Bankruptcy Code regardless of whether such Reorganizing Debtor or Reorganized Debtor has previously objected to such Claim or Equity Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim or Equity Interest at any time during litigation concerning any objection to any Claim or Equity Interest, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the relevant Reorganizing Debtor or Reorganized Debtor may elect to pursue any supplemental proceedings to object to any

ultimate payment on such Claim. All of the aforementioned Claims or Equity Interests and objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims and Equity Interests may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

3. Payments and Distributions on Disputed Claims and Equity Interests

Notwithstanding any provision herein to the contrary, except as otherwise agreed by a Reorganizing Debtor or Reorganized Debtor (for Claims against the Reorganized Debtors) in its sole discretion, no partial payments and no partial distributions will be made with respect to a Disputed Claim or Equity Interest until the resolution of such disputes by settlement or Final Order. On the date or, if such date is not a Business Day, on the next successive Business Day that is 20 calendar days after the calendar quarter in which a Disputed Claim or Equity Interest becomes an Allowed Claim or Allowed Equity Interest, the Holder of such Allowed Claim or Allowed Equity Interest will receive all payments and distributions to which such Holder is then entitled under the Plan. Notwithstanding the foregoing, any Person or Entity who holds both an Allowed Claim(s) and a Disputed Claim(s) (or an Allowed Equity Interest(s) and a Disputed Equity Interest(s)) will not receive the appropriate payment or distribution on the Allowed Claim(s) (or Allowed Equity Interest(s)) except, as otherwise agreed by such Reorganizing Debtor or Reorganized Debtor, as the case may be, in its sole discretion, until the Disputed Claim(s) or Disputed Equity Interest(s) are resolved by settlement or Final Order. In the event that there are Disputed Claims or Equity Interests requiring adjudication and resolution, the Reorganizing Debtors and Reorganized Debtors reserve the right, or upon order of the Court, to establish appropriate reserves for potential payment of such Claims or Equity Interests.

B. Allowance of Claims and Equity Interests

Except as expressly provided herein or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim or Equity Interest shall be deemed Allowed, unless and until such Claim or Equity Interest is deemed Allowed under the Bankruptcy Code or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim or Equity Interest. Except as expressly provided in the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Reorganizing Debtors (for Claims against the Reorganizing Debtors) or Reorganized Debtors after Confirmation will have and retain any and all rights and defenses such Debtor had with respect to any Claim or Equity Interest as of Petition Date.

C. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Confirmation Date.

D. Reserve of New CNC Common Stock

On the Effective Date, CNC shall maintain in reserve shares of New CNC Common Stock as the New CNC Common Stock Holdback. The New CNC Common Stock Holdback, along with any dividends or other distributions accruing with respect thereto, shall be held for the Holders of Disputed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests. As Disputed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests are resolved, (a) CNC shall distribute, in accordance with the terms hereof, New CNC Common Stock to Holders of Allowed Class 4A, 8A, 10A, 11A-1 and 6B Claims and Equity Interests (along with dividends and distributions that accrue after the Effective Date), and (b) the New CNC Common Stock Holdback shall be adjusted.

Article IX.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The following are conditions precedent to confirmation of this Plan that must be (i) satisfied or (ii) waived in accordance with Article IX.C below:

1. The Bankruptcy Court shall have entered an order, in form and substance reasonably acceptable to the Debtors, the Noteholder Subcommittee, and the Lender Subcommittee, approving the Disclosure Statement with respect to this Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

2. The proposed Confirmation Order shall be in form and substance reasonably acceptable to the Debtors, the Noteholder Subcommittee, and the Lender Subcommittee.

3. The Plan Supplement and all of the schedules, documents, and exhibits contained therein shall be in form and substance satisfactory to the Debtors, the Noteholder Subcommittee, and the Lender Subcommittee.

4. The Deemed amount of the Reorganized Debtors General Unsecured Claims against CIHC being no greater than the CIHC General Unsecured Claims Cap.

B. Conditions Precedent to Consummation

The following are conditions precedent to Consummation of this Plan that must be (i) satisfied or (ii) waived in accordance with Article IX.C below:

1. The Confirmation Order becoming a Final Order in form and substance reasonably satisfactory to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee;

2. The Plan Supplement and all of the schedules, documents and exhibits contained therein shall be in form and substance satisfactory to the Debtors, the Noteholder Subcommittee and the Lender Subcommittee.

3. The following agreements, instruments and documents, in form and substance satisfactory to the relevant Debtor, the Noteholder Subcommittee and the Lender Subcommittee, becoming effective:

(a) the New CNC Charter, New CNC By-laws and any certificate of designation providing for the New CNC Preferred Stock;

(b) the New Credit Facility;

(c) the New CNC Warrant Agreement;

(d) the Registration Rights Agreement;

4. Obtaining all necessary regulatory approvals for (a) Consummation of the Plan and (b) approval of the application for change of control as a result of stock ownership.

5. CIHC distributing all of the capital stock of the Residual Subsidiaries and to the extent not included in the assets of the Residual Subsidiaries, any other Residual Assets of CIHC or its Subsidiaries to CNC in the form of a dividend;

6. The Residual Trust being established, and the Residual Assets being vested in Old CNC without further action on the part of Old CNC, CIHC, the Residual Trustee or any other Person;

7. The Residual Trustee being identified by the Administrative Agent and being duly appointed and qualified to serve;

8. Old CNC issuing the Residual Share to the Residual Trust;

9. The Deemed amount of the Reorganized Debtors General Unsecured Claims against CIHC being no more than the CIHC General Unsecured Claims Cap;

10. The CFC Subsidiary Guarantee Claims shall have been released, cancelled or estimated at zero.

11. The board of directors of New CNC shall have been selected.

C. Waiver of Conditions

The Debtors, with the prior written consent of the Conseco Creditors Committee, in the Debtors' reasonable discretion, may waive any of the conditions to Confirmation of the Plan and/or Consummation of the Plan set forth in Article IX at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to conform and/or consummate the Plan; provided that (i) the conditions set forth in sections A.1, A.2, A.3, A.4, B.1, B.2, B.3, B.9 and B.11 of this Article IX may be waived only with the prior written consent of the Debtors, the Noteholder Subcommittee and the Lender Subcommittee in their respective reasonable discretion, and (ii) the condition set forth in section B.4.(b) may only be waived with the prior written consent of the applicant of the referred-to application, consistent with its fiduciary duties.

D. Effect of Non-Occurrence of Conditions to Consummation

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by or against, or any Equity Interests in any Debtor; (2) prejudice in any manner the rights of any Debtor; or (3) constitute an admission, acknowledgment, offer or undertaking by any Debtor in any respect.

Article X.

RELEASE, INJUNCTIVE AND RELATED PROVISIONS

A. Compromise and Settlement

The allowance, classification and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments hereunder take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise, and, as of the Effective Date, any and all such rights are settled, compromised and released pursuant hereto. In addition, the allowance, classification and treatment of Allowed Claims in Classes 4A, 5A, 6A, 4B, 5B and 6B takes into account any Causes of Action, claims or counterclaims, whether under the Bankruptcy Code or otherwise applicable law, that may exist between the Debtors and the Holders of such Claims or among the Holders of such Claims and other Holders of Claims or Equity Interests, and, as of the Effective Date, any and all such Causes of Action, claims and counterclaims are settled, compromised and released pursuant hereto. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal and equitable subordination rights or Causes of Action, claims or counterclaims against such Holder satisfied, compromised and settled in this manner.

B. Releases by the Debtors

Except as otherwise specifically provided herein or in the Plan Supplement, for good and valuable consideration, including the service of the Releasees to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, the Releasees, on and after the Effective Date, are deemed released by the Debtors and Reorganized Debtors from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, Reorganized Debtors or their subsidiaries would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other Person or Entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to (a) any act or omission of a Releasee that constitutes (1) a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Releasee reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law), and (2) such failure to perform constitutes willful misconduct or recklessness(4), or (b) any Releasee's obligations to repay its obligations under the D&O Credit Facilities.

C. Releases by Holders of Claims

On and after the Effective Date, each Holder of a Claim (a) who has accepted the Plan or (b) who receives a distribution of property if the Plan is Confirmed, shall be deemed to have unconditionally released the Releasees from any and all Claims (as defined in section 101(5) of the Bankruptcy Code), obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Person or Entity would have been legally entitled to assert (whether individually or collectively), based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date in any way relating or pertaining to (w) the purchase or sale, or the rescission of a purchase or sale, of any security of a Debtor, (x) a Debtor or Reorganized Debtor, (y) the Chapter 11 Cases, or (z) the negotiation, formulation and preparation of the Plan, or any related agreements, instruments or other documents. No portion of the limited releases by the Holders of Claims in any way impairs any Cause of Action, liability, Claim or right arising out of or relating to (a) any act or omission of a Releasee that constitutes (1) a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Releasee reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law), and (2) constitutes willful misconduct or recklessness, or (b) any Releasee's obligations to repay its obligations under the D&O Credit Facilities.

D. Exculpation

The Debtors, Reorganizing Debtors, Releasees, Noteholder Subcommittee, Lender Subcommittee, Official Committees, Unofficial Noteholder Committee, Unofficial Bank Committee and their respective members, and the employees, agents, and professionals of each of the foregoing (acting in such capacity) shall neither have nor incur any liability to any Person or Entity for any pre or post-petition act taken or omitted to be taken in connection with or related to the formulation, negotiation, preparation, dissemination, implementation, administration, Confirmation or Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other pre or post-petition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors.

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4 See Indiana Code ss. 23-1-35-1

E. Preservation of Rights of Action

1. Maintenance of Causes of Action

Except as otherwise provided in the Plan, the Reorganized Debtors shall retain all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases including the actions specified in the Plan Supplement.

Except as otherwise provided in the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, any Claims, rights, and Causes of Action that the respective Reorganizing Debtors may hold against any Entity shall vest in the Reorganized Debtors, as the case may be. The applicable Reorganized Debtor, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Claims, rights or Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such Claims, rights, and Causes of Action without the consent or approval of any third party and without any further order of court.

2. Preservation of All Causes of Action Not Expressly Settled or Released

Unless a Claim or Cause of Action against a Creditor or other Person is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, the Debtors expressly reserve such Claim or Cause of Action for later adjudication by the Debtors, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, Claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Claims or Causes of Action upon or after the confirmation or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Claims or Causes of Action have been waived, relinquished, released, compromised or settled in the Plan or a Final Order. In addition, the Debtors and the successor entities under the Plan expressly reserve the right to pursue or adopt any Claims not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which the Debtors are a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

Any Person to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors should assume that such obligation, transfer, or transaction may be reviewed by the Debtors subsequent to the Effective Date and may, to the extent not theretofore waived, relinquished, released, compromised or settled, be the subject of an action after the Effective Date, whether or not
(i) such Person has Filed a proof of Claim against the Debtors in the Chapter 11 Cases; (ii) such Person's proof of Claim has been objected to; (iii) such Person's Claim was included in the Debtors' Schedules; or (iv) such Person's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

F. Discharge of Claims and Termination of Equity Interests

Except as otherwise provided herein, and except with respect to the Finance Company Debtors: (1) the rights afforded herein and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on Claims from and after the Petition Date, against the Reorganizing or Reorganized Debtors or any of their assets or properties, (2) on the Effective Date, all such Claims against, and Equity Interests in, the Reorganizing or Reorganized Debtors shall be satisfied, discharged and released in full, and (3) all Persons shall be precluded from asserting against the Reorganizing or Reorganized Debtors, their successors or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

G. Injunction

Except as otherwise expressly provided in the Plan or obligations issued pursuant to the Plan, all Persons who have held, hold or may hold Claims against or Equity Interests in the Reorganizing Debtors or the Releasees are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Reorganized Debtors, Releasees, Noteholder Subcommittee, Lender Subcommittee, Official Committees, Unofficial Noteholder Committee, Unofficial Bank Committee and their respective members, and the employees, agents, and professionals of each of the foregoing (acting in such capacity); (b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against those parties listed in subparagraph (a) above; (c) creating, perfecting, or enforcing any encumbrance of any kind against those parties listed in subparagraph (a) above, or the property or estates of those parties listed in subparagraph (a) above; (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from those parties listed in subparagraph (a) above or against the property or estates of those parties listed in subparagraph (a) above with respect to any such Claim or Equity Interest; and (e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Cause of Action released or settled hereunder.

Article XI.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases after the Effective Date as legally permissible, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

3. resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract and unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom, including those matters related to the amendment after the Effective Date pursuant to Article V herein to add any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be rejected;

4. ensure that distributions to Holders of Allowed Claims and Allowed Equity Interests are accomplished pursuant to the provisions hereof;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions hereof and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Person's obligations incurred in connection with the Plan;

8. issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with Consummation or enforcement of the Plan, except as otherwise provided herein;

9. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article XI hereof and enter such orders as may be necessary or appropriate to implement such releases, injunction and other provisions;

10. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

11. determine any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement; and

12. enter an order and/or final decree concluding the Chapter 11 Cases.

Article XII.

MISCELLANEOUS PROVISIONS

A. Modification of Plan Supplement

Modification of or amendments to the Plan Supplement, may be Filed with the Bankruptcy Court no later than ten days before the Confirmation Hearing. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XII.E hereof. Upon its Filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours. Holders of Claims and Equity Interests may obtain a copy of the Plan Supplement by contacting Bankruptcy Management Corporation at 1-888-909-0100 or review such documents on the internet at www.bmccorp.net/Conseco. The documents contained in the Plan Supplement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

B. Effectuating Documents, Further Transactions and Corporation Action

Each of the Debtors and Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions hereof and the notes and securities issued pursuant hereto.

Prior to, on or after the Effective Date (as appropriate), all matters provided for hereunder that would otherwise require approval of the shareholders or directors of the Debtors or Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the general corporation laws of the State of Delaware, the State of Indiana, or the State of Illinois (as appropriate) without any requirement of further action by the shareholders or directors of the Debtors or Reorganized Debtors.

C. Dissolution of Committee(s)

Upon the Effective Date, the Official Committees shall dissolve, except with respect to any appeal of an order in the Chapter 11 Cases and applications for Professional Fees, and members shall be released and discharged from all rights, duties and liabilities arising from, or related to, the Chapter 11 Cases.

D. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of Title 28 of the United States Code, as determined by the Bankruptcy Court at the hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

E. Modification of Plan

Subject to the limitations contained in the Plan,

(1) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and

(2) after the entry of the Confirmation Order, the Debtors or Reorganized Debtors, as the case may be, may (with the consent of the Conseco Creditors Committee whose consent shall not be unreasonably withheld, delayed or denied)), upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan, provided however, that (i) no material modification of the Plan that adversely affects the treatment of Classes 6A, 7A, or 5B shall be made without the written consent of the Noteholder Subcommittee and (ii) no material modification of the Plan that adversely affects the treatment of Classes 5A or 4B shall be made without the written consent of the Lender Subcommittee.

F. Revocation of Plan

The Debtors reserve the right (with the prior consent of the Conseco Creditors Committee) to revoke or withdraw the Plan prior to the Confirmation Date and to file subsequent plans of reorganization. If a Debtor revokes or withdraws the Plan, or if Confirmation or Consummation does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant hereto, shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other Person, (ii) prejudice in any manner the rights of such Debtor or any other Person, or (iii) constitute an admission of any sort by such Debtor or any other Person.

G. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to herein shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person.

H. Reservation of Rights

Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by any Debtor with respect to this Plan, the Disclosure Statement or Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

I. Section 1146 Exemption

Pursuant to section 1146(c) of the Bankruptcy Code, under this Plan,
(i) the issuance, distribution, transfer or exchange of any debt, equity security or other interest in the Debtors or Reorganized Debtors; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust, or other security interest, or the securing of

additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, this Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to this Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the appropriate state or local government official or agent shall be directed by the Bankruptcy Court to forego the collection of any such tax or government assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment.

All subsequent issuances, transfers or exchanges of securities, or the making or delivery of any instrument of transfer by the Debtors in the Chapter 11 Cases, whether in connection with a sale under section 363 of the Bankruptcy Code or otherwise, shall be deemed to be or have been done in furtherance of this Plan. Specifically, because sale of the GM Building (or the entities owning the GM Building or the interest therein), is being conducted pursuant to this Plan, any instrument of transfer that would effect transfer of the GM Building as proposed in pleadings filed in these Chapter 11 Cases may not be taxed under any law imposing a stamp tax or similar tax.

J. Further Assurances

The Debtors, Reorganized Debtors and all Holders of Claims or Equity Interests receiving distributions hereunder and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

K. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors or Reorganized Debtors shall be sent by first class U.S. mail, postage prepaid to:

Conseco, Inc.
CIHC, Incorporated
CTIHC, Inc.
Partners Health Group, Inc.
11825 N. Pennsylvania Street
P.O. Box 1911 (46082)
Carmel, Indiana 46032

Attn: General Counsel Anup Sathy

with copies to:

Kirkland & Ellis
200 E. Randolph Drive
Chicago, Illinois 60601
Attn: James H.M. Sprayregen, P.C.
Anne M. Huber

L. Transactions on Business Days

If the date on which a transaction may occur under this Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

M. Filing of Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

N. Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation

Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in this Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

O. Entire Agreement

This Plan and the Plan Supplement (as amended) supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into this Plan. Specifically, the Plan filed on January 31, 2003, and the First Amended Plan filed on March 12, 2003 and iterations of such documents are void and of no legal effect.

Respectfully Submitted,
CONSECO, INC.

By: /s/ Eugene M. Bullis
Name: Eugene M. Bullis
Title: Executive Vice President and Chief Financial Officer

CIHC, INCORPORATED

By: /s/ Eugene M. Bullis
Name: Eugene M. Bullis
Title: Executive Vice President and Chief Financial Officer

CTIHC, Inc.

By: /s/ Daniel J. Murphy
Name: Daniel J. Murphy
Title: Senior Vice President and Treasurer

Partners Health Group Inc.

By: /s/ Daniel J. Murphy
Name: Daniel J. Murphy
Title: Senior Vice President and Treasurer

Chicago, Illinois
Dated: March 18, 2003

Respectfully submitted,
KIRKLAND & ELLIS

James H.M. Sprayregen, P.C. (ARDC. No. 6190206)
Anne Marrs Huber (ARDC No. 6226828)
Anup Sathy (ARDC No. 6230191)
Ross M. Kwasteniet (ARDC No. 6276604)
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601-6636
(312) 861-2000 (telephone)
(312) 861-2200 (facsimile)

Counsel for the Debtors

Exhibit 25.1

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

WILMINGTON TRUST COMPANY
(Exact name of trustee as specified in its charter)

Delaware	51-0055023
(State of incorporation)	(I.R.S. employer identification no.)

Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890
(Address of principal executive offices)

Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516
(Name, address and telephone number of agent for service)

Conseco, Inc.
(Exact name of obligor as specified in its charter)

Delaware	75-3108137
(State of incorporation)	(I.R.S. employer identification no.)

11825 N. Pennsylvania Street Carmel, Indiana	46032
(Address of principal executive offices)	(Zip Code)

8.125% Senior Notes due 2006
(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Deposit Insurance Co. Five Penn Center Suite #2901 Philadelphia, PA	State Bank Commissioner Dover, Delaware

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.
B. Copy of By-Laws of Wilmington Trust Company.
C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.
D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 28th day of March, 2003.

WILMINGTON TRUST COMPANY

[SEAL]

Attest: /s/ Irene A. Lennon	*By: /s/ Sandra R. Ortiz*
Assistant Secretary	*Name: Sandra R. Ortiz* *Title: Financial Service Officer*

EXHIBIT A

AMENDED CHARTER

Wilmington Trust Company

Wilmington, Delaware

As existing on May 9, 1987

Amended Charter or Act of Incorporation of Wilmington Trust Company

Wilmington Trust Company, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "Wilmington Trust Company" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

First: - The name of this corporation is Wilmington Trust Company.

Second: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is Wilmington Trust Company whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

Third: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for

money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use, exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of

any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize

such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in

said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Fourth: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value $10.00 per share (hereinafter referred to as "Preferred Stock"); and

(2) Forty million (40,000,000) shares of Common Stock, par value $1.00 per share (hereinafter referred to as "Common Stock").

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article Fourth, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article Fourth), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article Fourth), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article Fourth, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article Fourth), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion

to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article Fourth, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article Fourth and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article Fourth that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

Fifth: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for

this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Sixth: - The Directors shall choose such officers, agents and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

Seventh: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled "An Act Providing a General Corporation Law", approved March 10, 1899, as from time to time amended.

Eighth: - This Act shall be deemed and taken to be a private Act.

Ninth: - This Corporation is to have perpetual existence.

Tenth: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Eleventh: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

Twelfth: - The Corporation may transact business in any part of the world.

Thirteenth: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

Fourteenth: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

Fifteenth: - (a) (1) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article Fifteenth:

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of $1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one

transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of $1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article Fifteenth as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term "business combination" as used in this Article Fifteenth shall mean any transaction which is referred to in any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article Fifteenth shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article Fifteenth:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such

transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the "beneficial owner" of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has
(i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of

equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article Fifteenth on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of $1,000,000 or more.

(e) Nothing contained in this Article Fifteenth shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Sixteenth: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any provision of Articles Fifth, Thirteenth, Fifteenth or Sixteenth of this Charter or Act of Incorporation.

Seventeenth: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

As existing on January 16, 2003

BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I
Stockholders' Meetings

Section 1. Annual Meeting. The annual meeting of stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time or place as may be designated by resolution by the Board of Directors.

Section 2. Special Meetings. Special meetings of stockholders may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 3. Notice. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. Quorum. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a smaller number of shares may adjourn from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE 2
Directors

Section 1. Management. The affairs and business of the Company shall be managed by or under the direction of the Board of Directors.

Section 2. Number. The authorized number of directors that shall constitute the Board of Directors shall be fixed from time to time by or pursuant to a resolution passed by a majority of the Board of Directors within the parameters set by the Charter of the Company. No more than two directors may also be employees of the Company or any affiliate thereof.

Section 3. Qualification. In addition to any other provisions of these Bylaws, to be qualified for nomination for election or appointment to the Board of Directors, a person must have not attained the age of sixty-nine years at the time of such election or appointment, provided however, the Nominating and Corporate Governance Committee may waive such qualification as to a particular candidate otherwise qualified to serve as a director upon a good faith determination

by such committee that such a waiver is in the best interests of the Company and its stockholders. The Chairman of the Board and the Chief Executive Officer shall not be qualified to continue to serve as directors upon the termination of their service in those offices for any reason.

Section 4. Meetings. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors, the Chief Executive Officer or the President.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the Chief Executive Officer or the President, and shall be called upon the written request of a majority of the directors.

Section 6. Quorum. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 7. Notice. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 8. Vacancies. In the event of the death, resignation, removal, inability to act or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 9. Organization Meeting. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, and shall elect from its own members a Chairman of the Board, a Chief Executive Officer and a President, who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Chief Financial Officer, who may be the same person, and may appoint at any time such committees as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors. The Board of Directors, the Executive Committee or another committee designated by the Board of Directors may elect or appoint such other officers as they may deem advisable.

Section 10. Removal. The Board of Directors may at any time remove, with or without cause, any member of any committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 11. Responsibility of Officers. The Board of Directors may designate an officer to be in charge of such departments or divisions of the Company as it may deem advisable.

Section 12. Participation in Meetings. The Board of Directors or any committee of the Board of Directors may participate in a meeting of the Board of Directors or such committee, as the case may be, by conference telephone, video facilities or other communications equipment. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all of the members of the Board of Directors or the committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the Board of Directors or such committee.

ARTICLE 3
Committees of the Board of Directors

Section 1. Executive Committee.

(A) The Executive Committee shall be composed of not more than nine (9) members, who shall be selected by the Board of Directors from its own members, and who shall hold office at the pleasure of the Board of Directors.

(B) The Executive Committee shall have and may exercise, to the fullest extent permitted by law, all of the powers of the Board of Directors when it is not in session to transact all business for and on behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) In the event of an emergency of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these Bylaws, any two available members of the Executive Committee as constituted immediately prior to such emergency shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article 3 of these Bylaws. In the event of the unavailability, at such time, of a

minimum of two members of the Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This Bylaw shall be subject to implementation by resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these Bylaws (other than this Section) and any resolutions which are contrary to the provisions of this Section or to the provisions of any such implementing resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this Section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these Bylaws.

Section 2. Audit Committee.

(A) The Audit Committee shall be composed of not more than five
(5) members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Services Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Services Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever its Chairperson, the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 3. Compensation Committee.

(A) The Compensation Committee shall be composed of not more than five (5) members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board of Directors.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning compensation, including salaries and employee benefits.

(C) The Compensation Committee shall meet whenever and wherever its

Chairperson, the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 4. Nominating and Corporate Governance Committee.

(A) The Nominating and Corporate Governance Committee shall be composed of not more than five members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board of Directors.

(B) The Nominating and Corporate Governance Committee shall provide counsel and make recommendations to the Chairman of the Board and the full Board with respect to the performance of the Chairman of the Board and the Chief Executive Officer, candidates for membership on the Board of Directors and its committees, matters of corporate governance, succession planning for the Company's executive management and significant shareholder relations issues.

(C) The Nominating and Corporate Governance Committee shall meet whenever and wherever its Chairperson, the Chairman of the Board, the Chief Executive Officer, the President, or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 5. Other Committees. The Company may have such other committees with such powers as the Board may designate from time to time by resolution or by an amendment to these Bylaws.

Section 6. Associate Directors.

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve at the pleasure of the Board of Directors.

(B) Associate directors shall be entitled to attend all meetings of directors and participate in the discussion of all matters brought to the Board of Directors, but will not have a right to vote.

Section 7. Absence or Disqualification of Any Member of a Committee. In the absence or disqualification of any member of any committee created under Article III of these Bylaws, the

member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE 4
Officers

Section 1. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such further authority and powers and shall perform such duties the Board of Directors may assign to him from time to time.

Section 2. Chief Executive Officer. The Chief Executive Officer shall have the powers and duties pertaining to the office of Chief Executive Officer conferred or imposed upon him by statute, incident to his office or as the Board of Directors may assign to him from time to time. In the absence of the Chairman of the Board, the Chief Executive Officer shall have the powers and duties of the Chairman of the Board.

Section 3. President. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute, incident to his office or as the Board of Directors may assign to him from time to time. In the absence of the Chairman of the Board and the Chief Executive Officer, the President shall have the powers and duties of the Chairman of the Board.

Section 4. Duties. The Chairman of the Board, the Chief Executive Officer or the President, as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. Vice Presidents. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all of the duties of the Chairman of the Board, the Chief Executive Officer and/or the President and such other powers and duties incident to their respective offices or as the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President or the officer in charge of the department or division to which they are assigned may assign to them from time to time.

Section 6. Secretary. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the committees thereof, to the keeping of accurate minutes of all such meetings, recording the same in the minute books of the Company and in general notifying the Board of Directors of material matters affecting the Company on a timely basis. In addition to the other notice requirements of these Bylaws and as may be practicable

under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any such meeting. He shall have custody of the corporate seal, affix the same to any documents requiring such corporate seal, attest the same and perform other duties incident to his office.

Section 7. Chief Financial Officer. The Chief Financial Officer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all transactions of the Company. He shall have general supervision of the expenditures of the Company and periodically shall report to the Board of Directors the condition of the Company, and perform such other duties incident to his office or as the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President may assign to him from time to time.

Section 8. Controller. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors or the Audit Committee at appropriate times a report relating to the general condition and internal operations of the Company and perform other duties incident to his office.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. Audit Officers. The officer designated by the Board of Directors to be in charge of the Audit Services Division of the Company, with such title as the Board of Directors shall prescribe, shall report to and be directly responsible to the Audit Committee and the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Services Division.

Section 10. Other Officers. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office of Assistant Secretary of the Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to which they are assigned.

Section 11. Powers and Duties of Other Officers. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the

Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President and the officer in charge of the department or division to which they are assigned.

Section 12. Number of Offices. Any one or more offices of the Company may be held by the same person, except that (A) no individual may hold more than one of the offices of Chief Financial Officer, Controller or Audit Officer and (B) none of the Chairman of the Board, the Chief Executive Officer or the President may hold any office mentioned in Section 12(A).

ARTICLE 5
Stock and Stock Certificates

Section 1. Transfer. Shares of stock shall be transferable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Company by the Chairman of the Board, the Chief Executive Officer or the President or a Vice President, and by the Secretary or an Assistant Secretary, of the Company, certifying the number of shares owned by him in the Company. The corporate seal affixed thereto, and any of or all the signatures on the certificate, may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he were such officer, transfer agent or registrar at the date of issue. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. Record Date. The Board of Directors is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any dividend, or to any allotment of rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE 6
Seal

The corporate seal of the Company shall be in the following form:

Between two concentric circles the words "Wilmington Trust Company" within the inner circle the words "Wilmington, Delaware."

ARTICLE 7
Fiscal Year

The fiscal year of the Company shall be the calendar year.

ARTICLE 8
Execution of Instruments of the Company

The Chairman of the Board, the Chief Executive Officer, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE 9
Compensation of Directors and Members of Committees

Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be authorized by the Company to perform such special services as the Board of Directors may from time to time determine in accordance with any guidelines the Board of Directors may adopt for such services, and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE 10
Indemnification

Section 1. Persons Covered. The Company shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director of the Company or is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, limited liability company, joint venture, trust, enterprise or non-profit entity that is not a subsidiary or affiliate of the Company, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Company shall be required to indemnify such a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors.

The Company may indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or threatened to be made a party or is otherwise involved in any proceeding by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer, employee or agent of the Company or a director, officer, employee or agent of a subsidiary or affiliate of the Company, against all liability and loss suffered and expenses reasonably incurred by such person. The Company may indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Advance of Expenses. The Company shall pay the expenses incurred in defending any proceeding involving a person who is or may be indemnified pursuant to Section 1 in advance of its final disposition, provided, however, that the payment of expenses incurred by such a person in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article 10 or otherwise.

Section 3. Certain Rights. If a claim under this Article 10 for (A) payment of expenses or (B) indemnification by a director or person who is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity that is not a subsidiary or affiliate of the Company, including service with respect to employee benefit plans, is not paid in full within sixty days after a written claim therefor has been received by the Company, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in

part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Company shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 4. Non-Exclusive. The rights conferred on any person by this Article 10 shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Reduction of Amount. The Company's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

Section 6. Effect of Modification. Any amendment, repeal or modification of the foregoing provisions of this Article 10 shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such amendment, repeal or modification.

ARTICLE 11
Amendments to the Bylaws

These Bylaws may be altered, amended or repealed, in whole or in part, and any new Bylaw or Bylaws adopted at any regular or special meeting of the Board of Directors by a vote of a majority of all the members of the Board of Directors then in office.

ARTICLE 12
Miscellaneous

Whenever used in these Bylaws, the singular shall include the plural, the plural shall include the singular unless the context requires otherwise and the use of either gender shall include both genders.

EXHIBIT C

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: March 28, 2003

By: /s/ Sandra R. Ortiz

Name: Sandra R. Ortiz

Title: Financial Service Officer

EXHIBIT D

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

R E P O R T O F C O N D I T I O N

Consolidating domestic subsidiaries of the

WILMINGTON TRUST COMPANY	of	WILMINGTON
Name of Bank		City

in the State of DELAWARE , at the close of business on December 31, 2002.

ASSETS

	Thousands of dollars
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coins	232,178
Interest-bearing balances	0
Held-to-maturity securities	3,887
Available-for-sale securities	1,259,128
Federal funds sold in domestic offices	342,300
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale. 0	
Loans and leases, net of unearned income. 5,554,642	
LESS: Allowance for loan and lease losses. 76,138	
Loans and leases, net of unearned income, allowance, and reserve	5,478,504
Assets held in trading accounts	0
Premises and fixed assets (including capitalized leases)	145,353
Other real estate owned	2,901
Investments in unconsolidated subsidiaries and associated companies	1,771
Customers' liability to this bank on acceptances outstanding	0
Intangible assets:	
a. Goodwill	157
b. Other intangible assets	11,755
Other assets	137,791
Total assets	7,615,725

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LIABILITIES

Deposits:	
In domestic offices	6,231,789
Noninterest-bearing	1,169,807
Interest-bearing	5,061,982
Federal funds purchased in domestic offices	174,200
Securities sold under agreements to repurchase	182,345
Trading liabilities (from Schedule RC-D)	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases:	334,810
Bank's liability on acceptances executed and outstanding	0
Subordinated notes and debentures	0
Other liabilities (from Schedule RC-G)	128,622
Total liabilities	7,051,766

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common Stock	500
Surplus (exclude all surplus related to preferred stock)	62,118
a. Retained earnings	503,661
b. Accumulated other comprehensive income	(2,320)
Total equity capital	563,959
Total liabilities, limited-life preferred stock, and equity capital	7,615,725