

CONSECO INC
Filed by
HILBERT STEPHEN C

FORM SC 13D
(Statement of Beneficial Ownership)

Filed 01/31/97

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

CONSECO INC

FORM SC 13D (Statement of Beneficial Ownership)

Filed 1/31/1997

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

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

AMENDMENT NO. 3

CONSECO, INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

208464107
(CUSIP Number)

Stephen C. Hilbert
11825 N. Pennsylvania Street
Carmel, Indiana 46032
(317) 817-6100

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

January 21, 1996

(Date of Event which Requires Filing of this Statement)

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

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

This filing contains 27 pages.
The Exhibit Index appears on page 6.

CUSIP No. 208464107

1. NAME OF REPORTING PERSON Stephen C. Hilbert

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Not given

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

3. SEC USE ONLY

4. SOURCE OF FUNDS PF; BK

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

6. CITIZENSHIP OR PLACE OF ORGANIZATION United States Citizen

Number of	7.	SOLE VOTING.	3,861,235
Shares			
Beneficially	8.	SHARED VOTING POWER	230,000
Owned By			
Each	9.	SOLE DISPOSITIVE POWER	3,861,235
Reporting			
Person With	10.	SHARED DISPOSITIVE POWER	230,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
4,121,235

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

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
4.81%

14. TYPE OF REPORTING PERSON IN

ITEM 1. SECURITY AND ISSUER

This statement relates to the Common Stock, no par value per share (the "Common Stock"), of Conseco, Inc., an Indiana corporation ("Conseco"). Conseco's principal executive office is located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032. The share information provided herein does not reflect a 2 for 1 stock split to be effective February 11, 1997.

ITEM 2. IDENTITY AND BACKGROUND

Not amended. See the statement on Schedule 13D previously filed.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

On January 21, 1997, The Hilbert Foundation (the "Foundation") acquired Warrants previously issued by Transport Holdings Inc. ("Transport") which represent the right to acquire 10,000 shares of Common Stock for \$39.2857 per share (the "Warrant"). The Warrant was assumed by Conseco on December 23, 1996 when Transport was merged into Conseco. The Warrants were purchased for \$390,000 in a negotiated transaction. Mr. Hilbert and his wife are trustees of the Foundation. Such purchase was made by the Foundation with funds temporarily borrowed from The Helping Fund which borrowings will be repaid with funds obtained through margin account borrowings.

Since the filing of Amendment No. 2 to Schedule 13D, Mr. Hilbert acquired beneficial ownership of an additional 329,168 shares of Common Stock resulting from the shares acquired by The Thomas C. Hilbert Irrevocable Trust (the "Hilbert Trust") and The Christopher L. Myers Irrevocable Trust (the "Myers Trust"; together, the "Trusts"). Mr. Hilbert is the trustee of the Trusts. All such shares were acquired pursuant to the Conseco, Inc. Director, Executive and Senior Officer Stock Purchase Plan (the "Plan") in open market transactions beginning August 28, 1996. The following table sets forth the shares of Common Stock acquired and the consideration paid on each date:

	Hilbert Trust -----		Myers Trust -----	
	Shares of Common Stock -----	Consideration Paid ----	Shares of Common Stock -----	Consideration Paid ----
August 28, 1996	70,174	\$3,037,832	12,531	\$542,467
August 29, 1996	28,070	1,206,729	5,012	215,466
September 3, 1996	28,070	1,156,203	5,012	206,444
September 5, 1996	14,025	588,910	2,506	105,227
September 6, 1996	14,025	608,825	2,506	108,785
September 9, 1996	28,070	1,231,712	5,012	219,927
September 10, 1996	14,025	637,577	2,506	113,923
September 12, 1996	7,019	317,610	1,253	56,698

	Hilbert Trust -----		Myers Trust -----	
	Shares of Common Stock -----	Consideration Paid ----	Shares of Common Stock -----	Consideration Paid ----
September 13, 1996	7,019	327,296	1,253	58,427
September 16, 1996	7,019	327,296	1,253	58,427
September 17, 1996	14,025	647,815	2,506	115,752
September 18, 1996	14,025	637,997	2,506	113,998
September 26, 1996	14,025	683,018	2,506	122,042
September 27, 1996	19,701	958,848	3,514	171,026

Shares acquired by the Trusts were acquired with funds borrowed from Bank of America National Trust and Savings Association ("Bank of America"). Pursuant to the Plan, such loans are guaranteed by Conseco. Mr. Hilbert has personally indemnified Conseco against any liability under such guarantees.

On February 17, 1997, Mr. Hilbert will be entitled to purchase an additional 711,000 shares of Common Stock pursuant to previously granted stock options which will then become exercisable. Under such option, Mr. Hilbert has the right to acquire such shares at a price of \$29.625 per share.

See the previously filed statements on Schedule 13D, as amended, for a description of the previous acquisitions.

ITEM 4. PURPOSE OF TRANSACTION

The Trusts, the Foundation and Mr. Hilbert have acquired beneficial ownership of the Common Stock for investment purposes.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

Set forth below is information concerning the Common Stock beneficially owned by Mr. Hilbert on the date hereof.

(a) 4,121,235 shares, which number includes (i) 1,866,370 shares of Common Stock which may be acquired by Mr. Hilbert within 60 days upon exercise of stock options, (ii) 660,000 shares of Common Stock which are owned by the Trusts of which Mr. Hilbert is the sole trustee, (iii) 130,000 shares of Common Stock which are owned by the Foundation of which Mr. Hilbert and his wife are trustees, (iv) 10,000 shares of Common Stock which may be acquired by the Foundation within 60 days upon exercise of the Warrant, (v) 100,000 shares of Common Stock which are owned by the Stephen C. Hilbert 1996 Grantor Retained Annuity Trust Agreement (the "Hilbert GRAT") of which Mr. Hilbert is a co-trustee and (vi) 30,000 shares of Common Stock which are owned by Tomisue Hilbert Trust of which Mrs.

Hilbert is the sole trustee. Such amount is 4.81% of the outstanding shares of Common Stock of Conseco.

(b) Except for shares held by the Foundation, the Hilbert GRAT and Tomisue Hilbert Trust as indicated in (a), Mr. Hilbert has the sole power to vote or to direct the vote of all of the shares disclosed in (a) and the sole power to dispose or to direct the disposition of such shares. Shares beneficially owned which are subject to options or warrants do not have voting rights prior to exercise of such options or warrants, as the case may be.

(c) On September 6, 1996, Mr. Hilbert made a gift of 30,000 shares of Common Stock to a charitable organization. On December 23, 1996, Mr. Hilbert made additional gifts totaling 70,000 shares of Common Stock to charitable organizations. Mr. Hilbert also made gifts on such date in the amount of 130,000, 100,000 and 30,000 shares of Common Stock to the Foundation, the Hilbert GRAT and Tomisue Hilbert Trust, respectively. Mr. Hilbert also made gifts totaling 125 shares of Common Stock to various individuals on December 23, 1996. Mr. Hilbert has not otherwise engaged in any transactions concerning the Common Stock during the past 60 days other than as disclosed in Item 3 above.

(d) Not applicable.

(e) Although Mr. Hilbert's beneficial ownership has increased by 950,043 shares of Common Stock since the filing of Amendment No. 2, Mr. Hilbert's beneficial ownership of shares of Common Stock ceased to exceed 5% of the shares of Common Stock outstanding on December 17, 1996 when Conseco issued shares of Common Stock in connection with its acquisition of American Travellers Corporation.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

See the previously filed statement on Schedule 13D, as amended.

The shares of Common Stock beneficially owned by Mr. Hilbert include 1,866,370 shares which may be acquired within 60 days upon exercise of stock options. Under those stock options, Mr. Hilbert has the right to acquire (i) 15,000 shares of Common Stock at a price of \$26.625 per share, (ii) 238,750 shares of Common Stock at a price of \$26.625 per share, (iii) 492,000 shares of Common Stock at a price of \$24.125 per share, (iv) 409,620 shares of Common Stock at a price of \$32.438 per share and (v) 711,000 shares of Common Stock at a price of \$29.625 per share. Mr. Hilbert also holds options not exercisable within 60 days to acquire 2,387,250 shares of Common Stock. All such options were granted under the Conseco Stock Option Plan, as amended, and the Conseco 1994 Stock and Incentive Plan.

The shares of Common Stock held by the Trusts were purchased pursuant to the Plan with the proceeds of a loan obtained pursuant to the Credit Agreement (as defined herein). The Credit Agreement is filed as an exhibit hereto and is made a part hereof. All such shares owned by the Trust have been pledged to Bank of America under the Borrower Pledge Agreement filed as an exhibit hereto and made a part hereof.

The Warrant contains a provision allowing Mr. Hilbert to cause Consecoco to purchase the Warrant for the difference between the exercise price and the then current market price. The Warrant expires September 29, 2005. See Exhibit 9 to this Amendment No. 3.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

1. Employment Agreement dated January 1, 1987, between Consecoco and Stephen C. Hilbert, was filed as Exhibit 10.1.2 to Consecoco's Annual Report on Form 10-K for 1986, and Amendment No. 1 thereto was filed as Exhibit 10.1.2 to Consecoco's Annual Report on Form 10-K for 1987; and are incorporated herein by this reference.

2. Consecoco's Stock Option Plan was filed with the Commission as Exhibit B to its definitive Proxy Statement dated December 10, 1983; Amendment No. 1 thereto was filed with the Commission as Exhibit 10.8.1 to its Report on Form 10-Q for the quarter ended June 30, 1985; Amendment No. 2 thereto was filed with the Commission as Exhibit 10.8.2 to its Registration Statement on Form S-1, No. 33-4367; Amendment No. 3 thereto was filed with the Commission as Exhibit 10.8.3 to Consecoco's Annual Report on Form 10-K for 1986; Amendment No. 4 thereto was filed with the Commission as Exhibit 10.8 to Consecoco's Annual Report on Form 10-K for 1987; Amendment No. 5 thereto was filed with the Commission as Exhibit 10.8 to Consecoco's Report on Form 10-Q for the quarter ended September 30, 1991; and such documents are incorporated herein by this reference.

3. Amended and Restated Consecoco Stock Bonus and Deferred Compensation Program was filed as Exhibit 10.8.4 to Consecoco's Annual Report on Form 10-K for 1992 and Amendment to the Amended and Restated Consecoco Stock Bonus and Deferred Compensation Program was filed as Exhibit 10.8.9 to Consecoco's Annual Report on Form 10-K for 1994. Such documents are incorporated herein by this reference.

4. The Consecoco 1994 Stock and Incentive Plan was filed as Exhibit A to Consecoco's definitive Proxy Statement dated April 29, 1994 and is incorporated herein by this reference.

* 5. Consecoco, Inc. Director, Executive and Senior Officer Stock Purchase Plan.

* 6. Credit Agreement, (the "Credit Agreement"), dated as of May 13, 1996, among the Borrowers (including the Trusts), the financial institutions party thereto and Bank of America.

* 7. Guaranty, dated as of May 13, 1996, among Conseco and Bank of America.

* 8. Borrower Pledge Agreement, dated May 13, 1996, among the Trusts and Bank of America.

9. Conseco, Inc. Warrant dated January 21, 1997.

* Previously filed.

SIGNATURES

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

Date: January 31, 1997

/s/ Stephen C. Hilbert

Stephen C. Hilbert

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**THIS WARRANT AND THE SECURITIES REPRESENTED HEREBY HAVE NOT
BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS
AMENDED, AND MAY NOT BE TRANSFERRED IN VIOLATION OF SUCH
ACT, THE RULES AND REGULATIONS THEREUNDER OR THE PROVISIONS
OF THIS WARRANT.**

No. of Shares of
Common Stock: 10,000 Warrant No. TH-1

WARRANT

To Purchase Common Stock of

CONSECO, INC.

THIS IS TO CERTIFY THAT The Hilbert Foundation (the "Holder"), or registered assigns, is entitled, at any time prior to the Expiration Date (as hereinafter defined), to purchase from CONSECO, INC., an Indiana corporation (the "Company"), Ten Thousand (10,000) shares of Common Stock (as hereinafter defined and subject to adjustment as provided herein), in whole or in part, including fractional parts, at a purchase price equal to the Initial Purchase Price (as hereinafter defined and subject to adjustment as provided herein), all on the terms and conditions and pursuant to the provisions hereinafter set forth.

1. DEFINITIONS

As used in this Warrant, the following terms have the respective meanings set forth below:

"Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company after the date hereof, other than Warrant Stock.

"Appraised Value" shall mean, in respect of any share of Common Stock on any date herein specified, the fair saleable value of such share of Common Stock as of the last day of the most recent fiscal month to end within 60 days prior to such date specified, based on the value of the Company, as determined by an investment banking firm selected in accordance with the terms of Section 11.

"Business Day" shall mean a day other than the following: a Saturday, a Sunday or a day on which bank institutions in New York, New York or Indianapolis, Indiana are not required to be open.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency then administering the Securities Act and other federal securities laws.

"Common Stock" shall mean the Common Stock, no par value per share, of the Company, and any capital stock into which such Common Stock may thereafter be changed, and shall also include (i) capital stock of the Company of any other class (regardless of how denominated) issued to the holders of shares of Common Stock upon any reclassification thereof which is also not preferred as to dividends or assets over any other class of stock of the Company and which is not subject to redemption and (ii) shares of common stock of any successor or acquiring corporation (as defined in Section 4.2) received by or distributed to the holders of Common Stock of the Company in the circumstances contemplated by Section 4.2.

"Current Market Price" shall mean, in respect of any share of Common Stock on any date herein specified, the Appraised Value of Common Stock as at such date, or, if the shares of Common Stock shall then be listed or admitted to trading on any stock exchange or NASDAQ-NMS, the average of the daily market prices for 30 consecutive Business Days commencing 45 days before such date. The daily market price for each such Business Day shall be (i) the last sale price on such day on the principal stock exchange or NASDAQ-NMS on which such Common Stock is then listed or admitted to trading, or (ii) if no sale takes place on such day on any such exchange or NASDAQ-NMS, the average of the last reported closing bid and asked prices on such day as officially quoted on any such exchange or NASDAQ-NMS.

"Current Warrant Price" shall mean, in respect of a share of Common Stock at any date herein specified, the price at which a share of Common Stock may be purchased pursuant to this Warrant on such date.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect from time to time.

"Exercise Period" shall mean the period during which this Warrant is exercisable pursuant to Section 2.1.

"Expiration Date" shall mean September 29, 2005.

"GAAP" shall mean generally accepted accounting principles in the United States of America as from time to time in effect and applied consistently throughout the relevant periods.

"Holder" shall mean the Person in whose name the Warrant set forth herein is registered on the books of the Company maintained for such purpose.

"Initial Purchase Price" shall mean \$39.2857.

"Majority Holders" shall mean the holders of Warrants exercisable for in excess of 50% of the aggregate number of shares of Common Stock then purchasable upon exercise of all Warrants, whether or not then exercisable.

"NASD" shall mean the National Association of Securities Dealers, Inc., or any successor corporation thereto.

"NASDAQ-NMS" shall mean the NASDAQ National Market System.

"Other Property" shall have the meaning set forth in Section 4.2.

"Other Warrants" shall mean those certain warrants, dated as of the date hereof, issued by the Company and all warrants issued upon transfer, division or combination thereof or in substitution therefor.

"Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated association, or government or other agency or political subdivision thereof.

"Restricted Common Stock" shall mean shares of Common Stock which are, or which upon their issuance on the exercise of this Warrant or the Other Warrants would be, evidenced by a certificate bearing the restrictive legend set forth in Section 6.1(a).

"Securities Act" shall mean the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"Transfer" shall mean any disposition of any Warrant or Warrant Stock or of any interest in either thereof, which would constitute a sale thereof within the meaning of the Securities Act.

"Transfer Notice" shall have the meaning set forth in Section 6.2.

"Warrants" shall mean this Warrant and all warrants issued upon transfer, division or combination of, or in substitution for, any thereof. All Warrants shall at all times be identical as to terms and conditions and date, except as to the number of shares of Common Stock for which they may be exercised.

"Warrant Price" shall mean an amount equal to (i) the number of shares of Common Stock being purchased upon exercise of this Warrant pursuant to Section 2.1, multiplied by (ii) the Current Warrant Price as of the date of such exercise.

"Warrant Stock" shall mean the shares of Common Stock purchased by the holders of the Warrants upon the exercise thereof.

2. EXERCISE OF WARRANT

2.1. Manner of Exercise. From and after the date hereof and until 5:00 P.M., New York time, on the Expiration Date, Holder may exercise this Warrant, on any Business Day, for all or any part of the number of shares of Common Stock purchasable hereunder.

In order to exercise this Warrant, in whole or in part, Holder shall deliver to the Company at its principal office at 11825 North Pennsylvania Street, Carmel, Indiana 46032 or at the office or agency designated by the Company pursuant to Section 9, (i) a written notice of Holder's election to exercise this Warrant, which notice shall specify the number of shares of Common Stock to be purchased, (ii) payment of the Warrant Price and (iii) this Warrant. Such notice shall be substantially in the form of the subscription form appearing at the end of this Warrant as Exhibit A, duly executed by Holder or its agent or attorney. Upon receipt thereof, the Company shall, as promptly as practicable, and in any event within five (5) Business Days thereafter, execute or cause to be executed and deliver or cause to be delivered to Holder a certificate or certificates representing the aggregate number of full shares of Common Stock issuable upon such exercise, together with cash in lieu of any fraction of a share, as hereinafter provided. The stock certificate or certificates so delivered shall be, to the extent possible, in such denomination or denominations as such Holder shall request in the notice and shall be registered in the name of Holder or, subject to Section 6, such other name as shall be designated in the notice. This Warrant shall be deemed to

have been exercised and such certificate or certificates shall be deemed to have been issued, and Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the notice, together with the cash or check or checks and this Warrant, is received by the Company as described above and all taxes required to be paid by Holder, if any, pursuant to Section 2.2 prior to the issuance of such shares have been paid.

If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing Warrant Stock, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased shares of Common Stock called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant, or, at the request of Holder, appropriate notation may be made on this Warrant and the same returned to Holder. Notwithstanding any provision herein to the contrary, the Company shall not be required to register shares in the name of any Person who acquired this Warrant (or part hereof) or any Warrant Stock otherwise than in accordance with this Warrant.

Payment of the Warrant Price shall be made at the option of the Holder by (i) certified or official bank check, (ii) surrender of shares of Common Stock having an aggregate Current Market Price on the date of surrender equal to the Warrant Price, (iii) surrender of Warrants representing the right to purchase a number of shares of Common Stock that have an aggregate Current Market Price on the date of surrender equal to the sum of (A) the Warrant Price plus (B) the Current Warrant Price multiplied by the number of shares of Common Stock for which the Warrants so surrendered are exercisable or (iv) any combination of the foregoing. Any Warrants or shares of Common Stock so surrendered shall be duly endorsed by or accompanied by appropriate instruments of transfer duly executed by Holder or by Holder's attorney duly authorized in writing.

2.2. Payment of Taxes. All shares of Common Stock issuable upon the exercise of this Warrant pursuant to the terms hereof shall be validly issued, fully paid and nonassessable and without any preemptive rights. The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issue or delivery thereof, unless such tax or charge is imposed by law upon Holder, in which case such taxes or charges shall be paid by Holder. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any certificate for shares of Common Stock

issuable upon exercise of this Warrant in any name other than that of Holder, and in such case the Company shall not be required to issue or deliver any stock certificate until such tax or other charge has been paid or it has been established to the satisfaction of the Company that no such tax or other charge is due.

2.3. Fractional Shares. The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share which the Holder of one or more Warrants, the rights under which are exercised in the same transaction, would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to the same fraction of the Current Market Price per share of Common Stock on the date of exercise.

2.4. Continued Validity. A holder of shares of Common Stock issued upon the exercise of this Warrant, in whole or in part (other than a holder who acquires such shares after the same have been publicly sold pursuant to a Registration Statement under the Securities Act or sold pursuant to Rule 144 thereunder), shall continue to be entitled with respect to such shares to all rights to which it would have been entitled as Holder under Sections 6, 7 and 12 of this Warrant.

3. TRANSFER, DIVISION AND COMBINATION

3.1. Transfer. Subject to compliance with Section 6, transfer of this Warrant and all rights hereunder, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the principal office of the Company referred to in

Section 2.1 or the office or agency designated by the Company pursuant to Section 9, together with a written assignment of this Warrant substantially in the form of Exhibit B hereto duly executed by Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and such payment, the Company shall, subject to

Section 6, execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned in compliance with Section 6, may be exercised by a new Holder for the purchase of shares of Common Stock without having a new Warrant issued.

3.2. Division and Combination. Subject to Section 6, this Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office or agency of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by Holder or its agent or attorney. Subject to compliance with Section 3.1 and with Section 6, as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

3.3. Expenses. The Company shall prepare, issue and deliver at its own expense (other than transfer taxes, which shall be borne by the Holder) the new Warrant or Warrants under this Section 3.

3.4. Maintenance of Books. The Company agrees to maintain, at its aforesaid office or agency, books for the registration and the registration of transfer of the Warrants.

4. ADJUSTMENTS

The number of shares of Common Stock for which this Warrant is exercisable, and the price at which such shares may be purchased upon exercise of this Warrant, shall be subject to adjustment from time to time as set forth in this Section 4. The Company shall give each Holder notice of any event described below which requires an adjustment pursuant to this Section 4 at the time of such event.

4.1. Stock Dividends, Subdivisions and Combinations. If at any time the Company shall:

(a) pay a dividend on its Common Stock in, or make a distribution on its Common Stock that is paid or made in, Additional Shares of Common Stock;

(b) subdivide its outstanding shares of Common Stock into a greater number of shares of Common Stock; or

(c) combine its outstanding shares of Common Stock into a smaller number of shares;

then (i) the number of shares of Common Stock for which this Warrant is exercisable immediately after the occurrence of any such event shall be adjusted to equal the number of shares of Common Stock which a record holder of the same number of shares of Common Stock for which this Warrant is exercisable immediately prior to the occurrence of such

event would own or be entitled to receive after the happening of such event, and (ii) the Current Warrant Price shall be adjusted to equal (A) the Current Warrant Price multiplied by the number of shares of Common Stock for which this Warrant is exercisable immediately prior to the adjustment divided by (B) the number of shares for which this Warrant is exercisable immediately after such adjustment. An adjustment made pursuant to this Section 4.1 shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination. The adjustment shall be made successively whenever any such distribution is made and shall become effective immediately after the record date for the determination of stockholders entitled to receive the distribution.

In computing adjustments under this Section 4.1, fractional interests in Common Stock shall be taken into account to the nearest 1/10th of a share.

4.2. Reorganization, Reclassification, Merger, Consolidation or Disposition of Assets. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another corporation (where the Company is not the surviving corporation or where there is a change in or distribution with respect to the Common Stock of the Company), or sell, transfer or otherwise dispose of all or substantially all its property, assets or business to another corporation and, pursuant to the terms of such reorganization, reclassification, merger, consolidation or disposition of assets, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation ("Other Property"), are to be received by or distributed to the holders of Common Stock of the Company, then each Holder shall have the right thereafter to receive, upon exercise of such Warrant, the number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. In case of any such reorganization, reclassification, merger, consolidation or disposition of assets, the successor or acquiring corporation (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every

covenant and condition of this Warrant to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as may be deemed appropriate (as determined by resolution of the Board of Directors of the Company) in order to provide for adjustments of shares of Common Stock for which this Warrant is exercisable which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 4. For purposes of this Section 4.2, "common stock of the successor or acquiring corporation" shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 4.2 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

4.3. Notice of Adjustments. Whenever the number of shares of Common Stock for which this Warrant is exercisable, or whenever the price at which a share of such Common Stock may be purchased upon exercise of the Warrants, shall be adjusted pursuant to Section 4, the Company shall forthwith prepare a certificate signed by the principal financial officer of the Company setting forth the number of shares of Common Stock for which this Warrant is exercisable and (if adjustment is made pursuant to Section 4.2) describing the number and kind of any other shares of stock or Other Property for which this Warrant is exercisable, and any change in the purchase price or prices thereof, and showing in reasonable detail the facts upon which such adjustment is based. The Company shall promptly cause a signed copy of such certificate to be delivered to each Holder in accordance with Section 13.2. The Company shall keep at its office or agency designated pursuant to Section 10 copies of all such certificates and cause the same to be available for inspection at said office during normal business hours by any Holder or any prospective purchaser of a Warrant designated by a Holder thereof.

5. RESERVATION AND AUTHORIZATION OF COMMON STOCK; REGISTRATION WITH OR APPROVAL OF ANY GOVERNMENTAL AUTHORITY

The Company shall at all times reserve and keep available for issue upon the exercise of Warrants such number of its authorized but unissued shares of Common Stock as will be sufficient to permit the exercise in full of all outstanding Warrants. All shares of Common Stock which shall be so issuable, when issued upon exercise of any Warrant and payment therefor in accordance with the terms of such Warrant, shall be duly and validly issued and fully paid and nonassessable, and not subject to preemptive rights.

Before taking any action which would result in an adjustment in the number of shares of Common Stock for which this Warrant is exercisable or in the Current Warrant Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

If any shares of Common Stock required to be reserved for issuance upon exercise of Warrants require registration or qualification with any governmental authority or other governmental approval or filing under any federal or state law (otherwise than as provided in Section 6) before such shares may be so issued, the Company will in good faith and as expeditiously as possible and at its expense endeavor to cause such shares to be duly registered.

6. RESTRICTIONS ON TRANSFERABILITY

The Warrants and the Warrant Stock shall not be transferred, hypothecated or assigned before satisfaction of the conditions specified in this Section 6, which conditions are intended to ensure compliance with the provisions of the Securities Act with respect to the Transfer of any Warrant or any Warrant Stock. Holder, by acceptance of this Warrant, agrees to be bound by the provisions of this Section 6.

6.1. Restrictive Legend. (a) Except as otherwise provided in this Section 6, each certificate for Warrant Stock initially issued upon the exercise of this Warrant, and each certificate for Warrant Stock issued to any subsequent transferee of any such certificate, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and are subject to the conditions specified in a certain Warrant dated _____, 19__, originally issued by CONSECO, INC. No transfer of the shares represented by this certificate shall be valid or effective until such conditions have been fulfilled. A copy of the form of said Warrant is on file with the Secretary of CONSECO, INC. The holder of this certificate, by acceptance of this certificate, agrees to be bound by the provisions of such Warrant."

(b) Except as otherwise provided in this Section 6, each Warrant shall be stamped or otherwise imprinted with a legend in substantially the following form:

"This Warrant and the securities represented hereby have not been registered under the Securities Act of 1933, as amended, and may not be transferred in violation of such Act, the rules and regulations thereunder or the provisions of this Warrant."

6.2. Notice of Proposed Transfers. Prior to any Transfer or attempted Transfer of any Warrants or any shares of Restricted Common Stock, the holder of such Warrants or Restricted Common Stock shall give ten Business Days' prior written notice (a "Transfer Notice") to the Company of such holder's intention to effect such Transfer, describing the manner and circumstances of the proposed Transfer, and obtain from counsel to such holder who shall be reasonably satisfactory to the Company, an opinion that the proposed Transfer of such Warrants or such Restricted Common Stock may be effected without registration under the Securities Act. After receipt of the Transfer Notice and opinion, the Company shall, within five Business Days thereof, notify the holder of such Warrants or such Restricted Common Stock as to whether such opinion is reasonably satisfactory and, if so, such holder shall thereupon be entitled to Transfer such Warrants or such Restricted Common Stock, in accordance with the terms of the Transfer Notice. Each certificate, if any, evidencing such shares of Restricted Common Stock issued upon such Transfer shall bear the restrictive legend set forth in Section 6.1(a), and each Warrant issued upon such Transfer shall bear the restrictive legend set forth in Section 6.1(b), unless in the opinion of such counsel such

legend is not required in order to ensure compliance with the Securities Act. The holder of the Warrants or the Restricted Common Stock, as the case may be, giving the Transfer Notice shall not be entitled to Transfer such Warrants or such Restricted Common Stock until receipt of notice from the Company under this Section 6.2(a) that such opinion is reasonably satisfactory.

6.3. Termination of Restrictions. Notwithstanding the foregoing provisions of Section 6, the restrictions imposed by this Section upon the transferability of the Warrants, the Warrant Stock and the Restricted Common Stock (or Common Stock issuable upon the exercise of the Warrants) and the legend requirements of Section 6.1 shall terminate as to any particular Warrant or share of Warrant Stock or Restricted Common Stock (or Common Stock issuable upon the exercise of the Warrants) (i) when and so long as such security shall have been effectively registered under the Securities Act and disposed of pursuant thereto or (ii) when the Company shall have received an opinion of counsel reasonably satisfactory to it that such security may be transferred without registration thereof under the Securities Act. Whenever the restrictions imposed by Section 6 shall terminate as to this Warrant, as hereinabove provided, the Holder hereof shall be entitled to receive from the Company, at the expense of the Company, a new Warrant bearing the following legend in place of the restrictive legend set forth hereon:

**"THE RESTRICTIONS ON
TRANSFERABILITY OF THE WITHIN WARRANT
CONTAINED IN SECTION 6 HEREOF TERMINATED
ON _____, 19___, AND ARE OF NO FURTHER
FORCE AND EFFECT."**

All Warrants issued upon registration of transfer, division or combination of, or in substitution for, any Warrant or Warrants entitled to bear such legend shall have a similar legend endorsed thereon. Whenever the restrictions imposed by this Section shall terminate as to any share of Restricted Common Stock, as hereinabove provided, the holder thereof shall be entitled to receive from the Company, at the Company's expense, a new certificate representing such Common Stock not bearing the restrictive legend set forth in Section 6.1(a).

7. SUPPLYING INFORMATION

The Company shall cooperate with each Holder of a Warrant and each holder of Restricted Common Stock in supplying such information as may be reasonably necessary for such Holder or holder to complete and file any information reporting forms presently or hereafter required by the Commission as a condition to the availability of an exemption from the Securities Act for the sale of any Warrant or Restricted Common Stock.

8. LOSS OR MUTILATION

Upon receipt by the Company from any Holder of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of this Warrant and indemnity reasonably satisfactory to it, and in case of mutilation upon surrender and cancellation hereof, the Company will execute and deliver in lieu hereof a new Warrant of like tenor to such Holder; provided, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

9. OFFICE OF THE COMPANY

As long as any of the Warrants remain outstanding, the Company shall maintain an office or agency (which may be the principal executive offices of the Company) where the Warrants may be presented for exercise, registration of transfer, division or combination as provided in this Warrant.

10. APPRAISAL

The determination of the Appraised Value of Common Stock shall be made by an investment banking firm of nationally recognized standing selected by the Company and acceptable to the Majority Holders. If the investment banking firm selected by the Company is not acceptable to the Majority Holders and the Company and the Majority Holders cannot agree on a mutually acceptable investment banking firm, then the Majority Holders and the Company shall each choose one such investment banking firm and the respective chosen firms shall agree on another investment banking firm which shall make the determination. The Company shall retain, at its sole cost, such investment banking firm as may be necessary for the determination of Appraised Value required by the terms of this Warrant.

11. LIMITATION OF LIABILITY

No provision hereof, in the absence of affirmative action by Holder to purchase shares of Common Stock, and no enumeration herein of the rights or privileges of Holder hereof, shall give rise to any liability of such Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

12. MISCELLANEOUS

12.1. Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies. If the Company fails to make, when due, any payments provided for hereunder, or fails to comply with any other provision of this Warrant, the Company shall pay to Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

12.2. Notice Generally. Any notice, demand, request, consent, approval, declaration, delivery or other communication hereunder to be made pursuant to the provisions of this Warrant shall be sufficiently given or made if in writing and either delivered in person with receipt acknowledged or sent by registered or certified mail, return receipt requested, postage prepaid, or by telecopy and confirmed by telecopy answerback, addressed as follows:

- (a) If to any Holder or holder of Warrant Stock, at its last known address appearing on the books of the Company maintained for such purpose.
- (b) If to the Company at:

Conseco, Inc. 11825 North Pennsylvania Street Carmel, Indiana 46032 Attention: Lawrence W. Inlow Telecopy Number: (317) 817-6163

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration, delivery or other communication hereunder shall be deemed to have been duly given or served on the date on which personally delivered, with receipt acknowledged, telecopied and confirmed by telecopy answerback, or three (3) Business Days after the same shall have been deposited in the United States mail. Failure or delay in delivering copies of any notice, demand, request, approval, declaration, delivery or other communication to the person designated above to receive a copy shall in no way adversely affect the effectiveness of such notice, demand, request, approval, declaration, delivery or other communication.

12.3. Remedies. Each holder of Warrant and Warrant Stock, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under Section 6 of this Warrant.

12.4. Successors and Assigns. Subject to the provisions of Sections 3.1 and 6, this Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder.

12.5. Amendment. This Warrant and all other Warrants may be modified or amended or the provisions hereof waived with the written consent of the Company and the Majority Holders, provided that no such Warrant may be modified or amended to reduce the number of shares of Common Stock for which such Warrant is exercisable or to increase the price at which such shares may be purchased upon exercise of such Warrant (before giving effect to any adjustment as provided therein) without the prior written consent of the Holder thereof.

12.6. Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Warrant.

12.7. Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

12.8. Governing Law. This Warrant shall be governed by the laws of the State of New York, without regard to the provisions thereof relating to conflict of laws.

12.9. Warrant Stock Registration Rights Agreement. Contemporaneously with the execution and delivery of this Warrant, the Company, the Warrant Holder and certain other Persons are executing and delivering a Warrant Stock Registration Rights Agreement granting certain registration rights to the Warrant Holder and such other Persons.

12.10 Put Right. The Holder may, at any time and from time to time, elect to cause the Company to purchase all or any portion of the rights to purchase shares of Common Stock granted hereunder. In the event the Holder elects to cause the Company to purchase only a portion of the rights to purchase shares of Common Stock granted hereunder, such portion shall be equal to the rights to purchase at least 7,000 shares of Common Stock (subject to adjustment as provided herein). In addition, the Holder may not make more than ten elections pursuant to this provision in any calendar year. In the event the Holder shall make an election hereunder, such election shall be in writing and the closing date for such purchase shall be the second business day following the date of delivery of such notice. The price payable by the Company in respect of any rights purchased by it pursuant to this Section 12.10 shall be equal to the products of (i) the difference between the Current Market Price determined as of the closing date of such purchase and the Current Warrant Price, multiplied by (ii) the number of shares of Common Stock subject to the rights being sold to the Company pursuant to this Section 12.10.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary.

Dated: January 20, 1997

CONSECO, INC.

By: /s/STEPHEN C. HILBERT

Name: *Stepehn C. Hilbert*
Title: *Chairman of the Board,
President and Chief
Executive Officer*

Attest:

By: /s/LAWRENCE W. INLOW

Name: *Lawrence W. Inlow*
Title: *Secretary*

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EXHIBIT A

SUBSCRIPTION FORM

[To be executed only upon exercise of Warrant]

The undersigned registered owner of this Warrant irrevocably exercises this Warrant for the purchase of _____ Shares of Common Stock of CONSECO, INC. and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Warrant and requests that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable upon such exercise) be issued in the name of and delivered to _____ whose address is _____ and, if such shares of Common Stock shall not include all of the shares of Common Stock issuable as provided in this Warrant, that a new Warrant of like tenor and date for the balance of the shares of Common Stock issuable hereunder be delivered to the undersigned.

(Name of Registered Owner)

(Signature of Registered Owner)

(Street Address)

(City) (State) (Zip Code)

NOTICE: The signature on this subscription must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

ASSIGNMENT FORM

FOR VALUE RECEIVED the undersigned registered owner of this Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant, with respect to the number of shares of Common Stock set forth below:

Name and Address of Assignee -----	No. of Shares ----- of Common Stock -----
---------------------------------------	--

and does hereby irrevocably constitute and appoint _____ attorney-in-fact to register such transfer on the books of CONSECO, INC. maintained for the purpose, with full power of substitution in the premises.

Dated: _____	Print Name: _____
	Signature: _____
	Witness: _____

NOTICE: The signature on this assignment must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

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End of Filing

