

CONSECO INC

FORM 8-K (Current report filing)

Filed 12/20/96 for the Period Ending 12/17/96

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 8-K (Unscheduled Material Events)

Filed 12/20/1996 For Period Ending 12/17/1996

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

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: December 17, 1996

CONSECO, INC.

State of Incorporation:
Indiana

Commission File Number IRS Employer Id. Number
No. 1-9250 No. 35-1468632

Address of Principal Executive Offices:
11825 North Pennsylvania Street
Carmel, Indiana 46032

Telephone No.
(317) 817-6100

CONSECO, INC. AND SUBSIDIARIES

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2.6 Agreement and Plan of Merger dated as of August 25, 1996, by and between Consecos, Inc. and American Travellers Corporation*	
4.17 Credit Agreement dated November 22, 1996	
* Previously filed with Form 8-K dated August 25, 1996.	

CONSECO, INC. AND SUBSIDIARIES

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On December 17, 1996, Conseco, Inc. ("Conseco") completed its merger with American Travellers Corporation ("ATC"), in a transaction pursuant to which ATC was merged with and into Conseco, with Conseco being the surviving corporation (the "ATC Merger"). The ATC Merger was consummated pursuant to an Agreement and Plan of Merger dated as of August 25, 1996. In the ATC Merger, each outstanding share of ATC common stock was exchanged for .5836 of a share of Conseco's common stock determined based on the average of the closing price of Conseco common stock on the NYSE Composite Transactions Reporting System for the 10 trading days immediately preceding the second trading day prior to the ATC Merger. Conseco issued approximately 10.4 million shares of Conseco common stock or common stock equivalents with a value of \$629 million to acquire ATC's common stock. In addition, Conseco assumed ATC's convertible subordinated debentures, which are convertible into approximately 4.0 million shares of Conseco common stock with a value of \$239 million.

The acquisition of ATC will be accounted for under the purchase method of accounting in the fourth quarter of 1996. Under this method, the cost to acquire ATC will be allocated to the assets and liabilities acquired based on fair values as of the date of the ATC Merger, with the excess of the total purchase cost over the fair value of the assets acquired less the fair values of the liabilities assumed recorded as goodwill.

CONSECO, INC. AND SUBSIDIARIES

ITEM 7(a). Financial Statements and Exhibits

(a) American Travellers Corporation and Subsidiaries Unaudited Consolidated Financial Statements as of September 30, 1996, and for the nine months ended September 30, 1996 and 1995.

AMERICAN TRAVELLERS COPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)	(Unaudited)	
	September 30, 1996	December 31, 1995
	----	----
ASSETS		
Investments-		
Bonds, available for sale, at fair value (cost \$705,541 and \$566,859)	\$689,646	\$582,621
Mortgage loan	435	447
	-----	-----
Total investments	690,081	583,068
Cash and cash equivalents	12,205	70,214
Accrued investment income	7,732	6,781
Premiums due and unpaid	7,431	7,027
Deferred acquisition costs	168,691	144,767
Value of business acquired (accumulated amortization \$14,759 and \$12,619)	10,861	12,846
Property and equipment, at cost (accumulated depreciation \$4,289 and \$3,682)	3,850	4,176
Other assets	6,761	7,262
	-----	-----
Total assets	\$907,612	\$836,141
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Policy liabilities-		
Future policy benefit reserves	\$283,145	\$247,562
Claim reserves	240,582	210,073
Unearned premium reserves	62,613	60,477
	-----	-----
Total policy liabilities	586,340	518,112
Other liabilities	10,892	7,785
Current and deferred income taxes	26,148	35,939
6.5% convertible subordinated debentures	102,900	103,500
- - - -	-----	-----
Total liabilities	726,280	665,336
Shareholders' equity-		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; no shares issued	--	--
Common stock, \$.01 par value; 50,000,000 shares authorized; 16,322,986 and 16,053,105 shares issued, respectively	163	161
Capital in excess of par value	64,282	59,961
Net unrealized (loss)/gain on investments	(10,332)	10,245
Retained earnings	127,219	101,187
Less: Shares of common stock held in treasury cost \$200)	--	(749)
	-----	-----
Total shareholders' equity	181,332	170,805
	-----	-----
Total liabilities and shareholders' equity	\$907,612	\$836,141
	=====	=====

All share amounts have been adjusted to reflect a three-for-two stock split paid on April 10, 1996.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share data)(Unaudited)

	For the three months ended	
	September 30,	
	1996	1995
	----	----
Revenues-		
Accident and health premiums	\$94,394	\$61,435
Life premiums	2,057	2,101
Net investment income	11,834	4,587
Realized investment (losses)/gains	(30)	155
	-----	-----
Total revenues	108,255	68,278
Benefits and expenses-		
Benefits to policyholders		
Paid claims	41,809	25,939
Change in claim reserves	11,374	7,765
Change in future policy benefit reserves	11,713	5,230
	-----	-----
Total benefits to policyholders	64,896	38,934
Commissions	24,351	17,531
General and administrative	8,409	5,653
Premium taxes	2,224	1,610
Amortization of value of business acquired	375	676
Amortization of deferred acquisition costs	5,053	5,440
Less: policy acquisition costs deferred	(12,984)	(10,496)
Interest expense	1,787	614
	-----	-----
Total expenses	29,215	21,028
	-----	-----
Total benefits and expenses	94,111	59,962
Income before provision for income taxes	14,144	8,316
Provision for income taxes	4,936	2,589
	-----	-----
Net income	\$9,208	\$5,727
	=====	=====
Primary number of shares outstanding	17,040	16,266
	=====	=====
Primary earnings per common share	\$0.54	\$0.35
	=====	=====
Net income	\$9,208	\$5,727
Add: interest on convertible debentures (net of tax)	1,144	109
	-----	-----
Net income for fully diluted earnings per common share	\$10,352	\$5,836
	=====	=====
Primary number of shares outstanding	17,040	16,266
Add: incremental shares representing-		

Stock option plans	147	--
Shares issuable on convertible debentures	6,822	683
	-----	-----
Fully diluted number of shares outstanding	24,009	16,949
	=====	=====
Fully diluted earnings per common share	\$0.43	\$0.34
	=====	=====

All share and per share amounts have been adjusted to reflect a three-for-two stock split paid on April 10, 1996.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share data)(Unaudited)

	For the nine months ended	
	September 30,	
	1996	1995
	----	----
Revenues-		
Accident and health premiums	\$277,187	\$179,898
Life premiums	6,138	6,294
Net investment income	33,134	12,697
Realized investment gains	1,329	179
	-----	-----
Total revenues	317,788	199,068
Benefits and expenses-		
Benefits to policyholders		
Paid claims	126,028	74,184
Change in claim reserves	30,515	20,150
Change in future policy benefit reserves	35,657	17,390
	-----	-----
Total benefits to policyholders	192,200	111,724
Commissions	71,909	54,011
General and administrative	23,887	17,532
Premium taxes	6,772	4,700
Amortization of value of business acquired	2,139	1,557
Amortization of deferred acquisition costs	14,240	16,394
Less: policy acquisition costs deferred	(38,163)	(32,269)
Interest expense	5,762	1,477
	-----	-----
Total expenses	86,546	63,402
	-----	-----
Total benefits and expenses	278,746	175,126
	-----	-----
Income before provision for income taxes	39,042	23,942
Provision for income taxes	13,010	7,483
	-----	-----
Net income	\$26,032	\$16,459
	=====	=====
Primary number of shares outstanding	16,820	16,254
	=====	=====
Primary earnings per common share	\$1.55	\$1.01
	=====	=====
Net income	\$26,032	\$16,459
Add: interest on convertible debentures (net of tax)	3,415	109
	-----	-----
Net income for fully diluted earnings per common share	\$29,447	\$16,568
	=====	=====
Primary number of shares outstanding	16,820	16,254
Add: incremental shares representing-		
Stock option plans	189	--
Shares issuable on convertible debentures	6,824	226
	-----	-----
Fully diluted number of shares outstanding	23,833	16,480

	=====	=====
Fully diluted earnings per common share	\$1.24	\$1.01
	=====	=====

All share and per share amounts have been adjusted to reflect a three-for-two stock split paid on April 10, 1996.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the nine months ended September 30,	
	1996	1995
	----	----
Cash flows-operating activities		
Net income	\$26,032	\$16,459
	-----	-----
Adjustments to reconcile net income to cash provided by operating activities-		
Amortization of deferred policy acquisition costs	14,240	16,394
Amortization of discount and premium	(1,146)	550
Depreciation and amortization	967	1,619
Realized securities (gains)	(1,329)	(153)
Increase/(Decrease) in current and deferred income taxes	3,474	(5,317)
Increase in reserves	68,228	40,980
Increase in other liabilities	3,107	1,488
Deferred policy acquisition costs	(38,163)	(32,269)
Decrease in other assets and value of business acquired	750	424
	-----	-----
Total adjustments	50,128	23,716
Net cash provided by operating activities	76,160	40,175
	-----	-----
Cash flows-investing activities		
Proceeds from sales of investments	156,657	--
Proceeds from calls and maturities on investments	260,911	29,045
Purchase of investments	(553,763)	(105,396)
Purchase of fixed assets	(282)	(439)
	-----	-----
Net cash used in investing activities	(136,477)	(76,790)
	-----	-----
Cash flows-financing activities		
Proceeds from issuance of Subordinated Debentures	--	103,500
Debentures issue costs	--	(3,905)
Repayments on notes payable	--	(20,000)
Exercise of stock options	2,308	404
	-----	-----
Net cash provided by financing activities	2,308	79,999
	-----	-----
Net (decrease)/ increase in cash and cash equivalents	(58,009)	43,384
Cash and cash equivalents, beginning of period	70,214	9,133
	-----	-----
Cash and cash equivalents, end of period	\$12,205	\$52,517
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 3,583	\$ 1,262
Income Taxes	\$ 9,962	\$12,800

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Shares	Common Stock Amount	Capital Excess of Par Value	Net Unrealized gain/(loss) on Invest.	Re- tained Earn.	Treas- ury Stock	Share- holders' Equity
	-----	-----	-----	-----	-----	-----	-----
Balance, 12/31/95	16,053	\$161	\$59,961	\$10,245	\$101,187	(\$749)	\$170,805
Net income	--	--	--	--	26,032	--	\$ 26,032
Exercise of stock options	430	4	2,306	--	--	--	\$ 2,310
Tax benefit from exercise of stock options	--	--	2,184	--	--	--	\$ 2,184
Conversion of debentures	40	--	578	--	--	--	\$ 578
Change in unrealized gain/ (loss) on investments	--	--	--	(20,577)	--	--	(\$20,577)
Retirement of treasury stock	(200)	(2)	(747)	--	--	749	\$ 0
	-----	----	-----	-----	-----	----	-----
Balance, 9/30/96	16,323	\$163	\$64,282	(\$10,332)	\$127,219	\$0	\$181,332
	=====	=====	=====	=====	=====	=====	=====

All share amounts have been adjusted to reflect a three-for-two
stock split paid on April 10, 1996.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1996

(In thousands, except share data)

(Unaudited)

(1) Basis of Presentation:

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All adjustments were of a normal recurring nature, unless otherwise noted in the Management's Discussion and Analysis of Financial Condition and Results of Operations and the Notes to Consolidated Financial Statements. Operating results for the quarter or the nine months ended September 30, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the Consolidated Financial Statements and the Notes thereto included in the Company's Annual Report on Form 10-K for the year then ended December 31, 1995.

Certain amounts in the 1995 financial statements have been reclassified to conform to the 1996 financial statement presentation.

(2) Summary of significant accounting policies:

Principles of consolidation-

The accompanying consolidated financial statements include the accounts of American Travellers Corporation ("ATC") and its wholly owned subsidiaries, American Travellers Life Insurance Company ("ATL"), United General Life Insurance Company ("UGL"), American Travellers Insurance Company of New York ("ATICNY") and American Travellers Insurance Services Company, Inc. ("ATIS"). ATC, ATL, UGL, ATICNY and ATIS are collectively referred to as the "Company." All material intercompany accounts and transactions have been eliminated in consolidation.

General-

The Company's operations consist of the underwriting and sale of life and accident and health insurance. The Company is principally a marketer and underwriter of long term care insurance. The Company's long term care products consist of both nursing home and home health care policies which provide limited benefit payments primarily to senior citizens. The Company also markets and underwrites other supplemental accident and health insurance policies, as well as life insurance.

The preparation of financial statements in conformity with GAAP requires the use of estimates which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments-

The Company adopted the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain investments in Debt and Equity Securities ("SFAS 115"), as of January 1, 1994. Under SFAS 115, investments in equity and debt securities are classified in three categories and accounted for based upon the classification. In December 1995, the Company transferred its investments from the "held to maturity" classification to the "available for sale" classification pursuant to SFAS 115 and has recorded such investments at fair value with unrealized gains and losses reported as a component of shareholders' equity, net of tax.

Earnings per share-

Primary earnings per common share are based on the weighted average number of shares outstanding during the period and the dilutive effect of stock options and other common stock equivalents. Fully diluted earnings per common share are based on the weighted average number of shares outstanding, the dilutive effect of common stock equivalents, and the assumed conversion of the 6.5% convertible subordinated debentures (the "Debentures"). Net income is increased by the interest on the Debentures, net of related income taxes.

Stock split-

On March 4, 1996, the board of directors declared a three-for-two stock split for security holders of record on March 20, 1996, which was paid on April 10, 1996. Share and per share amounts have been retroactively adjusted to reflect this split for all periods presented.

Accounting Pronouncements-

SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," was adopted in 1996 with no impact on the Company's financial condition. This accounting pronouncement establishes accounting standards for the impairment of long lived assets, certain identifiable intangibles and goodwill related to (i) those assets to be held and used in the business, and (ii) assets to be disposed of.

SFAS No. 123, "Accounting for Stock-Based Compensation," will be adopted by the Company in 1996. This statement provides alternative methods for accounting for employee stock compensation plans. A company can elect to use the new fair-value based method of accounting for employee stock compensation plans, under which compensation cost is measured and recognized in results of operations, or continue to account for these plans under the current accounting standards. Entities electing to remain with the present accounting method must make disclosures of what net income and earnings per share would have been if the fair-value-based method of accounting had been applied. The Company plans to continue to account for employee stock options using the present accounting method and include the required disclosures in its financial statements.

(3) Investments:

As of December 31, 1994 the Company classified all of its investments as "held to maturity" pursuant to the provisions of SFAS 115. As a result of changes in the investment portfolio and strategy and as a result of the acquisition discussed in Note 15 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the years ended December 31, 1995 and other factors, the Company changed the classification of its investments to "available for sale," effective December 1995.

(4) Pending Merger:

On August 25, 1996, the Company and Conseco, Inc. ("Conseco") jointly entered into a definitive agreement providing for all shareholders of the Company to receive an amount of Conseco Common Stock for each of their shares through a share exchange based upon the following exchange ratio: (I) if the average closing prices of Conseco Common Stock for the ten trading days immediately preceding the second trading day prior to the consummation of the Merger ("the Conseco Share Price") is greater than or equal to \$42.25 per share and less than or equal to \$46.25 per share, 0.7574 of a share of Conseco Common Stock, (II) if the Conseco Share Price is less than \$42.25 per share, the fraction of a share of Conseco Common Stock determined by dividing \$32.00 by the Conseco Share Price, or (III) if the Conseco Share Price is greater than \$46.25 per share, the fraction of a share of Conseco Common Stock determined by dividing \$35.03 by the Conseco Share Price. Accordingly, the Company's shareholders will receive Conseco Common Stock with a value of not less than \$32.00 and up to \$35.03 per share. The Company's Debentures will become convertible into shares of Conseco Common Stock on an equivalent basis.

CONSECO, INC. AND SUBSIDIARIES

ITEM 7(a). Financial Statements and Exhibits, continued

(a), continued

American Travellers Corporation and Subsidiaries Audited Consolidated Financial Statements as of December 31, 1995 and 1994, and for each of the three years ended December 31, 1995.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Board of Directors of American Travellers Corporation:

We have audited the accompanying consolidated balance sheets of American Travellers Corporation (a Pennsylvania corporation) and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Travellers Corporation and subsidiaries as of December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

/s/ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

*Philadelphia, Pa.
March 4, 1996*

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

ASSETS

	December 31,	
	1995	1994
	----	----
Investments:		
Bonds, available for sale, at fair value (cost \$566,859)	\$ 582,621	\$ -
Bonds, held to maturity, at amortized cost (market \$228,971)	-	238,198
Mortgage loan	447	-
	-----	-----
Total investments	583,068	238,198
Cash and cash equivalents	70,214	9,133
Accrued investment income	6,781	4,192
Premiums due and deferred	7,027	5,518
Deferred policy acquisition costs	144,767	122,070
Value of business acquired (net of accumulated amortization \$12,619 and \$10,603)	12,846	14,316
Property and equipment, at cost (net of accumulated depreciation of \$3,682 and \$4,192)	4,176	5,168
Other assets	7,262	2,209
	-----	-----
Total assets	\$836,141	\$400,804
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Policy liabilities:		
Future policy benefits	\$247,562	\$83,995
Claim reserves	210,073	85,290
Unearned premium reserve	60,477	35,133
	-----	-----
Total policy liabilities	518,112	204,418
Other liabilities	7,785	5,185
Bank borrowings	-	20,000
Current and deferred income taxes	35,939	34,862
6.5% convertible subordinated debentures	103,500	-
	-----	-----
Total liabilities	665,336	264,465
Shareholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; no shares issued	-	-
Common stock, \$.01 par value; 37,500,000 shares authorized; 16,053,105 and 15,962,268 shares issued	107	106
Capital in excess of par value	60,015	59,480
Net unrealized gain on investments	10,245	-
Retained earnings	101,187	77,502
Less-Shares of common stock held in treasury, at cost (200,159 shares)	(749)	(749)
	-----	-----
Total shareholders' equity	170,805	136,339
	-----	-----
Total liabilities and shareholders' equity	\$836,141	\$400,804
	=====	=====

All share and per share amounts have been adjusted to reflect a 3-for-2 stock split payable on April 10, 1996.

The accompanying notes are an integral part of these statements.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Year ended December 31,		
	1995	1994	1993
	-----	-----	-----
Revenues:			
Accident and health premiums	\$265,732	\$195,024	\$162,322
Life premiums	8,235	6,864	4,052
Investment income	23,190	11,023	9,395
Securities gains (losses)	175	(10)	227
	-----	-----	-----
Total revenues	297,332	212,901	175,996
	-----	-----	-----
Benefits and expenses:			
Benefits to policyholders	172,903	114,200	88,347
Commissions	76,080	63,819	56,728
General and administrative	25,071	22,831	22,086
Premium taxes	6,007	4,187	4,231
Amortization of deferred policy acquisition costs	20,687	19,815	18,298
Amortization of value of business acquired	2,014	2,122	2,987
Less-policy acquisition costs deferred	(43,384)	(42,045)	(40,036)
Interest expense	3,260	990	32
	-----	-----	-----
Total benefits and expenses	262,638	185,919	152,673
	-----	-----	-----
Income before provision for income taxes	34,694	26,982	23,323
Provision for income taxes	11,009	8,554	8,715
	-----	-----	-----
Net income	\$23,685	\$18,428	\$14,608
	=====	=====	=====
Net income per share:			
Primary	\$1.45	\$1.14	\$.92
	=====	=====	=====
Fully diluted	\$1.36	\$1.14	\$.92
	=====	=====	=====
Weighted average common shares and common equivalents:			
Primary	16,316	16,133	15,804
	=====	=====	=====
Fully diluted	18,362	16,133	15,804
	=====	=====	=====

Share and per-share amounts have been adjusted to reflect the three-for-two stock split payable on April 10, 1996.

The accompanying notes are an integral part of these statements.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Shares	Stock Amounts	Capital in excess of par value	Net Unrealized gain on investment	Retained earnings	Treasury stock	Total shareholders' equity
Balance, 12/31/92	15,438	\$103	\$57,342	\$ --	\$ 44,466	\$ (749)	\$ 101,162
Net income	--	--	--	--	14,608	--	14,608
Exercise of stock options	226	1	404	--	--	--	405
Balance, 12/31/93	15,664	104	57,746	--	59,074	(749)	116,175
Net income	--	--	--	--	18,428	--	18,428
Exercise of stock options	299	2	939	--	--	--	941
Tax benefit from exercise of stock options	--	--	795	--	--	--	795
Balance, 12/31/94	15,963	106	59,480	--	77,502	(749)	136,339
Net income	--	--	--	--	23,685	--	23,685
Exercise of stock option	90	1	400	--	--	--	401
Tax benefit from exercise of stock options	--	--	135	--	--	--	135
Unrealized gain investments	--	--	--	10,245	--	--	10,245
Balance 12/31/95	16,053	\$107	\$60,015	\$10,245	\$ 101,187	\$(749)	\$170,805

Share and per-share amounts have been adjusted to reflect the three-for-two stock split payable on April 10, 1996.

The accompanying notes are an integral part of these statements.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31,		
	1995	1994	1993
	-----	-----	-----
Cash flows-operating activities			
Net income	\$23,685	\$18,428	\$14,608
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities			
Amortization of deferred policy acquisition costs	20,687	19,815	18,298
Depreciation and amortization	5,381	5,774	6,015
Realized securities (gains) losses	(174)	10	(227)
(Decrease) increase current and deferred income taxes	(4,437)	5,207	8,316
Increase in reserves	61,981	39,519	23,982
Increase (decrease) in other liabilities	2,600	533	(1,225)
Deferred policy acquisition costs	(43,384)	(42,045)	(40,036)
(Increase) decrease in all other assets	(4,651)	(1,793)	600
	-----	-----	-----
Total adjustments	38,003	27,020	15,723
	-----	-----	-----
Net cash provided by operating activities	61,688	45,448	30,331
	-----	-----	-----
Cash flows-investing activities			
Proceeds from sales of investments	16,615	156	3,910
Proceeds from calls and maturities of investments	33,037	15,295	24,275
Purchase of investments	(380,116)	(99,551)	(63,282)
Purchase of fixed assets	(352)	(626)	(693)
Proceeds from acquisitions	249,969	29,186	-
	-----	-----	-----
Net cash used in investing activities	(80,847)	(55,540)	(35,790)
	-----	-----	-----
Cash flows-financing activities			
Debenture issue costs	(3,796)	-	-
Proceeds from issuance of Subordinated Debentures	103,500	-	-
Bank borrowings	-	8,000	12,000
Exercise of options	536	939	405
Repayment of Bank borrowings	(20,000)	-	-
	-----	-----	-----
Net cash provided by financing activities	80,240	8,939	12,405
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	61,081	(1,153)	6,946
Cash and cash equivalents, beginning of year	9,133	10,286	3,340
	-----	-----	-----
Cash and cash equivalents, end of year	\$70,214	\$9,133	\$10,286
	=====	=====	=====
Supplemental disclosure of cash flow information Cash paid during the year for:			
Interest	\$ 1,319	\$ 990	\$ -
	=====	=====	=====
Income taxes	\$15,300	\$3,465	\$ 970
	=====	=====	=====

The accompanying notes are an integral part of these statements.

AMERICAN TRAVELLERS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1995

(In Thousands, except share data)

(I) Summary of significant accounting policies:

Principles of consolidation-

The accompanying consolidated financial statements include the accounts of American Travellers Corporation ("ATC") and its wholly owned subsidiaries, American Travellers Life Insurance Company ("ATL"), United General Life Insurance Company ("UGL"), American Travellers Insurance Company of New York ("ATICNY") and American Travellers Insurance Services Company, Inc. ("ATIS"). ATC, ATL, UGL, ATICNY and ATIS are collectively referred to as the "Company." All material intercompany accounts and transactions have been eliminated in consolidation.

General-

The Company's operations consist of the underwriting and sale of life and accident and health insurance. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Company is a marketer and underwriter of long term care insurance. The Company's long term care products consist of both nursing home and home health care policies which provide limited benefit payments primarily to senior citizens. The Company also markets and underwrites other supplemental accident and health insurance policies, as well as life insurance. The Company's long term care products accounted for 89.3%, 82.4%, and 74.5% of its annualized premiums in force at December 31, 1995, 1994, and 1993, respectively.

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management does not anticipate that actual results will differ significantly from these estimates.

Revenue recognition-

Premiums are reflected as revenues primarily on a pro-rata basis as the premiums are earned. Expenses are associated with earned premiums, resulting in a recognition of profits over the lives of the contracts. This association is accomplished by providing liabilities for future policy benefits and by deferring, and then amortizing, policy acquisition costs.

Investments-

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS"), Accounting for Certain investments in Debt and Equity Securities (SFAS 115), as of January 1, 1994. Under SFAS 115, investments in equity and debt securities are classified in three categories and accounted for based upon the classification. In December 1995, the Company transferred its investments from the "held to maturity" classification to the "available for sale" classification pursuant to SFAS 115 and has recorded such investments at fair value with unrealized gains and losses reported as a component of shareholders' equity, net of tax. See Note 3.

Deferred policy acquisition costs-

Policy acquisition costs, which vary with and are directly related to the production of new business, are deferred. The costs deferred, consisting principally of commissions and policy issuance costs, are being amortized with interest in accordance with actuarial assumptions which consider the anticipated period the policy will be in force in relation to the premiums expected to be earned. These assumptions are consistent with those used in developing policy reserves.

Property and equipment-

Property and equipment are stated at cost. Improvements which materially increase the estimated useful life of the asset are capitalized. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is provided principally on the straight-line method over the related estimated lives of the assets which range from 3 to 40 years. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is included in income.

Policy benefits-

Future policy benefits and claim reserves are determined based upon generally accepted actuarial methods. Unpaid claim reserves are based upon the aggregate of claim estimates for reported and unreported losses based upon experience. While the ultimate amount of claims incurred and the related expenses are dependent on future developments, in management's opinion, the reserves for future policy benefits and claims are adequate to cover anticipated losses and expenses.

Income taxes-

Deferred income taxes are recorded for temporary differences in reporting certain transactions for financial statement and income tax purposes, principally deferred policy acquisition costs and policy benefits. Income taxes are accounted for using the asset and liability method in accordance with SFAS

109. This method requires that deferred tax assets and liabilities at the end of the year be determined using the tax rates and limitations expected to be in effect at such time as the taxes are projected to be paid or recovered. Consequently, income tax expense will increase or decrease in the period in which a change in tax law or rates is enacted.

Earnings per share-

Primary earnings per common share are based on the weighted average number of shares outstanding during the period and the dilutive effect of stock options and other common stock equivalents. Fully diluted earnings per share are based on the weighted average number of shares outstanding, dilutive effect of common stock equivalents, and the assumed conversion of the 6.5% convertible subordinated debenture. Net income is increased by the interest on the debenture, net of related income taxes.

Stock split-

On March 4, 1996, the board of directors declared a three-for-two stock split for securityholders of record as of March 20, 1996, payable on April 10, 1996. Share and per share amounts have been retroactively adjusted to reflect this split for all years presented.

Statements of cash flows-

For purposes of reporting cash flows, cash and cash equivalents include all cash and short-term deposits available on demand.

Accounting Pronouncements

The Company adopted the provisions of Statement of Financial Accounting Standards No.115, "Accounting for Certain Investments in Debt & Equity Securities" (SFAS 115) as of at January 1, 1994. Under SFAS 115 investments in debt and equity securities are accounted as follows:

"Held to maturity" securities are securities that the Company has the positive intent and ability to hold to maturity and are reported at amortized cost. Securities that are brought and held principally for the purpose of selling in the near term are classified as "trading securities" and reported at fair value, with unrealized gains and losses included in earnings. Securities not classified in these two categories are classified as "available for sale" and reported at fair value, with unrealized gains and losses reported net of tax in a separate component of shareholders' equity.

As further discussed in Note 3 to the financial statements, the Company has classified all of its investments as "available for sale" at December 31, 1995 and as "Held to maturity" at December 31, 1994.

The Company holds no derivative financial instruments subject to the provisions of SFAS No. 119, "Disclosure About Derivative Financial Instruments and Fair Value of Financial Instruments."

In March 1995, the FASB issued SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long Lived Assets to be Disposed of. This statement, which must be adopted by March 31, 1996 establishes accounting standards for the impairment of long lived assets, certain identifiable intangibles and goodwill related to (1) those assets to be held and used in the business, and (2) for assets to be disposed of. The Company does not anticipate a material effect on the financial statements from this new accounting standard.

SFAS 123, Accounting for Stock-Based Compensation, will be adopted by the Company in 1996. This statement provides alternative methods for accounting for employee stock compensation plans. A company can elect to use the new fair-value-based method of accounting for employee stock compensation plans, under which compensation cost is measured and recognized in results of operations, or continue to account for these plans under the current accounting standards. Entities electing to remain with the present accounting method must make disclosures of what net income and earnings per share would have been if the fair-value- based method of accounting had been applied. The Company plans to continue to account for employee stock options using the present accounting method and include the required disclosures in the financial statements.

Reclassifications-

Financial statements for 1993 and 1994 have been reclassified to conform with the 1995 presentation.

(2) Basis of presentation:

The consolidated financial statements have been prepared in accordance with GAAP; these principles differ from practices prescribed or permitted by insurance regulatory authorities (statutory accounting practices) in the following material respects-

(a) Costs which vary with and are directly related to the writing of new insurance policies are deferred and then amortized over the anticipated period the policies will be in force in relation to the premiums expected to be earned on the policies. Under statutory accounting practices such costs are charged to expense as incurred.

(b) The accounts of wholly-owned subsidiaries are consolidated. Under statutory accounting practices such subsidiaries are carried at cost adjusted for subsequent operating results as determined under statutory accounting practices.

(c) The value of business acquired resulting from purchases of blocks of accident and health business is being amortized over the life of the acquired policies. Under statutory accounting practices, any ceding allowances paid are expensed in the year incurred.

(d) Policy liabilities-

(1) GAAP basis-Future policy benefits are provided on the net level premium method which provides for anticipated rates of morbidity, mortality, interest and the Company's termination experience. Accident and health insurance future policy benefits are primarily calculated using morbidity based on the Company's experience. The future policy benefits on ordinary life insurance are calculated using the 1965-70 Intercompany male mortality rates. Unearned premium reserve is the gross unearned premium reserve less the portion of the premium for expenses, overhead and profit. Investment income is assumed at rates between 6.25% and 8.00%. Termination rates, exclusive of mortality, have been assumed to be between 17.5% and 33.0% in the first year decreasing to between 5.0% and 10.0% of the renewing policies after the fifteenth year. These assumptions vary by plan, year of issue and duration.

(2) Statutory basis-Future policy benefits on accident and health insurance consist primarily of unearned premium reserves. Future policy benefits on ordinary life insurance have been computed using the 1958 and 1980 Commissioners' Standard Ordinary Mortality Table with interest assumed at rates between 3% and 5% applied on the Commissioners' Reserve Valuation Method basis with grading to the net level premium method.

(3) Claim reserves (both on a GAAP and Statutory basis) include provisions for reported claims in process of settlement as well as claims incurred but not reported based on prior experience of the Company. Interest is assumed at rates between 5.0% and 7.5%.

(e) Deferred income taxes, which for statutory purposes are not recognized, are provided as appropriate for temporary differences.

(3) Investments:

As of December 31, 1994 the Company classified all of its investments as "held to maturity" pursuant to the provisions of SFAS 115. As a result of the changes in the investment portfolio and strategy and as a result of the acquisition discussed in Note 15 and other factors, the Company changed the classification of its investments to "available for sale" effective December 1995.

Pursuant to the requirements of SFAS 115, "available for sale" securities are reported at fair value with unrealized gains and losses reported net of tax as a separate component of shareholders' equity. As a result of this change the reported value of the investment portfolio, at December 31, 1995, increased \$15,762 with corresponding increases in shareholders' equity of \$10,245 and deferred income taxes of \$5,517.

The components of investment income are as follows-

	Year ended December 31,		
	1995	1994	1993
Fixed maturity investments	\$15,308	\$10,185	\$8,926
Mortgage-backed securities	3,076	223	28
Cash and short-term investments	1,613	437	342
Mortgage loan and other	3,193	178	99
Investment Income	\$23,190	\$11,023	\$9,395

The amortized cost and market values of investments in debt securities are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Market value
December 31, 1995				
U.S. Government Obligations	\$133,703	\$ 2,836	\$ (83)	\$136,456
Mortgage-backed Securities	180,926	2,995	(4)	183,917
States and Political Subdivisions	78,915	1,497	(62)	80,350
Corporate Securities	173,315	8,695	(112)	181,898
Total	\$566,859	\$16,023	\$(261)	\$582,621
December 31, 1994				
U.S. Government Obligations	\$52,190	\$134	\$(2,582)	\$49,742
Mortgage-backed securities	9,975	16	(52)	9,939
States and Political Subdivisions	95,194	6	(3,822)	91,378
Corporate Securities	80,839	135	(3,062)	77,912
Total	\$238,198	\$ 291	\$(9,518)	\$228,971

The amortized cost and market value of debt securities at December 31, 1995 and 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Market	
	Cost	Value
December 31, 1995		

Due in one year or less	\$ 46,383	\$ 46,425
Due after one year through five years	103,326	104,890
Due after five years through ten years	138,634	145,181
Due after ten years	97,590	102,208
Mortgage-backed securities	180,926	183,917
	-----	-----
Totals	\$566,859	\$582,621
	=====	=====

	Amortized Market	
	Cost	Value
December 31, 1994		

Due in one year or less	\$ 26,840	\$ 26,693
Due after one year through five years	123,997	118,809
Due after five years through ten years	70,134	66,378
Due after ten years	7,252	7,152
Mortgage-backed securities	9,975	9,939
	-----	-----
Totals	\$238,198	\$228,971
	=====	=====

Proceeds from sales of investments were \$16,615 in 1995, \$156 in 1994 and \$3,910 in 1993. Proceeds from maturities and security calls were \$33,037 in 1995, \$15,295 in 1994 and \$24,275 in 1993. Gross gains of \$194, \$10 and \$266 and gross losses of \$19, \$20 and \$39 in 1995, 1994 and 1993, respectively, were realized on sales and calls.

As of December 31, 1995 and 1994, the company did not have any individual investments in corporate securities which exceeded 10% of shareholders' equity. There were no non-income producing investments during the year ended December 31, 1995 and 1994.

At December 31, 1995 and 1994, bonds with an amortized cost of \$7,669 and \$9,153, respectively, are on deposit with various regulatory departments pursuant to statutory requirements.

(4) Restrictions on shareholders' equity:

The statutory financial statements of ATL, the Company's principal subsidiary, as filed, reflect the following-

	Year ended December 31,		
	1995	1994	1993
	-----	-----	-----
Statutory net income (loss)	\$(43,287)	\$ 2,232	\$ 4,065
	-----	-----	-----
Statutory capital and surplus	\$ 72,137	\$57,013	\$46,143
	=====	=====	=====

In 1995, ATL acquired the long term care business of an unrelated insurer, for which it paid a \$40,000 ceding allowance. See Note 15. The cost of this acquisition, and its related tax consequences, are primarily responsible for the 1995 statutory loss.

ATL is required by insurance laws and regulations to maintain minimum capital and surplus, determined in accordance with statutory accounting regulations. Under Pennsylvania insurance law, dividends may be paid by ATL only from statutory profits or surplus and require Pennsylvania Insurance Department approval if the dividend is in excess of the greater of 10% of surplus or net statutory income of the prior year. The Department must be notified of any dividend in excess of one-half of 1% of admitted assets of ATL.

(5) Federal income taxes:

ATC and its direct subsidiaries file a consolidated Federal income tax return. UGL files a separate Federal income tax return. ATL and UGL are taxed as life insurance companies under the Tax Reform Act of 1986 and Revenue Reconciliation Act of 1990. The 1990 Act requires life insurance companies to capitalize costs of acquiring certain insurance contracts and to amortize such costs over specified periods. The 1986 Act taxes life insurance companies at general corporate rates.

The Company adopted the accounting and disclosure rules of SFAS 109, "Accounting for Income Taxes," effective January 1, 1993, under which the tax benefit of the small life insurance company deduction cannot be anticipated for purposes of offsetting a deferred tax liability for taxable temporary differences at the end of the current year. As a result, the adoption of SFAS 109 resulted in an increase in the deferred tax liability of \$5,500 based on taxable temporary differences and the net deferred tax liability at January 1, 1993. The Company has restated as permitted under SFAS 109, prior years' financial statements to record the effect of the adoption of this pronouncement.

The components of deferred tax assets and liabilities, measured under SFAS 109 as of December 31, 1995 and 1994 are as follows:

	1995	1994
	----	----
Deferred tax liabilities		
Deferred policy acquisition cost and other intangibles	\$34,934	\$37,288
Unrealized gain on investments available for sale	5,517	-
Other	1,106	1,532
	-----	-----
Deferred tax liabilities	41,557	38,820
	-----	-----
Deferred tax assets		
Policy liabilities	6,031	5,869
Net operating loss carry forward	575	670
Capital loss carryforward	47	185
Alternative minimum tax credit carry forward	-	6
Other	503	551
	-----	-----
Deferred tax assets	7,156	7,281
	-----	-----
Net deferred tax liability	34,401	31,539
Current tax liability	1,538	3,323
	-----	-----
Current and deferred income taxes	\$35,939	\$34,862
	=====	=====

The provision for Federal income taxes are comprised of the following:

	Year ended December 31,		
	1995	1994	1993
	----	----	----
Current taxes	\$12,061	\$7,882	\$1,090
	-----	-----	-----
Deferred taxes relating to:			
Deferred policy acquisition costs	(2,597)	4,848	7,622
Future policy benefits, claims and unearned premium reserves	2,154	(1,619)	(323)
Amortization of intangibles	(705)	(643)	(884)
Net operating loss for tax purposes	(518)	118	199
Tax rate increase on prior year temporary differences	-	-	702
Other, net	614	(2,032)	309
	-----	-----	-----
Total deferred taxes	(1,052)	672	7,625
	-----	-----	-----
Total provision for income taxes	\$11,009	\$8,554	\$8,715
	=====	=====	=====

A reconciliation between the Federal statutory tax rate and the Company's effective tax rate is as follows:

	Year ended December 31,		
	1995	1994	1993
Statutory tax rate	35.0%	35.0%	35.0%
Increase in taxes resulting from:			
Effect of tax rate increase on temporary differences as of January 1, 1993	-	-	3.0%
Decrease in taxes resulting from:			
Tax free investment income	(3.3)%	(3.3)%	(0.6)%
Effective tax rate	31.7%	31.7%	37.4%

Pursuant to the requirements of SFAS 109, the Company recorded an additional deferred tax provision of \$702 during 1993 to reflect the impact on deferred tax assets and liabilities resulting from the increase in U.S. statutory maximum corporate tax rates from 34% to 35%.

ATC has \$1,569 in non-life net operating loss carryforwards available for tax purposes, and has capital loss carryforwards of approximately \$375 expiring in 1997.

Prior to 1984, ATL had accumulated \$170 in a special policyholders' surplus account which has been excluded from taxation. These amounts will become taxable only when distributed to shareholders. No provision for deferred income taxes has been made for these amounts since the Company does not anticipate any transactions that would cause any part of the account to become taxable.

The Internal Revenue Service is conducting a review of the Company's federal income tax returns for the years ended December 31, 1993, 1992, 1991, and 1990. Management believes that the ultimate outcome of the review will not have any material adverse effect on the financial condition or results of operation of the Company.

(6) Stock option plans:

ATC has adopted several stock option plans (the "Plans"). The Plans permit grants of options covering a maximum of 3,495,000 shares of common stock. Under the Plans, options may be issued as incentive stock options in the case of key employees and/or as non-qualified stock options in the case of persons with managerial, professional or supervisory responsibilities, including but not limited to, directors, officers and consultants to ATC, who, in the opinion of the Committee administering the Plans, have a capacity to make a substantial contribution to ATC. One of the Plans also provides for the issuance of up to 50,000 shares of the Company's common stock upon the exercise of stock options granted as formula awards pursuant to the plan.

The per share exercise price may not be less than 100% of the fair market value of the common stock on the date of grant, or 110% of the fair market value in the case of incentive stock options issued to an employee owning, at the time the option is granted, more than 10% of the outstanding common stock of ATC. Options cannot be exercised more than ten years after the date of grant. Incentive stock options held by shareholders owning more than 10% of the outstanding common stock of ATC cannot be exercised more than five years after the date of grant.

Stock Options

(The following table summarizes data relating to the stock options, as restated for the stock split.)

	Number of Shares		
	1995	1994	1993
Outstanding at beginning of year	1,234,788	1,390,788	1,341,774
Granted	564,375	142,500	276,000
Exercised	(90,837)	(298,500)	(226,266)
Canceled	-	-	(720)
Outstanding at end of year	1,708,326	1,234,788	1,390,788

At December 31, 1995, the number of shares exercisable and options available for additional granting for all plans was 1,444,503 and 259,698, respectively. The exercise price of options outstanding at December 31, 1995, ranged from \$1.46 to \$15.75 per share. The average exercise price at December 31, 1995, is \$8.44 per share. During 1995, options for 90,837 shares were exercised at a range of \$1.58 to \$8.66 per share.

(7) Shareholders' rights agreement:

On April 25, 1990, the Company declared a dividend distribution in the form of preferred stock purchase rights (the "rights"). The rights become exercisable if a person or group acquires or announces a tender offer to acquire 20% or more of the Company's common stock. The rights also become exercisable if the Board of Directors declares a person to be an "adverse person" and that person has obtained more than 10% of the outstanding shares of the Company's common stock.

Each right, when exercisable, entitles the registered holder to purchase one one-hundredth of a share of Series A preferred stock at an exercise price of \$50 subject to certain adjustments. In addition, if a person or group acquires 20% or more of the outstanding shares of the Company's common stock, subject to certain exceptions, or a person is declared an adverse person, each right will then entitle its holder (other than such persons or members of any such group) to purchase, at the right's then current exercise price, a number of shares of the Company's common stock having a total market value of twice the right's exercise price.

In the event that the Company merges with or transfers 50% or more of its assets or earnings to any entity after the rights become exercisable, holders of rights may purchase, at the right's then current exercise price, common stock of the acquiring entity having a value equal to twice the right's exercise price.

In addition, at any time after a person acquires 20% of the outstanding shares of common stock and prior to the acquisition by such person of 50% or more of the outstanding shares of common stock, the Company may change the rights (other than the rights which have become null and void), in whole or in part, at an exchange ratio of one share of common stock or equivalent share of preferred stock, per right.

The Board of Directors can redeem the rights for \$.01 per right at any time prior to the acquisition by a person or group of beneficial ownership of 20% or more of the Company's common stock or a person being declared an adverse person. Until a right is exercised, the holder thereof will have no rights as a shareholder of the Company, including without limitation, the right to vote or to receive dividends. Unless earlier redeemed or exchanged, the rights will expire on May 14, 2000.

(8) Claim Reserves:

Activity in the liability for policy claim reserves is summarized as follows for the years ended December 31:

	1995	1994	1993
	----	----	----
Claim reserves-beginning of year:	\$ 85,290	\$ 55,958	\$ 43,315
Add claims incurred during the year related to-			
Current year:	133,221	91,831	73,398
Prior years:	6,327	3,131	5,213
	-----	-----	-----
Total incurred:	139,548	94,962	78,611
	-----	-----	-----
Less claims paid during the year related to-			
Current year:	49,794	35,200	30,049
Prior years:	57,141	42,703	35,919
	-----	-----	-----
Total paid:	106,935	77,903	65,968
	-----	-----	-----
Plus-reinsurance assumed (See Note 15):	92,170	12,273	0
	-----	-----	-----
Claim reserves-end of year:	\$210,073	\$ 85,290	\$ 55,958
	=====	=====	=====

The development of prior year claims reserves reflects normal changes in actuarial estimates. The Company utilizes case reserves that are considered fixed and determinable and discounts such reserves using an interest rate of 6.25% for financial statements prepared in accordance with GAAP and 5.0% discount rate for statutory purposes.

(9) Employee benefits:

Effective January 1, 1984, ATC initiated a defined benefit pension plan (the "Plan") for all employees over the age of 21 years who have worked for ATC for a period of one year. ATC makes annual contributions to the Plan based upon amounts required to fund such plan as determined by a consulting actuary. Pension expense was \$203, \$181 and \$154, for the years ended December 31, 1995, 1994 and 1993, respectively. The following table sets forth the plan's funded status at December 31, 1995 and 1994.

	1995	1994
	----	----
Actuarial present value of benefit obligations:		
Vested benefits	\$ 733	\$ 593
Non-vested benefits	124	99
	-----	-----
	\$ 857	\$ 692
	=====	=====
Projected benefit obligation	\$1,270	\$1,052
Plan assets at fair value	(750)	(614)
	-----	-----
Projected benefit obligation in excess of plan assets	520	438
Unrecognized net loss	(276)	(292)
Unrecognized transition obligation	(89)	(92)
Unrecognized prior service cost	(64)	(70)
	-----	-----
Accrued (prepaid) pension expense	\$ 91	\$ (16)
	=====	=====
Net pension cost includes the following components:		
Service cost	\$ 162	\$ 137
Interest cost on projected benefit obligation	72	60
Actual return on plan assets	(47)	(16)
Net amortization	16	0
	-----	-----
Net periodic pension cost	\$ 203	\$ 181
	=====	=====

The assumed rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation is 5% in 1995 and 1994. The expected rate of return on assets is 8% in 1995 and 1994. The discount rate used is 7% in 1995 and 1994.

The Company does not have any other obligations to provide post-retirement benefits to employees.

(10) Commitments and contingencies:

The Company is a defendant in various legal proceedings and litigation arising in the ordinary course of business. In management's opinion, based on discussions with counsel, the resolution of such proceedings will not have a material adverse effect on the Company's consolidated financial condition and results of operations.

A civil shareholders' class action suit filed against the Company and certain of its officers in March 1992 was settled during the second quarter of 1993. Under the terms of the settlement, class members were paid \$1,500, of which \$1,000 was paid by the Company's liability carrier. While the Company believed the suit was without merit, a settlement was reached to avoid internal distraction, ongoing professional fees and other potential costs and uncertainties of continued litigation.

(11) Transactions with related parties:

Commissions paid to agencies controlled by certain directors amounted to \$136 in 1995, \$140 in 1994 and \$104 in 1993.

The Company has employment contracts with certain key employees. These contracts provide for, among other things, certain severance payments in the case of termination.

(12) 6.5% convertible subordinated debentures due 2005

In September 1995 the Company issued \$103,500 of 6.5% Convertible Subordinated Debentures (the "Debentures") due October 1, 2005. The proceeds were used to finance an additional surplus contribution to ATL, prepay \$20 million in outstanding borrowings under the Company's Revolving Credit Facility and for general corporate purposes.

Interest on the debentures is payable semi-annually on April 1 and October 1, commencing on April 1, 1996. The Debentures are redeemable at the Company's option at a price equal to 103.25% after October 1998, declining to 100% if redeemed after October 2001.

The Debentures are convertible into ATC common stock anytime prior to maturity at a conversion price equal to \$15.17 per share (equivalent to a conversion rate of 65.94 shares per \$1,000 principal amount of debentures). The conversion price has been adjusted to reflect the 3- for-2 stock split discussed in Note 1, and is subject to further adjustment under certain events including dividends distributions and common stock issuances, among others.

Debt issue costs incurred in connection with the Debentures totaling \$3,796 are included in other assets and are being amortized over the term of the Debentures. Accumulated amortization is \$74 at December 31, 1995.

(13) Bank borrowings

ATC currently is party to a \$20,000 Revolving Credit Agreement (the "Agreement"). The revolving credit availability will be reduced by \$1,667 each quarter beginning no later than March 31, 2002. No borrowings are outstanding at December 31, 1995.

At December 31, 1994, \$20,000 in borrowings were outstanding. Proceeds from these borrowings were used to fund surplus contributions to ATL during 1994 and 1993. Such borrowings were repaid with the proceeds from the Debentures discussed in Note 12.

Borrowings are secured by the common stock of ATL and ATIS. Interest is payable at 0.25% over the bank's base rate, at 1.625% over the London interbank Eurodollar rate or 1.75% over the bank's certificate of deposit rate, at the Company's option. The average interest rate for amounts borrowed was 8.35% and 8.44% for 1995 and 1994, respectively. A commitment fee is payable to the bank based on the average daily unused portion of the credit.

The Agreement contains restricted covenants. The more significant covenants require the company maintain a specified amount of net worth and statutory surplus and meet certain financial ratios, and restricts mergers and acquisitions, future indebtedness and commitments, and types of investments. The Company was in compliance with all of the covenants as amended as of December 31, 1995.

(14) Leases:

Future minimum lease rentals on operating leases which consist principally of the Company's Home Office facility and computers are as follows:

1996	\$1,935
1997	1,796
1998	1,411
1999	1,185
Thereafter	938

Total	\$7,265
	=====

Operating lease expenses for the years ended December 31, 1995, 1994, and 1993 were \$1,670, \$1,607 and \$1,734, respectively.

(15) Acquisitions:

In December 1995, the Company closed on a reinsurance agreement to acquire the long term care insurance business of an unrelated insurance company which consisted of approximately \$96,000 of annualized premium. The transaction was effective as of October 1, 1995. Under the terms of the reinsurance agreement, the Company assumed all existing liabilities associated with the long term care insurance business on a coinsurance basis. Cash and marketable securities of approximately \$249,969 were transferred to the Company. In October 1994, the Company acquired the long term insurance business of an unrelated insurance company which consisted of approximately \$25,000 of annualized premiums. Approximately \$29,400 in cash was transferred to the Company. These acquisitions have been accounted for using the purchase accounting method. Total cash and marketable securities received in connection with these acquisitions approximates reserve liabilities assumed.

Value of business acquired consists of the excess of the purchase price over the estimated fair value of net assets acquired in connection with the purchase of common stock and the present value of expected future profits associated with blocks of business purchased prior to 1992. Value of business acquired related to the purchased blocks of business is being amortized over the respective lives of the blocks, which are estimated at approximately 5 to 7 years.

(16) Consolidated quarterly financial data (unaudited).

Quarterly financial data for the years ended December 31, 1995 and 1994 are as follows:

	First	Second	Third	Fourth
	-----	-----	-----	-----
1995				
- - - - -				
Total Revenues	\$ 65,314	\$ 65,476	\$ 68,278	\$ 98,264
Total Benefits and Expenses	57,740	57,424	59,962	87,512
Income before Provision for Income Tax	7,574	8,052	8,316	10,752
Provision for Income Taxes	2,350	2,544	2,589	3,526
Net Income	\$ 5,224	\$ 5,508	\$ 5,727	\$ 7,226
	=====	=====	=====	=====
Net Income Per Share Primary	\$.32	\$.34	\$.35	\$.44
	=====	=====	=====	=====
Fully Diluted	\$.32	\$.34	\$.34	\$.36
	=====	=====	=====	=====
	First	Second	Third	Fourth
	-----	-----	-----	-----
1994				
- - - - -				
Total Revenues	\$ 49,610	\$ 50,605	\$ 52,043	\$ 60,643
Total Benefits and Expenses	43,439	44,205	45,149	53,126
Income before provision for income tax	6,171	6,400	6,894	7,517
Provision for Income Taxes	1,929	2,010	2,178	2,437
Net Income	\$ 4,242	\$ 4,390	\$ 4,716	\$ 5,080
	=====	=====	=====	=====
Net Income Per Share Primary	\$.27	\$.27	\$.29	\$.31
	=====	=====	=====	=====
Fully Diluted	\$.27	\$.27	\$.29	\$.31
	=====	=====	=====	=====

Per share amounts have been adjusted to reflect the three-for-two stock split payable on April 10, 1996.

ITEM 7(b). Financial Statements and Exhibits, continued

(b) Pro forma financial statements of Conseco, Inc. and subsidiaries.

CONSECO, INC. AND SUBSIDIARIES PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated statement of operations of Conseco, Inc. ("Conseco") for the nine months ended September 30, 1996, and for the year ended December 31, 1995, presents the consolidated operating results for Conseco as if the following transactions, which have already occurred, had occurred on January 1, 1995: (1) the issuance of \$275.0 million of Trust Originated Preferred Securities ("TOPrS") having a distribution rate of 9.16 percent (the "TOPrS Offering"); (2) the issuance of \$325.0 million of Capital Trust Pass-through Securities ("TruPS") having a distribution rate of 8.70 percent (the "TruPS Offering"); and (3) the merger (the "ATC Merger") of American Travellers Corporation ("ATC") with and into Conseco.

The pro forma consolidated statement of operations data for Conseco for the year ended December 31, 1995, set forth in the unaudited pro forma consolidated statement of operations under the column "Pro forma Conseco before the Merger" reflect the prior application of certain pro forma adjustments for the following transactions, all of which have already occurred, as if such transactions had occurred on January 1, 1995: (i) the call for redemption of Conseco's Series D Convertible Preferred Stock (the "Series D Call") completed on September 26, 1996; (ii) the acquisition of all of the outstanding common stock of American Life Holdings, Inc. ("ALH"), not previously owned by Conseco, and related transactions (the "ALH Transaction") completed on September 30, 1996; (iii) the acquisition of Life Partners Group, Inc. (the "LPG Merger"); (iv) the acquisition of all of the outstanding common stock of CCP not previously owned by Conseco and related transactions (including the repayment of the borrowings under Conseco's existing \$250.0 million revolving credit agreement); (v) the increase of Conseco's ownership in Bankers Life Holding Corporation ("BLH") to 90.4 percent, as a result of purchases of common shares of BLH by Conseco and BLH during 1995 and the first three months of 1996; (vi) the issuance of 4.37 million shares of Preferred Redeemable Increased Dividend Equity Securities Convertible Preferred Stock ("PRIDES") of Conseco in January 1996; (vii) the BLH tender offer for and repurchase of its 13 percent senior subordinated notes due 2002 and related financing transactions completed in March 1996 (the "BLH Tender Offer"); and (viii) the debt restructuring of ALH in the fourth quarter of 1995. Such pro forma adjustments are set forth in: (i) Exhibit 99.2 included in Conseco's Current Report on Form 8-K dated September 25, 1996; (ii) Conseco's Current Report on Form 8-K dated August 2, 1996; and (iii) Exhibit 99.1 included in Conseco's Current Report on Form 8-K dated April 10, 1996.

The pro forma consolidated statement of operations data for Conseco for the nine months ended September 30, 1996, set forth in the unaudited pro forma consolidated statement of operations under the column "Pro forma Conseco before the TOPrS Offering" reflect the prior application of certain pro forma adjustments for the following transactions, all of which have already occurred, as if such transactions had occurred on January 1, 1995: (1) the Series D Call; (2) the ALH Transaction; (3) the LPG Merger; (4) the issuance of 4.37 million shares of Conseco PRIDES in January 1996; and (5) the BLH Tender Offer. Such pro forma adjustments are set forth in Exhibit 99.1 included in Conseco's Form 10-Q for the quarterly period ended September 30, 1996.

The unaudited pro forma consolidated balance sheet of Conseco as of September 30, 1996, gives effect to the following transactions, which have already occurred, as if each had occurred on September 30, 1996: (1) the TOPrS Offering; (2) the TruPS Offering; and (3) the ATC Merger.

The pro forma consolidated financial statements are based on the historical financial statements of Conseco, LPG and ATC and are qualified in their entirety by, and should be read in conjunction with, these financial statements and the notes thereto. The pro forma data are not necessarily indicative of the results of operations or financial condition of Conseco had these transactions occurred on January 1, 1995, nor the results of future operations. Conseco anticipates cost savings and additional benefits as a result of certain of the transactions contemplated in the pro forma financial statements. Such benefits and any other changes that might have resulted from management of the combined companies have not been included as adjustments to the pro forma consolidated financial statements. Certain amounts from the prior periods have been reclassified to conform to the current presentation.

The unaudited pro forma consolidated financial statements reflect cost allocations for the LPG Merger, the ALH Transaction and the ATC Merger using estimated values of the assets and liabilities of LPG, ALH and ATC as of the assumed merger dates based on appraisals and other studies, which are not yet complete. Accordingly, the final allocations will be different than the amounts included in the accompanying pro forma consolidated financial statements. Although the final allocations will differ, the pro forma consolidated financial statements reflect management's best estimate based on currently available information as if the LPG Merger, the ALH Transaction and the ATC Merger had occurred on the assumed merger dates.

CONSECO, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
for the nine months ended September 30, 1996
(Amounts in millions, except per share amounts)
(unaudited)

	Pro forma Conseco before the TOPrS Offering -----	Pro forma adjustments relating to the TOPrS Offering -----	Pro forma for the TOPrS Offering -----	Pro forma adjustments relating to the TruPS Offering -----	Pro forma Conseco subtotal(a) -----
Revenues:					
Insurance policy income	\$1,349.0	\$ -	\$1,349.0	\$ -	\$1,349.0
Investment activity:					
Net investment income	1,084.4		1,084.4		1,084.4
Net trading losses	(6.5)		(6.5)		(6.5)
Net realized gains	23.0		23.0		23.0
Fee revenue	29.7		29.7		29.7
Restructuring income	30.4		30.4		30.4
Other income	11.4		11.4		11.4
	-----	-----	-----	-----	-----
Total revenues	2,521.4		2,521.4		2,521.4
	-----	-----	-----	-----	-----
Benefits and expenses:					
Insurance policy benefits and change in future policy benefits	957.2		957.2		957.2
Interest expense on annuities and financial products	549.5		549.5		549.5
Interest expense on notes payable	100.7	(12.9) (1)	87.8	(15.6) (6)	72.2
Interest expense on investment borrowings	17.2		17.2		17.2
Amortization related to operations	242.9		242.9		242.9
Amortization related to realized gains	22.3		22.3		22.3
Other operating costs and expenses	243.5		243.5		243.5
	-----	-----	-----	-----	-----
Total benefits and expenses	2,133.3	(12.9)	2,120.4	(15.6)	2,104.8
	-----	-----	-----	-----	-----
Income before income taxes, minority interest and extraordinary charge	388.1	12.9	401.0	15.6	416.6
Income tax expense	147.9	4.5 (2)	152.4	5.4 (7)	157.8
	-----	-----	-----	-----	-----
Income before minority interest and extraordinary charge	240.2	8.4	248.6	10.2	258.8
	-----	-----	-----	-----	-----
Minority interest in consolidated subsidiaries:					
Dividends on Company - obligated mandatorily redeemable preferred securities of subsidiary trusts	-	12.3 (3)	12.3	13.8 (8)	26.1
Dividends on preferred stock	6.4		6.4		6.4
Equity in earnings	13.9		13.9		13.9
	-----	-----	-----	-----	-----
Income before extraordinary charge	\$ 219.9	\$ (3.9)	\$ 216.0	\$ (3.6)	\$ 212.4
	=====	=====	=====	=====	=====
Earnings per common share and common equivalent share:					
Primary:					
Weighted average shares outstanding	77.2		77.2		77.2
	=====		=====		=====
Income before extraordinary charge	\$2.85		\$2.80		\$2.75
	=====		=====		=====
Fully diluted:					
Weighted average shares outstanding	78.7		78.7		78.7
	=====		=====		=====
Income before extraordinary charge	\$2.79		\$2.74		\$2.70
	=====		=====		=====

(a) Amounts are carried forward to page 32.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC AND SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
for the nine months ended September 30, 1996
(Amounts in millions, except per share amounts)
(unaudited)

	Pro forma Conseco subtotal(a) -----	ATC historical -----	Pro forma adjustments relating to the ATC Merger -----	Pro forma Conseco totals -----
Revenues:				
Insurance policy income	\$1,349.0	\$ 283.3	\$ -	\$1,632.3
Net investment income	1,084.4	33.2	1.1 (11)	1,118.7
Net trading losses	(6.5)			(6.5)
Net realized gains	23.0	1.3	2.3 (11)	26.6
Fee revenue	29.7			29.7
Restructuring income	30.4			30.4
Other income	11.4			11.4
Total revenues	----- 2,521.4 -----	----- 317.8 -----	----- 3.4 -----	----- 2,842.6 -----
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	957.2	192.2		1,149.4
Interest expense on annuities and financial products	549.5			549.5
Interest expense on notes payable	72.2	5.8	1.5 (12) (3.7) (13)	75.8
Interest expense on investment borrowings	17.2			17.2
Amortization related to operations	242.9	16.4	(16.4) (14) 19.9 (14) 10.8 (15)	273.6
Amortization related to realized gains	22.3			22.3
Other operating costs and expenses	243.5	64.4		307.9
Total benefits and expenses	----- 2,104.8 -----	----- 278.8 -----	----- 12.1 -----	----- 2,395.7 -----
Income before income taxes, minority interest and extraordinary charge	416.6	39.0	(8.7)	446.9
Income tax expense	157.8	13.0	.7 (16)	171.5
Income before minority interest and extraordinary charge	258.8	26.0	(9.4)	275.4
Minority interest in consolidated subsidiaries:				
Dividends on Company - obligated mandatorily redeemable preferred securities of subsidiary trusts	26.1			26.1
Dividends on preferred stock	6.4			6.4
Equity in earnings	13.9			13.9
Income before extraordinary charge	----- \$ 212.4 =====	----- \$ 26.0 =====	----- \$ (9.4) =====	----- \$ 229.0 =====

Earnings per common share and
common equivalent share:

Primary:

Weighted average shares outstanding	77.2 =====	10.4 (17) =====	87.6 =====
Income before extraordinary charge	\$2.75 =====		\$2.61 =====

Fully diluted:

Weighted average shares outstanding	78.7 =====	14.4 (17) =====	93.1 =====
Income before extraordinary charge	\$2.70 =====		\$2.47 =====

(a) Amounts have been carried forward from page 31.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 1995
(Amounts in millions, except per share amounts)
(unaudited)

	Pro forma Conseco before the TOPrS Offering -----	Pro forma adjustments relating to the TOPrS Offering -----	Pro forma for the TOPrS Offering -----	Pro forma adjustments relating to the TruPS Offering -----	Pro forma Conseco subtotal(a) -----
Revenues:					
Insurance policy income	\$1,752.8	\$ -	\$1,752.8	\$ -	\$1,752.8
Investment activity:					
Net investment income	1,461.1		1,461.1		1,461.1
Net trading income	2.5		2.5		2.5
Net realized gains	220.3		220.3		220.3
Fee revenue	33.9		33.9		33.9
Restructuring income	15.2		15.2		15.2
Other income	12.6		12.6		12.6
	-----	-----	-----	-----	-----
Total revenues	3,498.4		3,498.4		3,498.4
	-----	-----	-----	-----	-----
Benefits and expenses:					
Insurance policy benefits and change in future policy benefits	1,261.4		1,261.4		1,261.4
Interest expense on annuities and financial products	758.5		758.5		758.5
Interest expense on notes payable	143.5	(17.3) (1)	126.2	(20.9) (6)	105.3
Interest expense on investment borrowings	30.2		30.2		30.2
Amortization related to operations	307.3		307.3		307.3
Amortization related to realized gains	144.4		144.4		144.4
Other operating costs and expenses	356.4		356.4		356.4
	-----	-----	-----	-----	-----
Total benefits and expenses	3,001.7	(17.3)	2,984.4	(20.9)	2,963.5
	-----	-----	-----	-----	-----
Income before income taxes, minority interest and extraordinary charge	496.7	17.3	514.0	20.9	534.9
Income tax expense	192.3	6.1 (2)	198.4	7.3 (7)	205.7
	-----	-----	-----	-----	-----
Income before minority interest and extraordinary charge	304.4	11.2	315.6	13.6	329.2
Minority interest in consolidated subsidiaries:					
Dividends on Company - obligated mandatorily redeemable preferred securities of subsidiary trusts	-	16.4 (3)	16.4	18.4 (8)	34.8
Dividends on preferred stock	8.7		8.7		8.7
Equity in earnings	12.6		12.6		12.6
	-----	-----	-----	-----	-----
Income before extraordinary charge	\$ 283.1	\$ (5.2)	\$ 277.9	\$ (4.8)	\$ 273.1
	=====	=====	=====	=====	=====
Earnings per common share and common equivalent share:					
Primary:					
Weighted average shares outstanding	75.7		75.7		75.7
	=====		=====		=====
Income before extraordinary charge	\$3.74		\$3.67		\$3.61
	=====		=====		=====
Fully diluted:					
Weighted average shares outstanding	76.0		76.0		76.0
	=====		=====		=====
Income before extraordinary charge	\$3.72		\$3.66		\$3.59
	=====		=====		=====

(a) Amounts are carried forward to page 34.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC AND SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31, 1995
(Amounts in millions, except per share amounts)
(unaudited)

	Pro forma Conseco subtotal(a) -----	ATC historical -----	Pro forma adjustments relating to the ATC Merger -----	Pro forma Conseco totals -----
Revenues:				
Insurance policy income	\$1,752.8	\$ 273.9	\$ -	\$2,026.7
Net investment income	1,461.1	23.2	1.8 (11)	1,486.1
Net trading income	2.5			2.5
Net realized gains	220.3	.2	2.0 (11)	222.5
Fee revenue	33.9			33.9
Restructuring income	15.2			15.2
Other income	12.6			12.6
Total revenues	----- 3,498.4	----- 297.3	----- 3.8	----- 3,799.5
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	1,261.4	172.9		1,434.3
Interest expense on annuities and financial products	758.5			758.5
Interest expense on notes payable	105.3	3.3	1.9 (12) (3.2) (13)	107.3
Interest expense on investment borrowings	30.2			30.2
Amortization related to operations	307.3	22.7	(22.7) (14) 23.5 (14) 14.4 (15)	345.2
Amortization related to realized gains	144.4			144.4
Other operating costs and expenses	356.4	63.7		420.1
Total benefits and expenses	----- 2,963.5	----- 262.6	----- 13.9	----- 3,240.0
Income before income taxes, minority interest and extraordinary charge	534.9	34.7	(10.1)	559.5
Income tax expense	205.7	11.0	1.5 (16)	218.2
Income before minority interest and extraordinary charge	329.2	23.7	(11.6)	341.3
Minority interest in consolidated subsidiaries:				
Dividends on Company - obligated mandatorily redeemable preferred securities of subsidiary trusts	34.8			34.8
Dividends on preferred stock	8.7			8.7
Equity in earnings	12.6			12.6
Income before extraordinary charge	----- \$ 273.1 =====	----- \$ 23.7 =====	----- \$ (11.6) =====	----- \$ 285.2 =====

Earnings per common share and
common equivalent share:

Primary:

Weighted average shares outstanding	75.7 ====	10.4 (17) =====	86.1 =====
Income before extraordinary charge	\$3.61 =====		\$3.31 =====

Fully diluted:

Weighted average shares outstanding	76.0 =====	14.4 (17) =====	90.4 =====
Income before extraordinary charge	\$3.59 =====		\$3.15 =====

(a) Amounts have been carried forward from page 33.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1996
(Dollars in millions)
(unaudited)

	Conseco as reported -----	Pro forma adjustments relating to the TOPrS Offering -----	Pro forma for the TOPrS Offering -----	Pro forma adjustments relating to the TruPS Offering -----	Pro forma Conseco subtotal (a) -----
Assets					
Investments:					
Actively managed fixed maturity securities at fair value	\$15,959.8	\$ -	\$15,959.8	\$ -	\$15,959.8
Held-to-maturity fixed maturity securities	-		-		-
Equity securities at fair value	104.2		104.2		104.2
Mortgage loans	372.5		372.5		372.5
Credit-tenant loans	393.8		393.8		393.8
Policy loans	526.0		526.0		526.0
Other invested assets	211.0		211.0		211.0
Short-term investments	212.3	265.5 (4) (265.5)(4)	212.3	321.3 (9) (321.3)(9)	212.3
Assets held in separate accounts	300.4		300.4		300.4
	-----	-----	-----	-----	-----
Total investments	18,080.0	-	18,080.0	-	18,080.0
Accrued investment income	276.7		276.7		276.7
Cost of policies purchased	1,847.1		1,847.1		1,847.1
Cost of policies produced	541.0		541.0		541.0
Reinsurance receivables	400.6		400.6		400.6
Income taxes	138.9		138.9		138.9
Goodwill	1,524.7		1,524.7		1,524.7
Property and equipment	105.9		105.9		105.9
Securities segregated for future redemption of redeemable preferred stock of a subsidiary	45.0		45.0		45.0
Other assets	216.1		216.1		216.1
	-----	-----	-----	-----	-----
Total assets	\$23,176.0 =====	\$ - =====	\$23,176.0 =====	\$ - =====	\$23,176.0 =====

(a) Amounts are carried forward to page 36.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1996
(Dollars in millions)
(unaudited)

	Pro forma Conseco subtotal(a)	ATC historical	Pro forma adjustments relating to the ATC Merger	Pro forma Conseco totals
	-----	-----	-----	-----
Assets				
Investments:				
Actively managed fixed maturity securities at fair value	\$15,959.8	\$ 689.7	\$ -	\$16,649.5
Held-to-maturity fixed maturity securities	-			
Equity securities at fair value	104.2			104.2
Mortgage loans	372.5	.4		372.9
Credit-tenant loans	393.8			393.8
Policy loans	526.0			526.0
Other invested assets	211.0			211.0
Short-term investments	212.3	12.2	(30.4) (18) 30.4 (19)	224.5
Assets held in separate accounts	300.4			300.4
	-----	-----	-----	-----
Total investments	18,080.0	702.3	-	18,782.3
Accrued investment income	276.7	7.7		284.4
Cost of policies purchased	1,847.1	10.9	268.8 (20) (10.9) (20)	2,115.9
Cost of policies produced	541.0	168.7	(168.7) (21)	541.0
Reinsurance receivables	400.6			400.6
Income taxes	138.9		(27.1) (22) (26.2) (22)	85.6
Goodwill	1,524.7		562.8 (23)	2,087.5
Property and equipment	105.9	3.9		109.8
Securities segregated for future redemption of redeemable preferred stock of a subsidiary	45.0			45.0
Other assets	216.1	14.1		230.2
	-----	-----	-----	-----
Total assets	\$23,176.0	\$ 907.6	\$ 598.7	\$24,682.3
	=====	=====	=====	=====

(a) Amounts have been carried forward from page 35.

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO, INC. AND SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 1996
(Dollars in millions)
(unaudited)

	Conseco as reported	Pro forma adjustments relating to the TOPrS Offering	Pro forma for the TOPrS Offering	Pro forma adjustments relating to the TruPS Offering	Pro forma Conseco subtotal	ATC Historical	Pro forma adjustments relating to the ATC Merger	Pro forma Conseco totals
Liabilities:								
Insurance liabilities	\$18,150.7	\$ -	\$18,150.7	\$ -	\$18,150.7	\$ 586.3	\$ -	\$18,737.0
Income tax liabilities	-	-	-	-	-	26.2	(26.2)(22)	-
Investment borrowings	539.4	-	539.4	-	539.4	-	-	539.4
Other liabilities	482.0	-	482.0	-	482.0	10.9	11.3 (24)	504.2
Liabilities related to separate accounts	300.1	-	300.1	-	300.1	-	-	300.1
Notes payable of Conseco	1,169.0	(265.5)(4)	903.5	(321.3)(9)	582.2	102.9	30.4 (19) 135.7 (24)	851.2
Notes payable of Bankers Life Holding Corporation, not direct obligations of Conseco	418.1	-	418.1	-	418.1	-	-	418.1
Notes payable of American Life Holdings, Inc., not direct obligations of Conseco	13.0	-	13.0	-	13.0	-	-	13.0
Total liabilities	21,072.3	(265.5)	20,806.8	(321.3)	20,485.5	726.3	151.2	21,363.0
Minority interest in consolidated subsidiaries:								
Company - obligated mandatorily redeemable preferred securities of subsidiary trusts	-	275.0 (5)	275.0	325.0 (10)	600.0	-	-	600.0
Preferred stock	92.5	-	92.5	-	92.5	-	-	92.5
Common stock	55.3	-	55.3	-	55.3	-	-	55.3
Shareholders' equity:								
Preferred stock	267.1	-	267.1	-	267.1	-	-	267.1
Common stock and additional paid-in capital	1,054.5	(9.5)(5)	1,045.0	(3.7)(10)	1,041.3	64.4	(64.4)(25) 628.8 (25)	1,670.1
Unrealized appreciation (depreciation) of securities	(47.0)	-	(47.0)	-	(47.0)	(10.3)	10.3 (25)	(47.0)
Retained earnings	681.3	-	681.3	-	681.3	127.2	(127.2)(25)	681.3
Total shareholders' equity	1,955.9	(9.5)	1,946.4	(3.7)	1,942.7	181.3	447.5	2,571.5
Total liabilities and shareholders' equity	\$23,176.0	\$ -	\$23,176.0	\$ -	\$23,176.0	\$907.6	\$ 598.7	\$24,682.3

The accompanying notes are an integral part of the pro forma consolidated financial statements.

CONSECO AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

PRO FORMA ADJUSTMENTS

TRANSACTIONS RELATING TO THE TOPrS OFFERING

On November 19, 1996, a subsidiary trust of Conseco issued TOPrS having an aggregate liquidation amount of \$275 million and a distribution rate of 9.16 percent. The subsidiary used the proceeds from the sale of such securities to purchase subordinated deferrable interest debentures of Conseco in an aggregate principal amount equivalent to the aggregate liquidation amount of the TOPrS that were issued. The subordinated deferrable interest debentures bear interest at a rate of 9.16 percent. Conseco used the proceeds from the sale of the subordinated deferrable interest debentures to reduce its notes payable.

- (1) Interest expense is reduced to reflect the repayment of \$265.5 million aggregate principal amount of Conseco's notes payable.
- (2) The pro forma adjustment is tax affected, based on Conseco's effective tax rate of 35 percent.
- (3) Minority interest is adjusted to reflect the distribution (net of the related tax benefit) on the TOPrS.
- (4) Notes payable are reduced to reflect the repayment of \$265.5 million aggregate principal amount of Conseco's notes payable using the net proceeds from the TOPrS Offering.
- (5) The Company's minority interest in consolidated subsidiaries is increased by the aggregate liquidation amount of the TOPrS. Issuance and other transaction costs related to the TOPrS Offering are charged to paid-in capital.

TRANSACTIONS RELATING TO THE TruPS OFFERING

On November 27, 1996, another subsidiary trust of Conseco issued TruPS having an aggregate liquidation amount of \$325 million and a distribution rate of 8.70 percent. The subsidiary used the proceeds from the sale of such securities to purchase Conseco subordinated deferrable interest debentures with an aggregate principal amount equivalent to the aggregate liquidation amount of the TruPS that were issued. The subordinated deferrable interest debentures of Conseco bear interest at a rate of 8.70 percent. Conseco used the proceeds from the sale of the subordinated deferrable interest debentures to reduce its notes payable.

- (6) Interest expense is reduced to reflect the repayment of \$321.3 million aggregate principal amount of Conseco's notes payable.
- (7) The pro forma adjustment is tax affected, based on Conseco's effective tax rate of 35 percent.
- (8) Minority interest is adjusted to reflect the distribution (net of the related tax benefit) on the TruPS.
- (9) Notes payable are reduced to reflect the repayment of \$321.3 million aggregate principal amount of Conseco's notes payable using the net proceeds from the TruPS Offering.
- (10) The Company's minority interest in consolidated subsidiaries is increased by the aggregate liquidation amount of the TruPS. Issuance and other transaction costs related to the TruPS Offering are charged to paid-in capital.

CONSECO AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Transactions relating to the ATC Merger

The ATC Merger, completed on December 17, 1996, is accounted for under the purchase method of accounting. Under this method, the total cost to acquire ATC is allocated to the assets and liabilities acquired based on their fair values as of the date of the ATC Merger, with any excess of the total purchase cost over the fair value of the assets acquired less the fair value of the liabilities assumed recorded as goodwill. The ATC Merger did not qualify to be accounted for under the pooling of interests method in accordance with APB No. 16 because an affiliate of ATC sold a portion of the Conseco common stock it received in the ATC Merger shortly after the consummation of the ATC Merger. In the ATC Merger, each outstanding share of ATC common stock was exchanged for .5836 of a share of Conseco's common stock. Conseco issued approximately 10.4 million shares of Conseco common stock or common stock equivalents with a value of \$628.8 million to acquire ATC's common stock. In addition, Conseco assumed the ATC convertible subordinated debentures, which are convertible into approximately 4.0 million shares of Conseco common stock with a value of \$238.6 million. In addition, Conseco accrued estimated costs related to the ATC Merger (including contract termination, relocation, legal, accounting and other costs) of approximately \$30.4 million.

The cost to acquire ATC is allocated as follows (dollars in millions):

Book value of assets acquired based on the assumed date of the ATC Merger (September 30, 1996)	\$181.3
Convertible subordinated debentures assumed by Conseco at the assumed date of the ATC Merger.....	102.9
Increase (decrease) in ATC's net asset value to reflect estimated fair value and asset reclassifications at the assumed date of the ATC Merger:	
Cost of policies purchased (related to the ATC Merger).....	268.8
Cost of policies produced and cost of policies purchased (historical).....	(179.6)
Goodwill (related to the ATC Merger).....	562.8
Income taxes.....	(27.1)
Other liabilities.....	(11.3)

Total estimated fair value adjustments.....	613.6

Total cost to acquire ATC.....	\$897.8
	=====

Adjustments to the pro forma consolidated statement of operations to give effect to the ATC Merger as of January 1, 1995, are summarized below.

(11) Net investment income and net realized gains of ATC are adjusted to include the effect of adjustments to restate the amortized cost basis of fixed maturity securities to their estimated fair value.

(12) Interest expense is increased to reflect the increase in borrowings under Conseco's bank credit facilities used to complete the ATC Merger.

A change in interest rates of .5 percent on the additional borrowings under Conseco's bank credit facilities used to complete the ATC Merger would result in: (1) an increase (or decrease) in pro forma interest expense of \$.2 million and \$.1 million for the year ended December 31, 1995, and the nine months ended September 30, 1996, respectively; and
(2) a decrease (or increase) in pro forma net income of \$.1 million and \$.1 million for the same respective periods.

(13) Interest expense is reduced to reflect the amortization of the liability established at the date of the ATC Merger representing the present value of the interest payable on ATC's convertible subordinated debentures to October 1, 1998 (the earliest call date), less the present value of the dividends that would be paid on Conseco's common stock that such debentures would be convertible into during the same period.

CONSECO AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(14) Amortization of the cost of policies produced and the cost of policies purchased prior to the ATC Merger is replaced with the amortization of the cost of policies purchased (amortized in relation to estimated premiums on the policies purchased with interest equal to the liability rate which averages 5.5 percent).

(15) Amortization of goodwill acquired in the ATC Merger is recognized over a 40-year period on a straight-line basis.

(16) Reflects the tax adjustment for the pro forma adjustments at the appropriate rate for the specific item.

(17) Common shares outstanding are increased to reflect the Consecos shares issued in the ATC Merger. Fully diluted shares also include Consecos shares which will be issued when ATC's convertible subordinated debentures are converted.

Adjustments to the pro forma consolidated balance sheet to give effect to the ATC Merger as of September 30, 1996, are summarized below.

(18) Cash is reduced for payments made to complete the ATC Merger.

(19) Short-term investments and notes payable of Consecos are increased for additional borrowings by Consecos to complete the ATC Merger.

(20) ATC's historical cost of policies purchased is eliminated and replaced with the cost of policies purchased recognized in the ATC Merger. Cost of policies purchased reflects the estimated fair value of ATC's business in force and represents the portion of the cost to acquire ATC that is allocated to the value of the right to receive future cash flows from the acquired policies.

The 18 percent discount rate used to determine such value is the rate of return required by Consecos to invest in the business being acquired. In determining such rate of return, the following factors are considered:

- The magnitude of the risks associated with each of the actuarial assumptions used in determining the expected cash flows.
- Cost of capital available to fund the acquisition.
- The perceived likelihood of changes in insurance regulations and tax laws.
- Complexity of the acquired company.
- Prices paid (i.e., discount rates used in determining valuations) on similar blocks of business sold recently.

The value allocated to the cost of policies purchased is based on a preliminary valuation; accordingly, this allocation may be adjusted upon final determination of such value. Expected gross amortization of such value using current assumptions and accretion of interest based on an interest rate equal to the liability rate (such rate averages 5.5 percent) for each of the years in the five-year period ending September 30, 2001, are as follows (dollars in millions):

Year ending September 30, -----	Beginning balance -----	Gross amortization -----	Accretion of interest -----	Net amortization -----	Ending balance -----
1997	\$268.8	\$35.4	\$14.2	\$21.2	\$247.6
1998	247.6	32.3	12.9	19.4	228.2
1999	228.2	29.6	12.0	17.6	210.6
2000	210.6	27.3	10.9	16.4	194.2
2001	194.2	25.2	10.1	15.1	179.1

(21) ATC's cost of policies produced is eliminated since such amounts are reflected in the determination of the cost of policies purchased.

CONSECO AND SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(22) All of the applicable pro forma balance sheet adjustments are tax affected at the appropriate rate. Deferred tax liabilities of ATC are netted against deferred tax assets of Conseco.

(23) Goodwill acquired in the ATC Merger is recognized.

(24) Notes payable are increased to reflect the fair value of ATC's convertible subordinated debentures at the date of the ATC Merger. Such fair value represents the value of the Conseco common stock which ATC's convertible subordinated debentures will be convertible into after the ATC Merger. It is assumed that the holders of such debentures do not convert into Conseco common stock at the time of the ATC Merger.

In addition, a liability is established representing the present value of the interest payable on such debentures to October 1, 1998 (the earliest call date), less the present value of the dividends that would be paid on the Conseco common stock that such debentures would be convertible into during the same period.

(25) The prior shareholders' equity of ATC is eliminated in conjunction with the ATC Merger. Common stock and additional paid-in capital is increased by the value of the Conseco common stock issued in the ATC Merger.

CONSECO, INC. AND SUBSIDIARIES

ITEM 7(c). EXHIBITS.

(c) Exhibits

2.6 Agreement and Plan of Merger dated as of August 25, 1996, by and between Conseco, Inc. and American Travellers Corporation*

4.17 Credit Agreement dated November 22, 1996 among Conseco, Inc. as Borrower; the several banks listed on the signature pages thereto; the managing agents listed on the signature page thereto; Bank of America National Trust and Savings Association, as Syndication Agent for the Banks; First Union National Bank of North Carolina, as Documentation Agent for the Banks; and NationsBank, N.A. (South), as Administrative Agent for the Banks.

* Previously filed with Form 8-K dated August 25, 1996.

SIGNATURE

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

Date: December 19, 1996

CONSECO, INC.

By: /s/ ROLLIN M. DICK

Rollin M. Dick
Executive Vice President
and Chief Financial Officer

CREDIT AGREEMENT

among

CONSECO, INC., as Borrower,

The several Banks
listed on the signature pages hereto,

The Managing Agents
listed on the signature pages hereto,

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,**
as Syndication Agent for the Banks,

FIRST UNION NATIONAL BANK OF NORTH CAROLINA,
as Documentation Agent for the Banks,

and

NATIONSBANK, N.A. (SOUTH),
as Administrative Agent for the Banks

Dated as of November 22, 1996

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EXHIBITS

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Exhibit B - Form of Committed Note

Exhibit C - Form of Competitive Bid

Exhibit D - Form of Competitive Bid Request Exhibit E - Form of Invitation for Competitive Bids Exhibit F - Form of Notice of Borrowing

Exhibit G - Form of Notice of Conversion/Continuation Exhibit H - Form of Swingline Note

Exhibit I - Eurodollar Funding Loss Determination Methodology Exhibit J - Conesco Corporate Structure Exhibit K - Form of Compliance

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is entered into as of November 22, 1996 (the "Effective Date"), among CONSECO, INC., an Indiana corporation (the "Borrower"), the several financial institutions from time to time party to this Agreement (herein, together with any Eligible Assignees thereof, collectively called the "Banks" and each individually, a "Bank"), the Managing Agents listed on the signature pages hereto, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as syndication agent for the Banks (herein in such capacity, together with any successors thereto in such capacity, called the "Syndication Agent"), FIRST UNION NATIONAL BANK OF NORTH CAROLINA, as documentation agent for the Banks (herein in such capacity, together with any successors thereto in such capacity, called the "Documentation Agent"), and NATIONSBANK, N.A. (SOUTH) ("NationsBank"), as administrative agent for the Banks (herein in such capacity, together with any successors thereto in such capacity, called the "Administrative Agent").

Background

WHEREAS, the Borrower has requested that the Banks provide a \$1,400,000,000 credit facility for the purposes hereinafter set forth; and

WHEREAS, the Banks have agreed to make the requested credit facility available to the Borrower on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Absolute Rate" shall have the meaning set forth in Section 2.4(c)(ii)(D).

"Absolute Rate Auction" shall mean a solicitation of Competitive Bids setting forth Absolute Rates pursuant to Section 2.4.

"Absolute Rate Loan" shall mean a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

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"Acquisition" shall mean any transaction or series of transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity securities (or warrants, options, or other rights to acquire any of the foregoing) of any Person, or otherwise causing any Person to become a Subsidiary of the Borrower, or (c) a merger or consolidation or any other combination of the Borrower or one of its Subsidiaries with another Person (other than a Person that is a Subsidiary of the Borrower immediately prior to such merger or consolidation); provided that, in the case of any merger, consolidation or other combination of the Borrower, the Borrower shall be the surviving entity, in each case subject to and to the extent permitted by this Agreement.

"Adjusted CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the CD Reserve Percentage and (b) the CD Assessment Rate, plus the Eurodollar Rate Committed Margin. For purposes of this definition, the following terms shall have the following meanings:

"Three-Month Secondary CD Rate" means, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or if such day is not a Business Day, the next following Business Day) by the FRB through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under current practices of the FRB, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate is not so reported, the average (rounded upwards to the nearest 1/100th of 1%) of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day or next preceding Business Day by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; "CD Reserve Percentage" means for any day as applied to any calculation of the Adjusted CD Rate, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the FRB for determining the maximum reserve requirement for a Depository Institution (as defined in Regulation D of the FRB) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more; and "CD Assessment Rate" means for any day the net annual assessment rate (rounded upwards, if necessary, to the next 1/100 of 1%) determined by the Administrative Agent to be payable on such day to the Federal Deposit Insurance Corporation or any successor ("FDIC") for FDIC's insuring time deposits made in Dollars at offices of the Administrative Agent in the United States.

"Adjusted CD Rate Loan" shall mean a Swingline Loan that bears interest based on the Adjusted CD Rate.

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"Administrative Agent" shall have the meaning set forth in the Preamble hereof.

"Administrative Agent's Office" shall mean 101 North Tryon Street, 15th Floor, Independence Center, Charlotte, North Carolina 28255, or such other address designated by the Administrative Agent (or any successor agent) to the Borrower and the Banks from time to time.

"Affected Bank" shall have the meaning set forth in Section 5.4.

"Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, owns, holds, controls, is controlled by or is under common control with such Person (including all beneficial control as a trustee, guardian or other fiduciary). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities, membership interests, by contract or otherwise.

"Agents" shall mean, collectively, the Administrative Agent, the Syndication Agent, the Documentation Agent, and the Managing Agents.

"Agreement" shall mean this Credit Agreement, as amended or modified.

"ALH" shall mean American Life Holdings, Inc., a Delaware corporation.

"ALHC" shall mean American Life Holding Company, a Delaware corporation.

"ALHC Preferred Stock" shall mean ALHC's \$2.16 Redeemable Cumulative Preferred Stock, par value \$.01 and its \$2.32 Redeemable Cumulative Preferred Stock, par value \$.01.

"Amounts Available for Dividends" shall mean, without duplication, the maximum amount of dividends the Insurance Subsidiaries are permitted to pay under the Applicable Insurance Code of their respective state of domicile without necessitating approval of the applicable Department.

"Annual Statement" shall mean, as to any Insurance Subsidiary, the annual financial statement of such Insurance Subsidiary as required to be filed with the applicable Department, together with all exhibits or schedules filed therewith, prepared in conformity with SAP. References to amounts on particular exhibits, schedules, lines, pages and columns of the Annual Statement are based on the format

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promulgated by the NAIC for 1995 Life, Accident and Health Insurance Company Annual Statements. If such format is changed in future years so that different information is contained in such items or they no longer exist, it is understood that the reference is to information consistent with that reported in the referenced item in the 1995 Annual Statement of such Insurance Subsidiary.

"Applicable Insurance Code" shall mean, as to any Insurance Subsidiary, the insurance code of any state where such Insurance Subsidiary is domiciled or doing insurance business and any successor statute of similar import, together with the regulations thereunder, as amended or otherwise modified and in effect from time to time. References to sections of the Applicable Insurance Code shall be construed to also refer to successor sections.

"Arranger" shall mean NationsBanc Capital Markets, Inc.

"Assignment Agreement" shall have the meaning set forth in Section 14.1.

"ATC" shall mean American Travellers Corp., a Pennsylvania corporation.

"Average Life" shall mean, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing (a) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness multiplied by the amount of such scheduled principal payment by (b) the sum of all such scheduled principal payments.

"B-Share Financings" shall mean the financing of fees or commissions related to B-Shares.

"B-Shares" shall mean those shares of ownership representing a mutual interest in a pool of assets on which 12b-1 fees or contingent deferred sales commissions (CDSC), as defined under the Investment Company Act of 1940, are applicable.

"Banks" or "Bank" shall have the meaning set forth in the Preamble hereof.

"Bank Default" shall mean (a) the refusal (which has not been retracted) of a Bank to make available its Percentage of any Committed Loans when required hereunder or (b) a Bank having notified the Administrative Agent and/or the Borrower that it does not intend to comply with its obligations under Section 2.1 to the extent required thereunder.

"Base Rate" shall mean, for any day, the higher of (a) 0.50% per annum above the latest Federal Funds Effective Rate and (b) the rate of interest in effect for such day as publicly announced from time to time by NationsBank in Charlotte, North Carolina, as

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its "prime rate." The "prime rate" is a rate set by NationsBank based upon various factors including NationsBank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by NationsBank shall take effect at the opening of business on the date specified in the public announcement of such change.

"Base Rate Loan" shall mean a Committed Loan or Swingline Loan that bears interest based on the Base Rate.

"Bid Borrowing" shall mean a Borrowing hereunder consisting of one or more Bid Loans made to the Borrower on the same day by one or more Banks.

"Bid Loan(s)" shall mean a Loan(s) by a Bank(s) to the Borrower under Section 2.3, which may be an Absolute Rate Loan or a Eurodollar Rate Bid Loan.

"Bid Loan Bank(s)" shall mean, in respect of any Bid Loan, the Bank(s) making such Bid Loan to the Borrower.

"Bid Note" shall mean a promissory note, substantially in the form of Exhibit A with blanks appropriately completed in conformity herewith, evidencing Bid Loans, or any promissory note or promissory notes issued in substitution or replacement therefor.

"BLC" shall mean Bankers Life & Casualty Company, an Illinois insurance corporation.

"BLHC" shall mean Bankers Life Holding Corp., a Delaware corporation.

"BLHC Credit Agreement" shall mean the Credit Agreement, dated as of February 16, 1996, by and among BLHC, the lenders named therein, the managing agents named therein and First Union National Bank of North Carolina, as administrative agent.

"BLHC Debt" shall mean the outstanding obligations of BLHC under the BLHC Credit Agreement.

"BNL" shall mean Bankers National Life Insurance Company, a Texas stock insurance corporation.

"Borrower" shall have the meaning set forth in the Preamble hereof.

"Borrowing" shall mean a borrowing hereunder consisting of Loans of the same Type made to the Borrower on the same day by the Banks under Section 2, and may be a Committed Borrowing or a Bid Borrowing and, other than in the case of Base Rate Loans, having the same Interest Period.

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"Borrowing Date" shall mean any date on which a Borrowing occurs under Section 2.

"BSL" shall mean Beneficial Standard Life Insurance Company, a California corporation.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Charlotte, North Carolina are authorized or required by law to close and, if the applicable Business Day relates to any Eurodollar Rate Loan, shall mean such a day on which dealings in Dollar deposits are also carried on in the London interbank market.

"CAF" shall mean Capitol American Financial Corp., an Ohio corporation.

"Calculation Period" shall mean, with respect to any ratio or calculation, the period for which such ratio or calculation is being calculated.

"Capital and Surplus" shall mean, as to any Insurance Subsidiary, as of any date, the total amount shown on line 38, page 3, column 1 of the Annual Statement of such Insurance Subsidiary, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared.

"Capitalized Lease Liabilities" shall mean, with respect to any Person, all monetary obligations of such Person under any leasing or similar arrangement which, in accordance with GAAP, would be classified as a capitalized lease, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, 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.

"Cash Collateral Account" shall mean the deposit account, account number 3750790683 or any replacement thereof, maintained in the name of, and subject to the sole dominion and control of, the Administrative Agent for the benefit of the Banks for the purpose of holding Net Proceeds from a Disposition that the Borrower elects, in accordance with Section 4.4(a), not to immediately apply to the Liabilities or, to the extent required under the Indentures, the Conseco Senior Note Obligations and the CCPI Senior Note Obligations.

"Cash Equivalents" shall mean (a) securities with maturities of one (1) year or less from the date of determination issued or fully guaranteed or insured by the United States Government, or any instrumentality or agency thereof, (b) certificates of deposit, eurodollar time deposits, overnight bank deposits, bankers' acceptances and repurchase agreements of any Bank or any

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other commercial bank whose unsecured long-term debt obligations are rated at least "BBB-" by Standard & Poor's, "Baa-3" by Moody's, "BBB-" by Duff & Phelps, "BBB-" by Fitch Investors Services, Inc. or "NAIC 2" by the NAIC having maturities of six (6) months or less from the date of determination and (c) commercial paper having maturities of six (6) months or less from the date of determination rated at least "A-2" by Standard Poor's, "P-2" by Moody's, "D-2" by Duff & Phelps, "F-2" by Fitch Investors Services, Inc. or "NAIC 2" by the NAIC, or carrying an equivalent rating by a nationally recognized rating agency, if all of the named rating agencies cease publishing ratings of investments.

"CBOs" shall mean notes or other instruments (other than CMOs) secured by collateral consisting primarily of debt securities and/or other types of debt obligations, including loans.

"CCPI" shall mean CCP Insurance, Inc., an Indiana corporation, which merged into the Borrower.

"CCPI Indenture" shall mean the Indenture, dated as of December 15, 1994, between CCPI and LTCB Trust Company, as trustee, as the same may be amended or modified in accordance with the terms of this Agreement. The obligations of CCPI were assumed by the Borrower on account of the merger of CCPI into the Borrower.

"CCPI Senior Note Obligations" shall mean the Obligations (as defined in the CCPI Indenture) of CCPI with respect to the Securities (as defined in the CCPI Indenture), such Obligations having been assumed by the Borrower on account of the merger of CCPI into the Borrower.

"CCPI Senior Notes" shall mean the 10-1/2% Senior Notes due 2004 of CCPI assumed by the Borrower pursuant to the merger of CCPI into the Borrower, as the same may be amended or modified in accordance with the terms of this Agreement.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" shall mean the Comprehensive Environmental Response, Compensation and Liability Information System List.

"Change in Control" shall be deemed to have occurred at such times as:

- (a) any Person, or two or more Persons, acting in concert, directly or indirectly acquire after the Closing Date beneficial ownership (within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended) of 30% or more of the outstanding shares of voting stock of the Borrower (other than the officers and directors of the Borrower in place as of the Effective Date) or
- (b) individuals who as of the Closing Date constituted the Borrower's Board of Directors (together with any new director whose election by the Borrower's Board of Directors

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or whose nomination for election by the Borrower's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved), for any reason, cease to constitute a majority of the directors at any time then in office.

"Charges" shall have the meaning set forth in Section 4.8.

"Closing Date" shall mean the date on which all conditions precedent set forth in Section 11 are satisfied or waived by all Banks or, with respect to the payment of any fee payable hereunder, waived by the Person entitled to receive such payment.

"Closing Date Subsidiaries" shall mean the Wholly-Owned Subsidiaries of the Borrower as of the Closing Date and the Initial Acquired Companies.

"CMOs" shall mean notes or other instruments secured by collateral consisting primarily of mortgages, mortgage-backed securities and/or other types of mortgage-related obligations.

"CMO Derivative Investments" shall mean Z bonds, floaters/inverse floaters, PAC II, PAC III, Ioettes, support bonds, interest-only investments, principal-only investments, residuals, inverse IO's and super floaters.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, or, as the context requires, applicable provisions of prior laws.

"Commitments" shall mean, collectively, the Revolving Commitments and the Swingline Commitment.

"Committed Borrowing" shall mean a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Percentages and, in the case of Eurodollar Rate Committed Loans, having the same Interest Periods.

"Committed Loan" shall mean a Loan by a Bank to the Borrower under Section 2.1, which may be a Base Rate Loan or a Eurodollar Rate Committed Loan.

"Committed Loan(s)" shall have the meaning set forth in Section 2.1.

"Committed Notes" shall mean promissory notes, substantially in the form of Exhibit B with blanks appropriately completed in conformity herewith, evidencing Committed Loans, or any promissory note or promissory notes issued in substitution or replacement therefor.

"Competitive Bid" shall mean an offer by a Bank to make a Bid Loan in substantially the form of Exhibit C.

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"Competitive Bid Request" shall mean a competitive bid request in substantially the form of Exhibit D.

"Compliance Certificate" shall have the meaning set forth in Section 8.1.5.

"Conseco Indenture" shall mean the Indenture, dated as of February 18, 1993, between Conseco, Inc. and Shawmut Bank Connecticut, National Association, as trustee, as the same may be amended or modified in accordance with the terms of this Agreement.

"Conseco Series E Preferred Stock" shall mean \$900,000,000 stated value of the Borrower's Series E Preferred Stock, par value \$.001 per share.

"Conseco Senior Note Obligations" shall mean the Obligations (as defined in the Conseco Indenture) of the Borrower with respect to the Securities (as defined in the Conseco Indenture).

"Conseco Senior Notes" shall mean the 8-1/8% Senior Notes due 2003 of the Borrower, as the same may be amended or modified in accordance with the terms of this Agreement.

"Contingent Obligation" shall mean any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the debt, obligation or other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person; provided, that (i) the obligations of any Person under Reinsurance Agreements and Surplus Relief Reinsurance Agreements or in connection with Investments of Insurance Subsidiaries permitted by Section 9.10 and (ii) the obligations of the Borrower in connection with its guaranty of the TOPrS shall not be deemed Contingent Obligations of any such Person or the Borrower, as applicable. The amount of any Person's liability with respect to any Contingent Obligation shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum outstanding principal amount, if larger) of the debt, obligation or other liability outstanding thereunder.

"Contingent Payment Note" shall mean that certain promissory note, dated September 29, 1994, in the original principal amount of \$46,000,000 made by ALH in favor of Boatmen's Trust Company, as trustee.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of

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trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Controlled Group" shall mean all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under section 414(b) or section 414(c) of the Code or section 4001 of ERISA. For purposes of this definition, the term "the Borrower" shall be deemed to include any and all Subsidiaries of the Borrower.

"Conversion/Continuation Date" shall mean any date on which, under Section 2.7, the Borrower (a) converts Committed Loans of one Type to Committed Loans of another Type, or (b) continues as Eurodollar Rate Committed Loans of the same Type, but with a new Interest Period, Eurodollar Rate Committed Loans having Interest Periods expiring on such date.

"Credit Tenant Loans" shall mean mortgage loans which are made primarily in reliance on the credit standing of a major tenant, structured with an assignment of the rental payments to the lender with real estate property pledged as collateral in the form of a first lien.

"Debt to Total Capitalization Ratio" shall mean, for any Calculation Period, the ratio of (a) the principal of and accrued but unpaid interest on all Indebtedness for borrowed money of the Borrower or any Closing Date Subsidiary for which the Borrower or any such Closing Date Subsidiary, respectively, is directly liable and which is not a Contingent Obligation (calculated excluding Permitted Transactions) to (b) Total Capitalization (calculated excluding Permitted Transactions).

"Default" shall mean any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Bank(s)" shall mean any Bank(s) with respect to which a Bank Default is in effect.

"Department" shall mean, with respect to any Insurance Subsidiary, the Governmental Authority of such Insurance Subsidiary's state of domicile with whom such Insurance Subsidiary is required to file its Annual Statement.

"Disposition" shall have the meaning set forth in Section 4.3.

"Documentation Agent" shall have the meaning set forth in the Preamble hereof.

"Dollars" and the sign "\$" shall mean lawful money of the United States of America.

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"Duff & Phelps" shall mean Duff & Phelps Credit Rating Co., Inc.

"Effective Date" shall have the meaning set forth in the Preamble hereof.

"Eligible Assignee" shall mean any bank, pension fund, mutual fund, investment fund or other financial institution (other than an insurance company or any Affiliate of an insurance company except those to which the Borrower consents).

"Environmental Claims" shall mean all claims, complaints, notices or inquiries, however asserted or made, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon the presence, placement, discharge, emission or release (including intentional or unintentional, negligent or non-negligent, sudden or non-sudden, accidental or non-accidental, placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, or from property, whether or not owned by the Borrower.

"Environmental Laws" shall mean all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances, codes and guidelines (including common law, consent decrees and administrative orders), together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters; including CERCLA, the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act and any other applicable laws of any jurisdiction.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Eurodollar Rate" shall mean, for the Interest Period for each Eurodollar Loan comprising part of the same Borrowing (including conversions, extensions and renewals), a per annum interest rate determined pursuant to the following formula:

Eurodollar Rate = London Interbank Offered Rate

1 - Eurodollar Reserve Percentage

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"Eurodollar Rate Auction" shall mean a solicitation of Competitive Bids setting forth a Eurodollar Rate Bid Margin pursuant to Section 2.4.

"Eurodollar Rate Bid Loan" shall mean any Bid Loan that bears interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Rate Bid Margin" shall have the meaning set forth in Section 2.4(c)(ii)(C).

"Eurodollar Rate Committed Loan" shall mean any Committed Loan that bears interest at a rate determined by reference to the Eurodollar Rate.

"Eurodollar Rate Committed Margin" shall have the meaning set forth in Section 3.1(a)(iii).

"Eurodollar Rate Loans" shall mean, collectively, Eurodollar Rate Committed Loans and Eurodollar Rate Bid Loans.

"Eurodollar Reserve Percentage" shall mean for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Loans is determined), whether or not a Bank has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to a Bank. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" shall have the meaning set forth in Section 12.1.

"Existing Credit Agreement" shall mean the Credit Agreement, dated as of August 31, 1995, as amended and restated as of April 12, 1996, and as amended by Amendment No.1 to the Credit Agreement dated as of October 4, 1996, among the Borrower, the lenders party thereto and the agents party thereto including Bank of America National Trust and Savings Association, as administrative agent.

"Federal Funds Effective Rate" shall mean, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption

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"Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 A.M. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Fee Letter" shall mean that certain letter, dated as of September 16, 1996 between NationsBank and the Borrower.

"Fiscal Quarter" or "FQ" shall mean any fiscal quarter of a Fiscal Year.

"Fiscal Year" or "FY" shall mean any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "1995 Fiscal Year") refer to the Fiscal Year ending on the December 31 occurring during such calendar year.

"Fixed Interest Charges" shall mean, for any Calculation Period, (a) interest paid or, without duplication, accrued but unpaid on the Loans with respect to such Calculation Period, plus (b) interest paid or, without duplication, accrued but unpaid on the Senior Notes during such Calculation Period, plus (c) interest paid or, without duplication, accrued but unpaid on any Indebtedness set forth in clauses (a) and (b) of the definition thereof during such Calculation Period, minus (d) interest paid or, without duplication, accrued but unpaid on any Indebtedness which has been eliminated from the balance sheet liabilities of the Borrower on a consolidated basis in accordance with GAAP.

"FRB" shall mean the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"GAAP" shall mean generally accepted accounting principles in the United States of America as from time to time in effect.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Hazardous Material" shall mean: (a) any "hazardous substance," as defined by CERCLA; (b) any "hazardous waste," as defined by the Resource Conservation and Recovery Act, as amended; (c) any petroleum product; or (d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement

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(including consent decrees and administrative orders) relating or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"Hedging Obligations" shall mean, with respect to the Borrower, all liabilities of the Borrower under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements or agreements designed to protect the Borrower against fluctuations in interest rates or currency exchange rates.

"IMR/AVR" shall mean, as to any of the Insurance Subsidiaries at a particular date, the interest maintenance reserve of such Insurance Subsidiaries, computed in accordance with SAP as reported on line 11.4, page 3, column 1 of the Annual Statement plus the asset valuation reserve of such insurance Subsidiary, computed in accordance with SAP as reported on line 24.1, page 3, column 1 of the Annual Statement.

"Income Taxes" shall mean any Taxes in which the base is measured by net income.

"Indebtedness" shall mean, with respect to any Person at any date, without duplication: (a) all obligations of such Person for borrowed money or in respect of loans or advances; (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (c) all obligations in respect of letters of credit, whether or not drawn, and bankers' acceptances issued for the account or upon the application or request of such Person; (d) all Capitalized Lease Liabilities of such Person; (e) all Hedging Obligations of such Person; (f) all obligations of such Person to pay the deferred purchase price of property or services which are included as liabilities in accordance with GAAP, and Indebtedness secured by a Lien on property owned or being purchased by such Person (including Indebtedness arising under conditional sales or other title retention agreements); (g) any Indebtedness of a partnership in which such Person is a general partner; and (h) all Contingent Obligations of such Person in connection with the foregoing.

"Indemnified Parties" shall have the meaning set forth in Section 15.5.

"Indentures" shall mean, collectively, the Conseco Indenture, the CCPI Indenture and the Subordinated Indentures.

"Initial Acquired Companies" shall mean ATC, CAF, TH and BLHC.

"Initial Indebtedness to be Refinanced" shall mean the Indebtedness of the Borrower under (i) the Existing Credit Agreement in an aggregate amount not to exceed \$500,000,000, plus accrued interest thereon, and (ii) the promissory note dated

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September 30, 1996 in favor of NationsBank in an aggregate amount not to exceed \$100,000,000, plus accrued interest thereon.

"Insurance Subsidiary" shall mean any Subsidiary of the Borrower that is authorized or admitted to carry on or transact one or more aspects of the business of selling, issuing or underwriting insurance or reinsurance.

"Interest Coverage Ratio" shall mean, for any Calculation Period, the ratio of (a) the sum of (i) Amounts Available for Dividends directly to the Borrower from the Insurance Subsidiaries, plus (ii) interest paid with respect to the Surplus Debentures, plus (iii) Net Cash Available from the Non-Insurance Subsidiaries, plus (iv) the amount of Taxes paid or, without duplication, accrued but unpaid to the Borrower under the Tax Sharing Agreement, plus (v) management and other fees received by the Borrower under the Servicing Agreements or otherwise, plus (vi) the Borrower's Investment Income received in cash, minus (vii) the amount of Taxes paid or, without duplication, accrued but unpaid by the Borrower, minus (viii) cash operating expenses of the Borrower, minus (ix) capital expenditures of the Borrower, minus (x) principal and interest payments made or, without duplication, interest accrued but unpaid on intercompany loans by the Borrower and its Subsidiaries, minus (xi) dividends paid, in cash, to BNL by the Borrower on the Conseco Series E Preferred Stock to the extent permitted by this Agreement to (b) Fixed Interest Charges. The Interest Coverage Ratio and the component amounts referenced herein shall be calculated on the last day of each Fiscal Quarter for the immediately preceding four (4) consecutive Fiscal Quarters; provided that for the Fiscal Quarter ending December 31, 1996, the foregoing shall be calculated for the immediately preceding Fiscal Quarter; for the Fiscal Quarter ending March 31, 1997, the foregoing shall be calculated for the immediately preceding Fiscal Quarter; for the Fiscal Quarter ending June 30, 1997, the foregoing shall be calculated for the immediately preceding two (2) consecutive Fiscal Quarters; and for the Fiscal Quarter ending September 30, 1997, the foregoing shall be calculated for the immediately preceding three (3) consecutive Fiscal Quarters.

"Interest Payment Date" shall mean, as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the last Business Day of each calendar month for all or any portion of any such Base Rate Loan outstanding during such calendar month; provided, however, that (a) if any Interest Period for a Eurodollar Rate Committed Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, (b) as to any Bid Loan, such intervening dates prior to the maturity thereof as may be specified by the Borrower and agreed to by the applicable Bid Loan Bank in the applicable Competitive Bid shall also be Interest Payment Dates and (c) as to any Swingline Loan, all interest shall be due and payable on the last Business Day of each calendar month for all

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or any portion of any such Swingline Loan outstanding during such calendar month.

"Interest Period" shall mean (a) as to any Eurodollar Rate Committed Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which such Loan is converted into or continued as a Eurodollar Rate Committed Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation, (b) as to any Eurodollar Rate Bid Loan, the period commencing on the Borrowing Date of such Loan and ending on the date one, two or three months thereafter as selected by the Borrower in the applicable Competitive Bid Request, (c) as to any Absolute Rate Loan, a period of not less than fourteen (14) days and not more than ninety (90) days as selected by the Borrower in the applicable Competitive Bid Request and (d) as to any Swingline Loan, a period commencing in each case on the date of the borrowing and ending on the date agreed to by the Borrower and the Swingline Lender in accordance with the provisions of Section 2.10 (such ending date in any event to be not more than seven (7) Business Days from the date of borrowing); provided that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless, with respect to any Eurodollar Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) with respect to any Eurodollar Rate Loan, any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Loan shall extend beyond the maturity date of such Loan.

"Investment" shall mean any investment in any Person, whether by means of share purchase, capital contribution, loan, time deposit, or otherwise.

"Investment Grade Securities" shall mean (a) (i) non-equity securities which are rated "BBB-" or better by Standard & Poor's, "Baa-3" or better by Moody's, "BBB-" or better by Duff & Phelps, or "NAIC 2" or better by the NAIC and (ii) municipal bonds which are rated "SP-2" or better by Standard & Poor's, "Baa-3" or "MIG4" or better by Moody's, "BBB-" or better by Duff & Phelps or "NAIC 2" or better by the NAIC, or, in each case, carrying an equivalent rating by a nationally recognized rating agency, if all of the named rating agencies cease publishing ratings of

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investments, and (b) direct mortgage loans which are secured by leases with lessees which have outstanding securities described in clause (a) of this definition.

"Investment Income" shall mean, (a) as to any Person which is an Insurance Subsidiary as of any date, the amount reported on line 4, page 4, column 1 of the Annual Statement, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared but exclusive of earnings of any Insurance Subsidiaries of such Person and, (b) as to any Person which is not an Insurance Subsidiary, the amount of earnings of such Person on Investments, net of expenses actually incurred in connection with such Investments and taking into account realized gains and losses on such Investments.

"Invitation for Competitive Bids" shall mean a solicitation for Competitive Bids in substantially the form of Exhibit E.

"Lending Office" shall mean, with respect to any Bank, any office designated by such Bank in its sole discretion beneath its signature hereto (or in an Assignment Agreement) or otherwise from time to time by written notice to the Borrower and the Administrative Agent, as a Lending Office for purposes hereunder. A Bank may designate separate Lending Offices for the purposes of making, maintaining or continuing Base Rate Loans or Eurodollar Rate Committed Loans and maintaining Eurodollar Rate Bid Loans and, with respect to Eurodollar Rate Loans, such Lending Office may be a foreign branch or an Affiliate of such Bank or such Bank's holding company.

"Liabilities" shall mean all obligations of the Borrower to the Banks, the Administrative Agent, the Syndication Agent, the Documentation Agent, the Managing Agents or the Arranger, howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due, which arise out of or in connection with this Agreement, the Notes, if any, or the other Loan Documents.

"Licenses" shall have the meaning set forth in Section 7.22.

"Lien" shall mean any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), claim or other priority or preferential arrangement of any kind or nature whatsoever.

"Litigation" shall mean any litigation (including, without limitation, any governmental proceeding or arbitration proceeding), tax audit or investigative proceeding, claim, lawsuit, and/or investigation pending or threatened against or involving the Borrower or any of its Subsidiaries or any of its or their businesses or operations.

"Loans" shall mean, collectively, the Committed Loans, the Bid Loans and the Swingline Loans.

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"Loan Documents" shall mean, collectively, this Agreement, the Notes and any and all other documents or instruments furnished or required to be furnished in connection with any of the foregoing, as the same may be amended or modified in accordance with this Agreement.

"London Interbank Offered Rate" shall mean, with respect to any Eurodollar Loan for the Interest Period applicable thereto, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period and for an amount comparable to such Eurodollar Loan; provided, however, if more than one rate is specified on Telerate Page 3750, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Loan for the Interest Period applicable thereto, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period and for an amount comparable to such Eurodollar Loan; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

"Managing Agents" shall mean the Banks listed on the signature pages hereto having the title of Managing Agent in their signature block.

"Material Adverse Change" or "Material Adverse Effect" shall mean any change, event, action, condition or effect which individually or in the aggregate (a) impairs the validity or enforceability of this Agreement or any other Loan Document, or (b) materially and adversely affects the consolidated business, operations, financial prospects or condition of the Borrower and its Subsidiaries taken as a whole, or (c) materially impairs the ability of the Borrower to perform its obligations under this Agreement or any of the other Loan Documents.

"Material Litigation" or "Material Litigation Development" shall mean any Litigation, or development in any Litigation, as the case may be, (a) which seeks to enjoin, prohibit, discontinue or otherwise impacts the validity or enforceability of this Agreement or any of the other Loan Documents or other transactions contemplated hereby or thereby, or (b) which could be reasonably expected to have a Material Adverse Effect.

"Moody's" shall mean Moody's Investors Service, Inc. and any successor thereto.

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"Multiemployer Pension Plan" shall mean a multiemployer plan as defined in section 4001(a)(3) of ERISA to which the Borrower or any other Controlled Group member may have liability.

"NAIC" shall mean the National Association of Insurance Commissioners, or any successor organization.

"Net Cash Available" shall mean, without duplication, for any direct Non-Insurance Subsidiary of the Borrower (a) Net Income of such Subsidiary plus (b) any non-cash expenses of such Subsidiary deducted in determining Net Income less (c) any non-cash income of such Subsidiary included in determining such Net Income.

"Net Income" shall mean, for any Person for any Calculation Period, the net income (or loss) of such Person for such period as determined in accordance with GAAP.

"Net Proceeds" shall mean, with respect to any Disposition by any Person, the aggregate amount of cash and readily marketable Cash Equivalents received by such Person in respect of such Disposition minus the sum of (a) reasonable costs and expenses (including costs of discontinuance and Taxes other than Income Taxes) incurred in connection with such Disposition and required to be paid in cash, (b) the estimated Income Tax to be paid by such Person in connection with such Disposition and (c) for an Insurance Subsidiary, the Statutory Carrying Value of the assets which were the subject of such Disposition plus any amounts which the Department will not permit such Insurance Subsidiary to pay out as a result of such Disposition. Upon calculation of Net Proceeds, the Borrower shall deliver to the Administrative Agent an accounting of the items deducted from the cash or Cash Equivalents related to such Disposition pursuant to clauses (a), (b) and (c). For purposes of this definition, the Net Proceeds received by any Person in respect of any Disposition shall include such cash or Cash Equivalents as may be received ("subsequent cash proceeds") by such Person at any time or from time to time in connection with the sale, transfer, lease or other disposition, or otherwise in respect of, any consideration other than cash or readily marketable Cash Equivalents received by such Person in respect of such Disposition, less the estimated Income Tax to be paid in connection with the receipt of such subsequent cash proceeds that were not theretofore deducted in computing Net Proceeds.

"Nonconsenting Bank" shall have the meaning set forth in Section 15.2.

"Non-Insurance Subsidiary" shall mean any Subsidiary which is not an Insurance Subsidiary.

"Notes" shall mean, collectively, the Committed Notes, the Bid Notes and the Swingline Note.

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"Notice of Borrowing" shall mean a notice in substantially the form of Exhibit F.

"Notice of Conversion/Continuation" shall mean a notice in substantially the form of Exhibit G.

"Participation Interest" shall mean, the extension of credit by a Bank by way of a purchase of a participation in Swingline Loans as provided in Section 2.10(b)(iii).

"Pension Plan" shall mean a Single Employer Pension Plan, or a Multiemployer Pension Plan to which the Borrower or any other Controlled Group member may have liability.

"Percentage" shall mean, relative to any Bank, the percentage set forth opposite such Bank's name on Schedule 1.1-A (or set forth in an Assignment Agreement), as such Percentage may be adjusted from time to time pursuant to Assignment Agreement(s) executed by such Bank and its Eligible Assignee and delivered pursuant to Section 14.1.

"Permitted Liens" shall have the meaning set forth in Section 9.2.

"Permitted Transactions" shall mean (a) mortgage-backed security transactions in which an investor sells mortgage collateral, such as securities issued by the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation for delivery in the current month while simultaneously contracting to repurchase "substantially the same" (as determined by the Public Securities Association and GAAP) collateral for a later settlement, (b) transactions in which an investor lends cash to a primary dealer and the primary dealer collateralizes the borrowing of the cash with certain securities, (c) transactions in which an investor lends securities to a primary dealer and the primary dealer collateralizes the borrowing of the securities with cash collateral, (d) transactions in which an investor makes loans of securities to a broker-dealer under an agreement requiring such loans to be continuously secured by cash collateral or United States government securities and (e) transactions in which the Federal Home Loan Mortgage Bank of Pittsburgh ("FHLMBP") makes loans to the Borrower, which are sufficiently secured by appropriate assets of the Borrower consisting of government agency mortgage-backed securities, in accordance with the rules, regulations and guidelines of the FHLMBP for its loan programs.

"Person" shall mean any individual, sole proprietorship, partnership, limited liability company, limited liability partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

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"Process Agent" shall have the meaning set forth in Section 15.11.

"Purchase Agreements" shall mean (i) the Agreement and Plan of Merger dated as of August 25, 1996 by and between Conseco, Inc. and American Travellers Corporation, (ii) Agreement and Plan of Merger by and among Conseco, Inc., CAF Acquisition Company and Capitol American Financial Corporation dated as of August 25, 1996, (iii) Agreement and Plan of Merger dated as of September 25, 1996 by and between Conseco, Inc. and Transport Holdings Inc. and (iv) the purchase agreement(s) between Conseco, Inc. and one or more sellers relating to the purchase of BLHC Stock.

"Purchase Money Debt" shall mean Indebtedness incurred by a Person in connection with the purchase of fixed or capital assets by such Person, in which such assets the seller or financier thereof has taken or retained a Lien therein, provided that any such Lien attaches to such assets concurrently with or within sixty (60) days after the purchase thereof by such Person.

"Qualification" shall mean, with respect to any certificate covering financial statements or any financial statements, a qualification to such certificate or financial statements (such as a "subject to" or "except for" statement therein) (a) resulting from a limitation on the scope of examination of such financial statements or the underlying data, (b) as to the capability of the Person whose financial statements are certified to continue operations as a going concern, or (c) which could be eliminated by changes in financial statements or notes thereto covered by such certificate (such as by the creation of or increase in a reserve or a decrease in the carrying value of assets) and which if so eliminated by the making of any such change and after giving effect thereto would result in the occurrence of a Default, provided, that neither of the following shall constitute a Qualification: (i) a consistency exception relating to a change in accounting principles with which the independent public accountants for the Person whose financial statements are being certified have concurred; or (ii) a qualification relating to the outcome or disposition of threatened Litigation, pending Litigation being contested in good faith, pending or threatened claims or contingencies which cannot be determined with sufficient certainty to permit such financial statements to not be qualified.

"Reference Departments" shall mean, collectively, the Department of the State of California, the State of Illinois, the State of Missouri, the State of Tennessee, the State of Texas, the State of Ohio, the State of Arizona, the State of Indiana, the Commonwealth of Kentucky, the Commonwealth of Massachusetts, the State of Mississippi, the State of Iowa, the State of Alabama and the Commonwealth of Pennsylvania.

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"Regulation D" shall mean Regulation D (or any successor regulation) promulgated by the FRB as from time to time in effect.

"Regulation G" shall mean Regulation G (or any successor regulation) promulgated by the FRB as from time to time in effect.

"Regulation U" shall mean Regulation U (or any successor regulation) promulgated by the FRB as from time to time in effect.

"Reinsurance Agreements" shall mean any agreement, contract, treaty, certificate or other arrangement (other than a Surplus Relief Reinsurance Agreement) by which any Insurance Subsidiary agrees to transfer or cede to another insurer all or part of the liability assumed or assets held by it under a policy or policies of insurance or under a reinsurance agreement assumed by it. Reinsurance Agreements shall include, but not be limited to, any agreement, contract, treaty, certificate or other arrangement (other than a Surplus Relief Reinsurance Agreement) which is treated as such by the applicable Department or Reference Department.

"Replaced Bank" shall have the meaning set forth in Section 5.8.

"Replacement Bank" shall have the meaning set forth in Section 5.8.

"Reportable Event" shall have the meaning assigned to such term in **ERISA**.

"Required Banks" shall mean (a) Banks (other than a Defaulting Bank) having at least 51% of the Revolving Commitments (excluding the Revolving Commitment of any Defaulting Bank) or, if the Revolving Commitments have terminated or expired, 51% of the aggregate principal amount of the Loans and Participation Interests outstanding at such time (excluding the Loans and Participation Interests of any Defaulting Bank) or (b) for purposes of amending or modifying the provisions of or waiving or curing a Default pursuant to Section 12.1.5 as a result of Section 9.8 or Section 12.1.9, Banks (other than a Defaulting Bank) having at least 66-2/3% of the Revolving Commitments (excluding the Revolving Commitment of any Defaulting Bank) or, if the Revolving Commitments have terminated or expired, 66-2/3% of the aggregate principal amount of the Loans outstanding and Participation Interests at such time (excluding the Loans and Participation Interests of any Defaulting Bank).

"Responsible Officer" shall mean, in the case of any Person, any of the following officers of such Person: the chief executive officer; the president; the chief financial officer; the chief operating officer; the chief investment officer; the general counsel; the secretary; the treasurer; any executive vice

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president; or any vice president with responsibility for or substantive knowledge of financial matters. If any of the titles of the preceding officers of such corporate Person are changed after the date hereof, the term "Responsible Officer" shall thereafter mean any officer performing substantially the same functions as are presently performed by one or more of the officers listed in the first sentence of this definition.

"Revolving Commitment" shall have the meaning set forth in Section 2.1.

"SAP" shall mean, as to any Insurance Subsidiary, the statutory accounting practices prescribed or permitted by the Department.

"Senior Note Documents" shall mean the Conseco Indenture, the CCPI Indenture, the Senior Notes and the other agreements and instruments pursuant to which the Senior Notes were issued, as the same may be amended or modified or supplemented in accordance with this Agreement.

"Senior Notes" shall mean, collectively, the Conseco Senior Notes and the CCPI Senior Notes.

"Servicing Agreements" shall mean, collectively, those agreements set forth on Schedule 1.1-B.

"Significant Subsidiary" shall mean any Subsidiary of the Borrower with, after the elimination of intercompany accounts, (a) assets which constituted at least 10% of the Borrower's consolidated total assets, or (b) revenues which constituted at least 10% of the Borrower's consolidated total revenues, or (c) net earnings which constituted at least 10% of the Borrower's consolidated total net earnings, all as determined as of the date of the Borrower's most recently prepared quarterly financial statements for the 12-month period then ended.

"Single Employer Pension Plan" shall mean a pension plan as such term is defined in section 3(2) of ERISA, other than a multiemployer plan as defined in section 4001(a)(3) of ERISA, to which the Borrower or any other Controlled Group member may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Solvent", as to any Person on a particular date, shall mean that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, Contingent Obligations, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (c) such Person is able to realize

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upon its assets and pay its debts and other liabilities, Contingent Obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged. For the purposes of this definition, in computing the amount of any Contingent Obligation at any time, it is intended that such Contingent Obligation will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group and any successor thereto.

"Statutory Carrying Value" shall mean, as to an asset of any Insurance Subsidiary, the value of such asset to be reflected in line 24, page 2, column 1 of the Annual Statement, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared.

"Statutory Liabilities" shall mean, with respect to any Insurance Subsidiary as of any date, the amount reported on line 28, page 3, column 1 of the Annual Statement of such Insurance Subsidiary, less IMR/AVR and less amounts under the Surplus Debenture constituting Statutory Liabilities on the Annual Statement, or an amount determined in a consistent manner for any date other than one as of which an Annual Statement is prepared.

"Subordinated Debenture Indenture" shall mean the Indenture, dated on or about November 20, 1996, between Conseco, Inc. and Fleet National Bank, as trustee, as the same may be amended or modified in accordance with the terms of this Agreement.

"Subordinated Debentures" shall mean the subordinated debt instruments issued by the Borrower pursuant to the Subordinated Debenture Indenture.

"Subordinated Indentures" shall mean, collectively, the Indenture, dated as of September 29, 1994, between ALHC Merger Corporation and LTCB Trust Company and First Supplemental Indenture thereto, dated as of September 29, 1994, between ALHC and LTCB Trust Company for the 11 1/4% Senior Subordinated Notes due 2004; the Indenture, dated as of April 21, 1993, between ALH and Boatmen's Trust Company and the Supplemental Indenture thereto, dated as of September 29, 1994, between ALH and Boatmen's Trust Company of the 6 1/4% Convertible Subordinated Debentures due 2003; the Indenture, dated as of November 1, 1992, between BLHC and The Connecticut National Bank for the Senior Subordinated Notes Due 2002; the Indenture, dated as of July 15,

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1992, between Life Partners Group, Inc. and NationsBank of Texas, N.A. for the 12 3/4% Senior Subordinated Notes Due 2002; and the Indenture, dated September 15, 1995, between ATC and American Bank, National Association for the 6.5% Convertible Subordinated Debentures due October 1, 2005, to be amended by the First Supplemental Indenture between the Borrower and Firststar Bank of Minnesota.

"Subsidiary" shall mean, as to any Person, any corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, association or other unincorporated organization of which or in which such Person and such Person's Subsidiaries own directly or indirectly 50% or more of (a) the combined voting power of all classes of stock having general voting power under ordinary circumstances to elect a majority of the board of directors, if it is a corporation, (b) the capital interest or partnership interest, if it is a partnership, joint venture or similar entity, or (c) the beneficial interest, if it is a trust, association or other unincorporated organization; provided that, with respect to any Investment made by the Borrower in any Person in the ordinary course of business solely for investment purposes, such Person shall not be considered a Subsidiary of the Borrower for purposes of this Agreement if such Person is not integral to the business or operations of the Borrower or any Significant Subsidiary and such Investment is otherwise permitted by Section 9.10.

"Substitute Bank" shall have the meaning set forth in Section 15.2.

"Surplus Debentures" shall mean, as to any Insurance Subsidiary, debt securities of such Insurance Subsidiary the proceeds of which are permitted to be included, in whole or in part, as Capital and Surplus of such Insurance Subsidiary as approved and permitted by the applicable Department.

"Surplus Relief Reinsurance Agreements" shall mean any agreement whereby any insurance company assumes or cedes business under a reinsurance agreement that would be considered a "financing-type" reinsurance agreement as determined in accordance with the Statement of Financial Accounting Standards 113 or any successor thereto.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding of up to the Swingline Committed Amount.

"Swingline Committed Amount" shall have the meaning set forth in Section 2.10(a).

"Swingline Lender" shall mean NationsBank.

"Swingline Loan" shall have the meaning set forth in Section 2.10(a).

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"Swingline Note" shall mean the promissory note of the Borrower in favor of the Swingline Lender in the original principal amount of \$50,000,000, as such promissory note may be amended, modified, restated or replaced from time to time.

"Tax Returns and Reports" shall mean all returns, reports and information required to be filed with any Governmental Authority with regard to Taxes.

"Tax Sharing Agreement" shall mean the tax sharing agreement dated February 29, 1989 among the Borrower and certain of its Subsidiaries.

"Taxes" or "Tax" shall mean all taxes of any nature whatsoever and however denominated, including, without limitation, retaliatory, income, premium, withholding, guaranty fund and similar assessments, excise, import, governmental fees, duties and all other charges, as well as additions to tax, penalties and interest thereon, imposed by any Governmental Authority.

"Termination Date" shall mean the earlier of (a) November 22, 2001 or
(b) the date of termination in whole of the Commitments pursuant to Section 4.1, 4.3 or 12.2.

"TH" shall mean Transport Holdings, Inc., a Delaware corporation.

"TOPrS" shall mean (a) the Trust Originated Preferred Securities in an aggregate face amount of up to \$1,000,000,000 (i) to be issued by one or more Delaware business trusts to be formed by the Borrower and (ii) guaranteed by the Borrower or (b) other similar securities with substantially similar terms, including specifically "TruPS", provided that the aggregate face amount thereof, together with the aggregate face amount of the securities described in clause
(a) of this definition, do not exceed \$1,000,000,000. Upon their issuance, the TOPrS will be sold in a public offering and the proceeds thereof shall be used to purchase the Borrower's Subordinated Debentures issued under the Subordinated Debenture Indenture.

"Total Capitalization" shall mean (a) principal and accrued and unpaid interest on all Indebtedness for borrowed money of the Borrower or any Closing Date Subsidiary for which the Borrower or any such Closing Date Subsidiary, respectively, is directly liable and which is not a Contingent Obligation (calculated excluding Permitted Transactions) plus (b) the Total Shareholders' Equity of the Borrower plus (c) the redemption value or liquidation preference (or if less, the purchase price), as applicable, of the ALHC Preferred Stock and the TOPrS (but only to the extent such values or an equivalent amount are not included in the calculation of amounts specified in clause (a) or (b) immediately above) plus (d) the minority interests in Subsidiaries recorded on the balance sheet of the Borrower, determined in accordance with GAAP (but only to the extent such

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interests are not included in the calculation of amounts specified in clause

(a), (b) or (c) immediately above), provided that (i) the Borrower or a Wholly-Owned Subsidiary of the Borrower owns 100% of the Voting Shares of any such Subsidiary or (ii) in the event that less than 100% of the Voting Shares of any such Subsidiary are owned by the Borrower or one of its Wholly-Owned Subsidiaries, the Borrower or such Wholly-Owned Subsidiary has guaranteed the Indebtedness of such Subsidiary.

"Total Shareholders' Equity" shall mean the total shareholders' equity of a Person as determined in accordance with GAAP (calculated excluding unrealized gains (losses) of securities as determined in accordance with FAS 115).

"Transferee" shall have the meaning set forth in Section 14.3.

"Type of Loan" or "Type" shall have the meaning set forth in Section

2.2. The Types of Loans under this Agreement are as follows: Base Rate Loans, Eurodollar Rate Loans and Absolute Rate Loans.

"U.S. Government Securities" shall mean obligations of, or obligations guaranteed as to principal and interest by, the United States Government or agency or instrumentality thereof.

"Voting Shares" shall mean, with respect to any Person, capital stock issued by such Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of any such contingency.

"Welfare Plan" shall mean a "welfare plan," as such term is defined in section 3(l) of ERISA to which the Borrower or any other Controlled Group member may have liability.

"Wholly-Owned Subsidiary" shall mean (i) any Person in which (other than directors' qualifying shares required by law) 100% of the capital stock or other ownership interests is owned, beneficially and of record, by such Person, or by one or more other Wholly-Owned Subsidiaries of such Person, or both, (ii) ALH and (iii) BLHC.

SECTION 1.2 Other Definitional Provisions.

(a) All terms defined in this Agreement shall have the above-defined meanings when used in any Loan Document, or any certificate, report or other document made or delivered pursuant to this Agreement, unless the context therein shall clearly otherwise require.

(b) The words "hereof," "herein," "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular

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provision of this Agreement. All references to sections and subsections in this Agreement shall be to sections and subsections of this Agreement unless otherwise specified or as the context shall clearly otherwise require.

(c) The words "amended or modified" when used in any Loan Document shall mean with respect to such Loan Document as from time to time, in whole or in part, amended, modified, supplemented, restated, refinanced, refunded or renewed.

(d) In the computation of periods of time in this Agreement from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

SECTION 1.3 Accounting and Financial Determinations. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Banks hereunder shall be prepared, in accordance with GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of GAAP applied on a consistent basis with the most recent annual or quarterly financial statements delivered pursuant to Section 8.1 (or, prior to the delivery of the first financial statements pursuant to Section 8.1, consistent with the financial statements as at September 30, 1996); provided, however, if

(a) the Borrower shall object to determining such compliance on such basis at the time of delivery of such financial statements due to any change in GAAP or the rules promulgated with respect thereto or (b) the Administrative Agent or the Required Banks shall so object in writing within 30 days after delivery of such financial statements, then such calculations shall be made on a basis consistent with the most recent financial statements delivered by the Borrower to the Banks as to which no such objection shall have been made.

SECTION 2. THE COMMITMENTS AND THE LOANS

Subject to the terms and conditions of this Agreement and relying on the representations and warranties herein set forth:

SECTION 2.1 Revolving Commitment. Each of the Banks, severally and for itself alone, agrees, on the terms and conditions set forth herein, to make loans (herein collectively called the "Committed Loans" and individually called a "Committed Loan") to the Borrower on a revolving basis from time to time from the Closing Date until the Termination Date in such Bank's Percentage of the aggregate amount of such Committed Loans as the Borrower may request from all Banks. The aggregate principal amount of the Committed Loans which any Bank shall be committed to have outstanding to the Borrower shall not at any one time exceed the amount set opposite such Bank's name on Schedule

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1.1-A. The foregoing commitment of each Bank is herein called its "Revolving Commitment" and for all Banks the "Revolving Commitments." The aggregate principal amount of the Committed Loans which all Banks shall be committed to have outstanding hereunder to the Borrower, together with the aggregate principal amount of all Bid Loans outstanding under Section 2.3, Swingline Loans outstanding under Section 2.10, and the Borrower's aggregate outstanding commercial paper shall not at any one time exceed \$1,400,000,000 (or such reduced amount as may be fixed pursuant to Sections 4.1, 4.9 and 12.2). Notwithstanding any terms or provisions of this Section 2.1 or any other Section of this Agreement to the contrary, until the BLHC Debt has been repaid in full and the commitments of the lenders under the BLHC Credit Agreement have been irrevocably terminated, \$400,000,000 of the aggregate Revolving Commitments shall be unavailable to the Borrower for any purpose other than for the repayment in full of the BLHC Debt.

SECTION 2.2 Procedure for Committed Borrowings.

(a) Each Committed Borrowing shall be made upon the Borrower's irrevocable written notice (or by telephone promptly confirmed in writing) delivered to the Administrative Agent in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to 11:00 A.M. (Charlotte, North Carolina time) (i) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Rate Committed Loans, and (ii) on the requested Borrowing Date, in the case of Base Rate Loans, specifying:

(A) the amount of such Committed Borrowing, which shall be in an aggregate minimum amount of \$3,000,000 or any integral multiple of \$1,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising such Committed Borrowing; and

(D) with respect to any Committed Borrowing comprised of Eurodollar Rate Committed Loans, the duration of the Interest Period applicable to such Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Eurodollar Rate Committed Loans, such Interest Period shall be three (3) months.

(b) The Administrative Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Percentage of the related Committed Borrowing.

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(c) Each Bank will make the amount of its Percentage of each Committed Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Office by 2:00 P.M. (Charlotte, North Carolina time) on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. The proceeds of all such Committed Loans will then be made available to the Borrower by the Administrative Agent by wire transfer in accordance with written instructions provided to the Administrative Agent by the Borrower of like funds as received by the Administrative Agent.

(d) After giving effect to any Committed Borrowing, there may not be more than fifteen (15) different Interest Periods in effect for all Committed Loans and Bid Loans then outstanding.

SECTION 2.3 Bid Borrowings. In addition to Committed Borrowings pursuant to Section 2.1, each Bank severally agrees that the Borrower may, as set forth in Section 2.4, from time to time from the Closing Date to the Termination Date, request the Banks to submit offers to make Bid Loans ("Bid Loans") to the Borrower; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Borrower may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans, plus the outstanding aggregate principal amount of all Committed Loans, plus the outstanding aggregate principal amount of all Swingline Loans made by the Swingline Lender, plus the Borrower's aggregate outstanding commercial paper exceed the aggregate Revolving Commitments, or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed fifteen (15).

SECTION 2.4 Procedure for Bid Borrowings. (a) When the Borrower wishes to request the Banks to submit offers to make Bid Loans hereunder, it shall transmit to the Administrative Agent by telephone call followed promptly by facsimile transmission of a Competitive Bid Request so as to be received no later than 11:00 A.M. (Charlotte, North Carolina time) (x) five Business Days prior to the date of a proposed Bid Borrowing in the case of a Eurodollar Rate Auction, or (y) three Business Days prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Borrowing, which shall be a minimum amount of \$10,000,000 or in integral multiples of \$1,000,000 in excess thereof;

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(iii) whether the Competitive Bids requested are to be for Eurodollar Rate Bid Loans or Absolute Rate Loans or both; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to Section 2.4(c), the Borrower may not request Competitive Bids for more than four Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five Business Days.

(b) Upon receipt of a Competitive Bid Request, the Administrative Agent will promptly send to the Banks by facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Borrower to each Bank to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.4.

(c)(i) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this Section 2.4(c) and must be submitted to the Administrative Agent by facsimile transmission at the Administrative Agent's office for notices set forth on the signature pages hereto not later than (1) 9:45 A.M. (Charlotte, North Carolina time) three Business Days prior to the proposed date of Borrowing, in the case of an Eurodollar Rate Auction or (2) 9:45 A.M. (Charlotte, North Carolina time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; provided that Competitive Bids submitted by the Administrative Agent (or any Affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such Affiliate notifies the Borrower of the terms of the offer or offers contained therein not later than (A) 9:30 A.M. (Charlotte, North Carolina time) three Business Days prior to the proposed date of Borrowing, in the case of a Eurodollar Rate Auction or (B) 9:30 A.M. (Charlotte, North Carolina time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall specify therein:

(A) the proposed date of Bid Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (1) may be equal to, greater than or

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less than the Revolving Commitment of the quoting Bank, (2) must be \$10,000,000 or in integral multiples of \$1,000,000 in excess thereof, and (3) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) in case the Borrower elects a Eurodollar Rate Auction, the margin above or below the Eurodollar Rate (the "Eurodollar Rate Bid Margin") offered for each such Bid Loan, expressed in multiples of 1/1000th of one basis point to be added to or subtracted from the applicable Eurodollar Rate and the Interest Period applicable thereto;

(D) in case the Borrower elects an Absolute Rate Auction, the rate of interest per annum expressed in multiples of 1/1000th of one basis point (the "Absolute Rate") offered for each such Bid Loan; and

(E) the identity of the quoting Bank.

A Competitive Bid may contain up to three separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit C or does not specify all of the information required by Section 2.4(c)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in Section 2.4(c)(i).

(d) Promptly on receipt and not later than 10:00 A.M. (Charlotte, North Carolina time) three Business Days prior to the proposed date of Borrowing in the case of a Eurodollar Rate Auction, or 10:00 A.M. (Charlotte, North Carolina time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Administrative Agent will notify the Borrower of the terms (i) of any Competitive Bid submitted by a Bank that is in accordance with Section 2.4(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank with respect to the same Competitive Bid Request. Any such subsequent Competitive Bid shall be disregarded by the Administrative

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Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in Section 2.4(c). The Administrative Agent's notice to the Borrower shall specify (x) the aggregate principal amount of Bid Loans for which Competitive Bids have been received for each Interest Period specified in the related Competitive Bid Request and (y) the respective principal amounts and Eurodollar Rate Bid Margins or Absolute Rates, as the case may be, so offered. Subject only to the provisions of Sections 5.3, 5.4 and 11 and the provisions of this Section 2.4(d), any Competitive Bid shall be irrevocable except with the written consent of the Administrative Agent given on the written instructions of the Borrower.

(e) Not later than 10:30 A.M. (Charlotte, North Carolina time) three Business Days prior to the proposed date of Borrowing, in the case of a Eurodollar Rate Auction, or 10:30 A.M. (Charlotte, North Carolina time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Borrower shall notify the Administrative Agent of its acceptance or non-acceptance of the Competitive Bids so notified to it pursuant to Section 2.4(d). The Borrower shall be under no obligation to accept any Competitive Bid and may choose to reject all Competitive Bids. In the case of acceptance, such notice shall specify the aggregate principal amount of Competitive Bids for each Interest Period that is accepted. The Borrower may accept any Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be at least \$10,000,000 or in any integral multiple of \$1,000,000 in excess thereof;

(iii) acceptance of Competitive Bids may only be made on the basis of ascending Eurodollar Rate Bid Margins or Absolute Rates within each Interest Period, as the case may be; and

(iv) the Borrower may not accept any Competitive Bid that is described in Section 2.4(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If Competitive Bids are made by two or more Banks with the same Eurodollar Rate Bid Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such Competitive Bids are permitted to be accepted for the related Interest Period, the principal amount of Bid Loans in respect of

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which such Competitive Bids are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in such integral multiples, not less than \$1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such Competitive Bids. Determination by the Administrative Agent of the amounts of Bid Loans shall be conclusive in the absence of manifest error.

(g)(i) The Administrative Agent will promptly notify each Bank having submitted a Competitive Bid if its Competitive Bid has been accepted and, if its Competitive Bid has been accepted, of the amount of the Bid Loan or Bid Loans to be made by it on the date of the related Bid Borrowing.

(ii) Each Bank, which has received notice pursuant to Section 2.4(g)(i) that its Competitive Bid has been accepted, shall make the amounts of such Bid Loans available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Office, by 2:00 P.M. (Charlotte, North Carolina time), on such date of Bid Borrowing, in funds immediately available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Office.

(iii) Promptly following each Bid Borrowing, the Administrative Agent shall notify each Bank of ranges of Competitive Bids submitted and the highest and lowest Competitive Bids accepted for each Interest Period requested by the Borrower and the aggregate amount borrowed pursuant to such Bid Borrowing.

(iv) From time to time, the Borrower and Banks shall furnish such information to the Administrative Agent as the Administrative Agent may request relating to the making of Bid Loans, including the amounts, interest rates, dates of borrowings and maturities thereof, for purposes of the allocation of amounts received from the Borrower for payment of all amounts owing hereunder.

(h) If, on or prior to the proposed date of Borrowing the Revolving Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 5.3, 5.4 and 11 are satisfied, the Banks whose Competitive Bids the Borrower has accepted will fund each Bid Loan so accepted. Nothing in this Section 2.4 shall be construed as a right of first offer in favor of the Banks or to otherwise limit the ability of the Borrower to request and accept credit facilities from any Person (including any of the Banks); provided that no Default would otherwise arise or exist as a result of the Borrower executing, delivering or performing under such credit facilities. If requested by a Bank making

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a Bid Loan, the Borrower shall furnish to such Bank an appropriately completed Bid Note, payable to the order of such Bank evidencing such Bank's Bid Loan(s).

SECTION 2.5 Types of Loans. The Loans shall be denominated as Base Rate Loans, Eurodollar Rate Loans and Absolute Rate Loans (each being herein called a "Type" of Loan), as the Borrower shall specify in the related Notice of Borrowing, Notice of Continuation/Conversion or Competitive Bid Request. Committed Loans and Bid Loans may be outstanding at the same time, provided that

(a) in the case of Committed Loans and Bid Loans outstanding, not more than fifteen (15) different Interest Periods shall be outstanding at any one time for all such Loans, and (b) the Borrower shall specify Types of Loans and Interest Periods such that no payment or prepayment of any principal on any Loan shall result in an interruption of any Interest Period.

SECTION 2.6 Funding Reliance for Committed Borrowings. Unless the Administrative Agent shall have been notified in writing by any Bank prior to a Borrowing that such Bank will not make available to the Administrative Agent the amount which would constitute its Percentage of the related Committed Borrowing, the Administrative Agent may assume that such Bank is making such amount available to the Administrative Agent and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent, the Administrative Agent shall be able to recover such corresponding amount from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent will promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from the Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent at a per annum rate equal to (i) from the Borrower at the applicable rate for such Committed Loan pursuant to the Notice of Borrowing and (ii) from a Bank at the Federal Funds Effective Rate.

SECTION 2.7 Conversion and Continuation Elections for Committed Borrowings.

(a) As to any Loans comprising a Committed Borrowing, the Borrower may, upon irrevocable written notice to the Administrative Agent in accordance with Section 2.7(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Eurodollar Rate Committed Loans, to convert any such Loans (or any part thereof in an amount not less than \$3,000,000, or

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that is in an integral multiple of \$1,000,000 in excess thereof) into any other Type of Committed Loans; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Eurodollar Rate Committed Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$3,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Eurodollar Rate Committed Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than \$3,000,000, such Eurodollar Rate Committed Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, Eurodollar Rate Committed Loans, as the case may be, shall terminate.

(b) The Borrower shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than 11:00 A.M. (Charlotte, North Carolina time) at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into or continued as Eurodollar Rate Committed Loans; and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Committed Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(D) in the case of conversions into or continuations of Eurodollar Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Rate Committed Loans, the Borrower has failed to select timely a new Interest Period to be applicable to such Eurodollar Rate Committed Loans or if any Default then exists, the Borrower shall be deemed to have elected to convert such Eurodollar Rate Committed Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Administrative Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Borrower, the Administrative Agent will promptly notify each Bank of the

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details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Required Banks otherwise agree, during the existence of a Default, the Borrower may not elect to have a Committed Loan converted into or continued as a Eurodollar Rate Committed Loan.

(f) After giving effect to any conversion or continuation of Committed Loans, there may not be more than fifteen (15) different Interest Periods in effect for all Loans (including Bid Loans then outstanding) hereunder.

SECTION 2.8 Repayment of Loans.

(a) Committed Loans. Subject to the provisions of Sections 4.1 and 4.3, the Committed Loans of each Bank shall be payable in full (and the Borrower agrees to pay such Committed Loans) on the Termination Date.

(b) Bid Loans. Subject to the provisions of Sections 4.1 and 4.3, each Bid Loan shall be payable in full (and the Borrower agrees to pay such Bid Loan) on the last day of the relevant Interest Period for such Bid Loan.

SECTION 2.9 Loan Accounts; Record Keeping.

(a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business and the Administrative Agent. The loan accounts or records maintained by the Administrative Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Borrower and the interest and payments thereon; provided, that in the event of a conflict between information recorded by the Administrative Agent and any Bank as to such Bank's Loans, the records of the Administrative Agent absent manifest error shall control. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligations of the Borrower hereunder or to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank made through the Administrative Agent, the Committed Loans made by such Bank may be evidenced by one or more Committed Notes and the Bid Loans made by such Bank may be evidenced by one or more Bid Notes, instead of or in addition to loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Bank is

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irrevocably authorized by the Borrower to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Borrower hereunder or under any such Note to such Bank.

SECTION 2.10 Swingline Loans.

(a) **Swingline Commitment.** Subject to the terms and conditions hereof and in reliance upon the representations and warranties herein set forth, the Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans requested by the Borrower in Dollars to the Borrower (each a "Swingline Loan" and, collectively, the "Swingline Loans") from time to time from the Closing Date until the Termination Date for the purposes hereinafter set forth; provided, however, (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed \$50,000,000 (the "Swingline Committed Amount"), and (ii) the aggregate principal amount of outstanding Committed Loans plus the aggregate principal amount of outstanding Bid Loans plus the aggregate principal amount of outstanding Swingline Loans plus the Borrower's aggregate outstanding commercial paper shall not exceed the aggregate Revolving Commitments. Swingline Loans hereunder shall be made as Base Rate Loans or Adjusted CD Rate Loans as the Borrower may request in accordance with the provisions of this Section 2.10, and may be repaid and reborrowed in accordance with the provisions hereof.

(b) Swingline Loan Advances.

(i) **Notices; Disbursement.** Whenever the Borrower desires a Swingline Loan advance hereunder it shall give written notice (or telephonic notice promptly confirmed in writing) to the Swingline Lender not later than 12:00 Noon (Charlotte, North Carolina time) on the Business Day of the requested Swingline Loan advance. Each such notice shall be irrevocable and shall specify (A) that a Swingline Loan advance is requested, (B) the date of the requested Swingline Loan advance (which shall be a Business Day) and (C) the principal amount of the Swingline Loan advance requested. Each Swingline Loan shall be made as a Base Rate Loan or an Adjusted CD Rate Loan and shall have such maturity date as the Swingline Lender and the Borrower shall agree upon receipt by the Swingline Lender of any such notice from the Borrower, such maturity date not to exceed seven (7) Business Days from the making of such Swingline Loan. The Swingline Lender shall initiate the transfer of funds representing the Swingline Loan advance to the Borrower by 3:00 P.M. (Charlotte, North

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Carolina time) on the Business Day of the requested borrowing.

(ii) Minimum Amounts. Each Swingline Loan advance shall be in a minimum principal amount of \$1,000,000 and in integral multiples of \$500,000 in excess thereof (or the remaining amount of the Swingline Committed Amount, if less).

(iii) Repayment of Swingline Loans. The principal amount of all Swingline Loans shall be due and payable on the earlier of (A) the maturity date agreed to by the Swingline Lender and the Borrower with respect to such Loan (which maturity date shall not be a date more than seven (7) Business Days from the date of advance thereof) or (B) the Termination Date. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and the Banks, demand repayment of its Swingline Loans by way of a Committed Loan advance, in which case the Borrower shall be deemed to have requested a Committed Loan advance comprised solely of Base Rate Loans in the amount of such Swingline Loans; provided, however, that any such demand shall be deemed to have been given one Business Day prior to the Termination Date and on the date of the occurrence of any Event of Default described in Section 12.1 and upon acceleration of the indebtedness hereunder and the exercise of remedies in accordance with the provisions of Section 12.2. Each Bank hereby irrevocably agrees to make its Percentage share of each such Committed Loan in the amount, in the manner and on the date specified in the preceding sentence notwithstanding (I) the amount of such borrowing may not comply with the minimum amount for advances of Committed Loans otherwise required hereunder, (II) whether any conditions specified in Section 11.3 are then satisfied, (III) whether a Default then exists, (IV) failure of any such request or deemed request for a Committed Loan to be made by the time otherwise required hereunder, (V) whether the date of such borrowing is a date on which Committed Loans are otherwise permitted to be made hereunder or (VI) any termination of the Revolving Commitments relating thereto immediately prior to or contemporaneously with such borrowing. In the event that any Committed Loan cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower), then each Bank hereby agrees that it shall forthwith purchase (as of the date such borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as

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shall be necessary to cause each such Bank to share in such Swingline Loans ratably based upon its Percentage of the Commitments (determined before giving effect to any termination of the Commitments pursuant to Section 4.1), provided that (A) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective Participation Interest is purchased and (B) at the time any purchase of Participation Interests pursuant to this sentence is actually made, the purchasing Bank shall be required to pay to the Swingline Lender, to the extent not paid to the Swingline Lender by the Borrower in accordance with the terms of this clause (iii), interest on the principal amount of the Participation Interest purchased for each day from and including the day upon which such borrowing would otherwise have occurred to but excluding the date of payment for such Participation Interest, at the rate equal to the Federal Funds Effective Rate.

(c) Swingline Note. The Swingline Loans shall be evidenced by a duly executed promissory note of the Borrower to the Swingline Lender in an original principal amount equal to the Swingline Committed Amount substantially in the form of Exhibit H.

SECTION 3. INTEREST AND FEES, ETC.

SECTION 3.1 Interest Rates. (a) With respect to each Committed Loan, the Borrower hereby promises to pay interest on the unpaid principal amount thereof for the period commencing on the Borrowing Date of such Loan until such Loan is paid in full, as follows:

(i) At all times while such Loan or any portion thereof is a Base Rate Loan, at a rate per annum equal to the Base Rate from time to time in effect.

(ii) At all times while such Loan or any portion thereof is a Eurodollar Rate Committed Loan, at a rate per annum equal to the Eurodollar Rate from time to time in effect plus the Eurodollar Rate Committed Margin (as hereinafter defined).

(iii) For purposes hereof, the Eurodollar Rate Committed Margin (the "Eurodollar Rate Committed Margin") shall be determined based on the higher of the then current rating of the Borrower's Senior Notes by Standard & Poor's and Duff & Phelps as follows:

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Eurodollar Rate Committed Margin

Standard & Poor's: A		
Duff & Phelps: A		
	or above	.225%
Standard & Poor's: A-		
Duff & Phelps: A-		.275%
Standard & Poor's: BBB+		
Duff & Phelps: BBB+		.350%
Standard & Poor's: BBB		
Duff & Phelps: BBB		.375%
Standard & Poor's: BBB-		
Duff & Phelps: BBB-		.475%
Standard & Poor's: BB+		
Duff & Phelps: BB+		
	or below	.75%

provided, however, in the event of a split by Standard & Poor's and Duff & Phelps of more than one rating level, the Eurodollar Rate Committed Margin will be based on the level one rating below the highest level of the two split levels. If the Debt to Total Capitalization Ratio shall, as of the end of any Fiscal Quarter occurring on or after December 31, 1997, be greater than or equal to 35% for the applicable Calculation Period, then each of the foregoing percentages will be increased by 0.125% effective on such date; provided, however, if subsequent to any such increase, the Debt to Total Capitalization Ratio shall, as of the end of any Fiscal Quarter, be less than 35% for the applicable Calculation Period, such 0.125% increase shall be eliminated. Any adjustment in the Eurodollar Rate Committed Margin as a result of a change in the rating of the Borrower's Senior Notes by Standard & Poor's and/or Duff & Phelps shall be effective as of the effective date of the change in such rating; provided that, in no event will the Eurodollar Rate Committed Margin be reduced at any time when a Default has occurred and is continuing.

(b) With respect to each Bid Loan, the Borrower hereby promises to pay interest on the unpaid principal amount thereof for the period commencing on the Borrowing Date of such Loan until such Loan is paid in full at a rate per annum equal to the Eurodollar Rate plus the Eurodollar Rate Bid Margin, or the Absolute Rate, as the case may be.

(c) With respect to each Swingline Loan, the Borrower hereby promises to pay interest on the unpaid principal amount thereof for the period commencing on the Borrowing Date of such Loan until such Loan is paid in full at a rate

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per annum equal to the Base Rate or the Adjusted CD Rate, as the case may be.

Notwithstanding any other provision to the contrary set forth in this Credit Agreement, in the event that the principal amount of any Adjusted CD Rate Loan is not repaid on the last day of the Interest Period for such Loan, then such Loan shall be automatically converted into a Base Rate Loan at the end of such Interest Period.

SECTION 3.2 Default Interest Rate. Notwithstanding the provisions of Section 3.1, in the event that any Default under Section 12.1.3 or any Event of Default shall occur, the Borrower hereby promises to pay, automatically in the case of a Default under Section 12.1.3 or upon demand therefor by the Administrative Agent for any Event of Default, interest on the unpaid principal amount of the Loans (and interest thereon to the extent permitted by law) for the period commencing on the date of such Default or demand until such Loans are paid in full or such Default or Event of Default is cured or waived in accordance with Sections 12.2 and 15.1 at a rate per annum equal to the Base Rate from time to time in effect (but not less than the Base Rate as at such date of demand), plus the Eurodollar Rate Committed Margin then in effect, plus two percent (2%) per annum.

SECTION 3.3 Interest Payment Dates. Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 4.1 or Section 4.3 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and during the existence of any Event of Default, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Required Banks. After maturity, accrued interest on the Loans shall be payable on demand.

SECTION 3.4 Setting and Notice of Rates. The applicable Eurodollar Rate shall be determined by the Administrative Agent. Each determination of the applicable Eurodollar Rate shall be conclusive and binding upon the parties hereto, in the absence of demonstrable error. If the Administrative Agent is unable to determine such a rate, the provisions of Section 5.3 shall apply. The Administrative Agent shall, upon written request of the Borrower or any Bank, deliver to the Borrower or such Bank a statement showing the computations used by the Administrative Agent in determining any applicable Eurodollar Rate hereunder.

SECTION 3.5 Computation of Fees and Interest. Fees and interest on Eurodollar Rate Loans and Absolute Rate Loans shall be computed for the actual number of days elapsed on the basis of a 360-day year, and interest on Base Rate Loans and Adjusted CD Rate Loans shall be computed for the actual number of days elapsed on the basis of a 365-day year. Each determination of an interest rate by the Administrative Agent shall be conclusive and

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binding on the Borrower and the Banks in the absence of manifest error.

SECTION 3.6 Fees. The Borrower agrees to pay the following fees (all such fees being nonrefundable):

(a) The Borrower agrees to pay the fees set forth in the Fee Letter for the sole benefit of the Arranger and the Administrative Agent; and

(b) Without duplication, the Borrower agrees to pay to the Administrative Agent, for the benefit of the Banks (other than a Defaulting Bank) ratably according to their respective Percentage, a non-use fee on the average daily unused Revolving Commitments (without regard to any Bid Loans or Swingline Loans then outstanding), payable quarterly in arrears on the last Business Day of each Fiscal Quarter (commencing with the first such date occurring after the Closing Date for the period from the Closing Date through and including such date) and on the Termination Date at a rate per annum equal to an amount determined based on the higher of the then current rating of the Senior Notes by Standard & Poor's and Duff & Phelps as follows:

Non-Use Fee Rate

Standard & Poor's: A		
Duff & Phelps: A		
or above		.08%
Standard & Poor's: A-		
Duff & Phelps: A-		.10%
Standard & Poor's: BBB+		
Duff & Phelps: BBB+		.125%
Standard & Poor's: BBB		
Duff & Phelps: BBB		.125%
Standard & Poor's: BBB-		
Duff & Phelps: BBB-		.175%
Standard & Poor's: BB+		
Duff & Phelps: BB+		
or below		.25%

provided, however, in the event of a split by Standard & Poor's and Duff & Phelps of more than one rating level, the applicable non-use rate will be based on the level one rating below the highest level of the two split levels. Any adjustment in the non-use fee set forth in this clause (b) as a result of a change in the rating of the Borrower's Senior Notes by Standard & Poor's and/or Duff & Phelps shall be effective as of the effective date of the change in such rating.

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SECTION 4. PAYMENTS AND PREPAYMENTS

SECTION 4.1 Voluntary Termination or Reduction of Revolving Commitments. Subject to Section 5.5, the Borrower may, upon not less than five

(5) Business Days' irrevocable prior written notice to the Administrative Agent (which shall promptly advise each Bank thereof), terminate the Revolving Commitments or permanently reduce the Revolving Commitments by an aggregate minimum amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Committed Loans made on the effective date thereof, the then outstanding principal amount of the Loans would exceed the amount of the aggregate Revolving Commitments then in effect (less the Borrower's aggregate outstanding commercial paper). Once reduced in accordance with this Section, the Revolving Commitments, to the extent terminated or permanently reduced, may not be increased. Any reduction of the Revolving Commitments shall be applied to each Bank's Revolving Commitment, pro rata, according to its Percentage.

SECTION 4.2 Optional Prepayments. Subject to Section 5.5, the Borrower may, at any time or from time to time, upon not less than (a) three (3) Business Days', irrevocable written notice with respect to Eurodollar Rate Loans and (b) one (1) Business Day's irrevocable written notice with respect to Base Rate Loans, Adjusted CD Rate Loans or Absolute Rate Loans, to the Administrative Agent by 11:00 A.M. (Charlotte, North Carolina time), ratably prepay such Loans in whole or in part, in minimum amounts of \$3,000,000 or any integral multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will, in the case of Committed Loans, promptly notify each Bank of its receipt of any such notice, and of such Bank's Percentage of such prepayment, and, in the case of Bid Loans, promptly notify the applicable Bid Loan Bank of its receipt of such notice. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 5.5.

SECTION 4.3 Mandatory Prepayments. If, on any date, the Borrower or any of its Subsidiaries shall sell, assign, lease, transfer, contribute, convey, issue or otherwise dispose of, or grant options, warrants or other rights with respect to, any of its assets (any of the foregoing being a "Disposition") consisting of any Significant Subsidiary of the Borrower or a substantial portion of the assets of such Significant Subsidiary (other than a Disposition permitted under Section 9.4), the Borrower shall promptly notify the Administrative Agent of such Disposition, including the amount of Net Proceeds received by the Borrower or any of its Subsidiaries in respect of such Disposition (and the amount and other type of consideration so received) and an amount equal to such Net Proceeds shall be

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promptly applied after the receipt from time to time of such Net Proceeds to repay the principal amount of the Committed Loans then outstanding (together with any interest accrued thereon). To the extent the Net Proceeds of any such Disposition exceed the amount of the Committed Loans then outstanding (together with any interest accrued thereon), or, at the time of such Disposition, the Committed Loans shall have been paid in full, such Net Proceeds shall be applied to repay first, the principal amount of the Bid Loans then outstanding (together with any interest accrued thereon), second, the principal amount of the Swingline Loans then outstanding (together with any interest accrued thereon) and third, to repay any remaining Liabilities.

SECTION 4.4 Payments by the Borrower.

(a) All payments to be made by the Borrower hereunder shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Office, and shall be made in Dollars and in immediately available funds, no later than 1:30 P.M. (Charlotte, North Carolina time) on the date specified herein. Notwithstanding the foregoing, in connection with a prepayment required by Section 4.3, the Borrower may elect to deposit all of the Net Proceeds from a Disposition into the Cash Collateral Account which funds, together with any interest accrued thereon, shall be applied to the Committed Loans, the Bid Loans and the Swingline Loans, as the case may be, by the Administrative Agent on the first day when such funds may be applied without the Borrower incurring costs under Section 5.5; provided that any Net Proceeds held in the Cash Collateral Account shall continue to accrue interest hereunder (and the Borrower agrees to pay such interest) at the then applicable interest rate until applied to the Committed Loans, the Bid Loans and the Swingline Loans, as the case may be, by the Administrative Agent. The Administrative Agent will promptly distribute to each Bank its Percentage (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 1:30 P.M. (Charlotte, North Carolina time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from the Borrower prior to the date on which any payment is due to the Banks that the Borrower will not make such

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payment in full as and when required, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Effective Rate for each day from the date such amount is distributed to such Bank until the date repaid.

SECTION 4.5 [intentionally left blank].

SECTION 4.6 Sharing of Payments.

(a) If any Bank shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise (other than pursuant to Sections 5.8, 14.1 and 15.2)) on account of the Committed Loans (other than pursuant to the terms of Section 5) in excess of its pro rata share (based on its Percentage) of payments and other recoveries obtained by all Banks of the Committed Loans on account of principal of and interest on the Committed Loans, such Bank shall purchase from the other Banks such participation in the Committed Loans as shall be necessary to cause such purchasing Bank to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Bank, the purchase shall be rescinded and each Bank which has sold a participation to the purchasing Bank shall repay to the purchasing Bank the purchase price to the ratable extent of such recovery together with an amount equal to such selling Bank's ratable share (according to the proportion of (i) the amount of such selling Bank's required repayment to the purchasing Bank to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered.

(b) The Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to Section 4.6(a) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.7) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Bank receives a secured claim in lieu of a setoff to which this Section applies, such Bank shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Banks entitled under this

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Section 4.6(b) to share in the benefits of any recovery of such secured claim.

SECTION 4.7 Setoff. Each Bank shall, upon the occurrence of any Event of Default under Section 12.1.1, the occurrence of a Default under Section 12.1.3, or, with the consent of the Required Banks, upon the occurrence of any other Event of Default, have the right to appropriate and apply to the payment of the Liabilities owing to it (whether or not then due), and (as security for such Liabilities) the Borrower hereby grants to each Bank a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Bank. Any such appropriation and application shall be subject to the provisions of Section 4.6.

Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Bank under this Section 4.7 are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Bank may have.

SECTION 4.8 Net Payments. All payments by the Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, stamp or other Taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, other than Taxes imposed on or measured by any Bank's net income or receipts with respect to payments received hereunder (such non-excluded items being called "Charges"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Charges pursuant to any applicable law, rule or regulation, then the Borrower will:

- (a) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- (b) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority; and
- (c) pay to the Administrative Agent for the account of the Banks such additional amount or amounts as are necessary to ensure that the net amount actually received by each Bank will equal the full amount such Bank would have received had no such withholding or deduction been required.

If any Bank receives a refund in respect of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower (or any Person acting on behalf of the Borrower) has paid additional amounts pursuant to this Section 4.8, it shall promptly repay such refund to the Borrower (but only to the

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extent of indemnity payments made, or additional amounts paid, by the Borrower (or such Person acting on behalf of the Borrower) under this Section 4.8 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of such Bank or the Administrative Agent, as the case may be; provided, that the Borrower, upon the request of such Bank or the Administrative Agent, agrees to return such refund (together with any penalties, interest or other charges due in connection therewith to the appropriate taxing authority or other Governmental Authority) to such Bank or the Administrative Agent in the event such Bank or the Administrative Agent is required to pay or to return such refund to the relevant taxing authority or other Governmental Authority.

Each Bank that is organized under the laws of a jurisdiction other than the United States or any state thereof shall, prior to the due date of any payments under the Loans, execute and deliver to the Borrower, on or about the first scheduled payment date in each calendar year, a United States Internal Revenue Service Form 4224 or Form 1001, as may be applicable (or any successor form), appropriately completed. Without prejudice to the survival of any other agreement of the Borrower hereunder or any other document, the agreements of the Borrower contained in this Section shall survive satisfaction of the Liabilities and termination of this Agreement.

SECTION 4.9 Mandatory Reduction in the Revolving Commitments. Each repayment or prepayment of the Committed Loans required pursuant to Section 4.1 or 4.3 shall concurrently, permanently and automatically ratably reduce the Revolving Commitments by the amount of such repayment or prepayment. If on any date the aggregate principal amount of the Committed Loans, plus the Bid Loans, plus the Swingline Loans, plus the Borrower's aggregate outstanding commercial paper exceeds the Revolving Commitments the Borrower shall repay on such date first, any such Swingline Loans, second, any such Committed Loans and last, any such Bid Loans (including interest accrued thereon) in an amount equal to such excess.

SECTION 5. CHANGES IN CIRCUMSTANCES

SECTION 5.1 Increased Costs. If (a) Regulation D, or (b) after the Closing Date, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or any Lending Office of such Bank) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency,

(i) shall subject any Bank (other than a Defaulting Bank) (or any Lending Office of such Bank) to any tax, duty or other charge with respect to its Eurodollar Rate Loans, or its obligation to make Eurodollar Rate Loans or shall

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change the basis of taxation of payments to any Bank (other than a Defaulting Bank) of the principal of, or interest on, its Eurodollar Rate Loans or any other amounts due under this Agreement in respect of its Eurodollar Rate Loans or its obligation to make Eurodollar Rate Loans (except for changes in the rate of Tax, other than Taxes covered by Section 4.8, on the overall gross or net income of such Bank or its Lending Office); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the FRB, but excluding any reserve included in the determination of interest rates pursuant to Section 3), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (other than a Defaulting Bank) (or any Lending Office of such Bank); or

(iii) shall impose on any Bank (other than a Defaulting Bank) (or its Lending Office) any other condition affecting its Eurodollar Rate Loans;

and the result of any of the foregoing is to increase the cost to (or in the case of Regulation D referred to above, to impose a cost on) such Bank (or any Lending Office of such Bank) of making or maintaining any Eurodollar Rate Loan or to reduce the amount of any sum received or receivable by such Bank (or the Lending Office of such Bank) under this Agreement or under its Loans with respect thereto, then within thirty (30) days after demand by such Bank (which demand shall be accompanied by a statement setting forth in reasonable detail the basis of such demand and the calculation of such additional amount), the Borrower shall pay directly to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or such reduction. Each Bank shall promptly, but in no event more than ninety (90) days after it has knowledge thereof, notify the Borrower of any event occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section 5.1.

SECTION 5.2 Change in Rate of Return. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or expected to be maintained by any Bank (other than a Defaulting Bank) or any Person controlling such Bank, and such Bank reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of the Loans made by such Bank (or any participating interest therein held by such Bank) is reduced to a level below that which such Bank or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case the Borrower shall, within thirty (30) days after written demand by such Bank to the Borrower, pay directly to such Bank additional

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amounts sufficient to compensate such Bank or such controlling Person for such reduction in rate of return. A statement of such Bank as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, such Bank may use any method of averaging and attribution that it shall deem reasonably applicable. Each Bank shall promptly, but in no event more than ninety (90) days after it has knowledge thereof, notify the Borrower of any event occurring after the Closing Date, which will entitle such Bank to compensation pursuant to this Section 5.2.

SECTION 5.3 Basis for Determining Interest Rate Inadequate or Unfair. If with respect to any Interest Period:

(a) deposits in Dollars (in the applicable amounts) are not being offered to the Administrative Agent in the interbank eurodollar market for such Interest Period, or the Administrative Agent otherwise determines (which determination shall be conclusive and binding on all parties) that by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable Eurodollar Rate; or

(b) any Bank advises the Administrative Agent that the Eurodollar Rate as determined by the Administrative Agent, will not adequately and fairly reflect the cost to such Bank of maintaining or funding any Eurodollar Rate Loan for such Interest Period, or that the making or funding of Eurodollar Rate Loans has become impracticable as a result of an event occurring after the Closing Date which in the opinion of such Bank materially changes such Loans;

then, so long as such circumstances shall continue:

(i) the Administrative Agent shall promptly notify the Borrower and the Banks thereof,

(ii) no Bank shall be under any obligation to make or continue or convert into Eurodollar Rate Committed Loans or make Eurodollar Rate Bid Loans so affected, and

(iii) on the last day of the then current Interest Period for Eurodollar Rate Committed Loans so affected, such Eurodollar Rate Committed Loans shall, unless then repaid in full, automatically convert to Base Rate Loans.

Notwithstanding the foregoing, the Administrative Agent and each Bank shall take any reasonable actions available to it (including designation of a different Lending Office), consistent with legal and regulatory restrictions, that will avoid the need to take the steps described in this Section 5.3, which will not, in the reasonable judgment of the Administrative Agent or such Bank, be

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materially disadvantageous to the Administrative Agent, such Bank, or the Borrower as compared to the steps described in this Section 5.3.

SECTION 5.4 Changes in Law Rendering Certain Loans Unlawful. In the event that any change in (including the adoption of any new) applicable laws or regulations, or any change in the interpretation of applicable laws or regulations by any governmental or other regulatory body charged with the administration thereof, should make it unlawful for a Bank or the Lending Office of such Bank ("Affected Bank") to make, maintain or fund Eurodollar Rate Loans, then (a) the Affected Bank shall promptly notify each of the other parties hereto, (b) the obligation of all Banks to make or continue or convert into Eurodollar Rate Committed Loans or make Eurodollar Rate Bid Loans made unlawful for the Affected Bank shall, upon the effectiveness of such event, be suspended for the duration of such unlawfulness, and (c) on the last day of the current Interest Period for Eurodollar Rate Loans (or, in any event, if the Affected Bank so requests, on such earlier date as may be required by the relevant law, regulation or interpretation), the Eurodollar Rate Committed Loans shall, unless then repaid in full, automatically convert to Base Rate Loans and the Eurodollar Rate Bid Loans shall be prepaid. Notwithstanding the foregoing, the Administrative Agent and each Bank shall take any reasonable actions available to it (including designation of a different Lending Office), consistent with legal and regulatory restrictions, that will avoid the need to take the steps described in this Section 5.4, which will not, in the reasonable judgment of the Administrative Agent or such Bank, be materially disadvantageous to the Administrative Agent or the Affected Bank, or the Borrower as compared to the steps described in this Section 5.4.

SECTION 5.5 Funding Losses. The Borrower hereby agrees that upon demand by any Bank to the Administrative Agent (which demand shall be made within three

(3) Business Days after receipt of notice of any payment or proposed payment by the Borrower under this Agreement giving rise to indemnification under this

Section 5.5 and shall be accompanied by a statement setting forth in reasonable detail using the methodology set forth in Exhibit I with respect to Eurodollar Rate Loans and by a methodology reasonably determined by such Bank with respect to Absolute Rate Loans), the Borrower will indemnify such Bank against any loss or expense which such Bank may sustain or incur (including, without limitation, any loss incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Bank to fund or maintain Eurodollar Rate Loans, but excluding specifically any administrative fee or other amount chargeable by such Bank for the calculation of such loss), as reasonably determined by such Bank, as a result of (a) any payment or prepayment or conversion of any Eurodollar Rate Loans or Absolute Rate Loans of such Bank on a date other than the last day of an Interest Period for such Eurodollar Rate Loan or Absolute Rate Loan, or (b) any failure of the Borrower to borrow on the date of

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any Borrowing set forth in any Notice of Borrowing or Competitive Bid Request (after acceptance of Competitive Bids by the Borrower) or (c) any failure of the Borrower to convert or continue any portion of the Committed Loans on a date specified therefor in the Notice of Continuation/Conversion delivered pursuant to this Agreement. For this purpose, all notices to the Administrative Agent pursuant to this Agreement shall be deemed to be irrevocable.

SECTION 5.6 Right of Banks to Fund Through Other Offices. Each Bank may, if it so elects, fulfill its commitment as to any Eurodollar Rate Loans by causing any of its Lending Offices to make such Eurodollar Rate Loans; provided, that in such event for the purposes of this Agreement, such Loan shall be deemed to have been made by such Bank and the obligation of the Borrower to repay such Eurodollar Rate Loan shall nevertheless be to such Bank and shall be deemed held by it, to the extent of such Eurodollar Rate Loan, for the account of such branch or affiliate.

SECTION 5.7 Discretion of Banks as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Bank had actually funded and maintained each Eurodollar Rate Loan during each Interest Period for such Loan through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the Eurodollar Rate, as the case may be, for such Interest Period.

SECTION 5.8 Replacement of Banks. If any Bank shall become affected by any of the changes or events described in Section 5.1, 5.2 or 5.4 (any such Bank being hereinafter referred to as a "Replaced Bank") and shall petition the Borrower for any increased cost or amounts thereunder, then in such case, the Borrower may, upon at least five (5) Business Days' notice to the Administrative Agent and such Replaced Bank, designate a replacement lender (a "Replacement Bank") acceptable to the Administrative Agent in its reasonable discretion, to which such Replaced Bank shall, subject to its receipt (unless a later date for the remittance thereof shall be agreed upon by the Borrower and the Replaced Bank) of all amounts owed to such Replaced Bank under Section 5.1 or 5.2, assign all (but not less than all) of its rights, obligations, Loans and Revolving Commitment hereunder; provided, that all Liabilities (except Liabilities which by the terms hereof survive the payment in full of the Loans and termination of this Agreement) due and payable to the Replaced Bank shall be paid in full as of the date of such assignment. Upon any assignment by any Bank pursuant to this Section 5.8 becoming effective, the Replacement Bank shall thereupon be deemed to be a "Bank" for all purposes of this Agreement and such Replaced Bank shall thereupon cease to be a "Bank" for all purposes of this Agreement and shall have no

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further rights or obligations hereunder (other than pursuant to Sections 5.1, 5.2, 15.4 and 15.5 while such Replaced Bank was a Bank).

Notwithstanding any Replaced Bank's failure or refusal to assign its rights, obligations, Loans and Revolving Commitment under this Section 5.8, the Replaced Bank shall cease to be a "Bank" for all purposes of this Agreement and the Replacement Bank substituted therefor upon payment to the Replaced Bank by the Replacement Bank of all amounts set forth in this Section 5.8 without any further action of the Replaced Bank.

SECTION 5.9 Conclusiveness of Statements; Survival of Provisions. Determinations and statements of the Administrative Agent or any Bank pursuant to Section 5.1 through Section 5.5 shall be conclusive absent demonstrable error. The provisions of Sections 5.1, 5.2, 5.4, 5.5 and this Section 5.9 shall survive termination of this Agreement.

SECTION 6. [intentionally left blank].

SECTION 7. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Banks to enter into this Agreement and to make the Loans hereunder, the Borrower represents and warrants to the Administrative Agent and to each of the Banks that:

SECTION 7.1 Organization, etc. The Borrower and each of its Subsidiaries is a corporation or partnership duly organized, validly existing and in good standing under the laws of the state of its incorporation or formation, each of the Borrower and its Subsidiaries is duly qualified to transact business and in good standing as a foreign corporation or partnership authorized to do business in each jurisdiction where the nature of its business makes such qualification necessary and failure to so qualify could reasonably be expected to have a Material Adverse Effect, and each of the Borrower and its Subsidiaries has the power and authority to own or lease its property and conduct its business as presently conducted.

SECTION 7.2 Authorization. The Borrower (a) has the power to execute, deliver and perform this Agreement and the other Loan Documents to which it is a party, and (b) has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and the other Loan Documents to which it is a party.

SECTION 7.3 No Conflict. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents to which it is a party did not, does not and will not (a) contravene or conflict with any provision of any law, statute, rule or regulation, the contravention of which could reasonably be expected to have a Material Adverse Effect, (b) contravene or conflict with, result in any breach of, or

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constitute a default under, any agreement or instrument binding on the Borrower or any of its Subsidiaries (including, without limitation, any writ, judgment, injunction or other similar court order), the contravention of which could reasonably be expected to have a Material Adverse Effect, (c) result in the creation or imposition of or the obligation to create or impose any Lien (except for Permitted Liens) upon any of the property or assets of the Borrower or any of its Subsidiaries or (d) contravene or conflict with any provision of the articles of incorporation or by-laws of the Borrower.

SECTION 7.4 Governmental Consents. Except as have been obtained and as set forth on Schedule 7.4, no material order, consent, approval, hearing or filing, license, authorization or validation of, or filing, recording or registration with or exemption by, any governmental or public body or authority, or any subdivision thereof, is (or, at the time of execution and delivery thereof, was) required in connection with the execution, delivery and performance by the Borrower of this Agreement or the other Loan Documents.

SECTION 7.5 Validity. The Borrower has duly executed and delivered this Agreement and the other Loan Documents, and each of such documents constitutes or upon execution and delivery will constitute the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and (b) general equitable principles, including without limitation, concepts of good faith and fair dealing, materiality, fraudulent transfer and reasonableness (regardless of whether considered in a proceeding in equity or at law).

SECTION 7.6 Financial Statements. The Borrower's audited consolidated financial statements for the Fiscal Year ended December 31, 1995 and its unaudited consolidated financial statements for the Fiscal Quarters ended March 31, 1996, June 30, 1996 and September 30, 1996, copies of which have been furnished to each Bank, have been prepared in conformity with GAAP applied on a basis consistent with that of the preceding Fiscal Year, and accurately present the financial condition of the Borrower and its Subsidiaries at such dates and the results of operations for the periods then ended.

SECTION 7.7 Material Adverse Change. No Material Adverse Change has occurred since September 30, 1996.

SECTION 7.8 Litigation and Contingent Obligations. No Material Litigation is pending or, to the best of Borrower's knowledge, threatened except as set forth (including estimates of the Dollar amounts involved) in Schedule 7.8. The Borrower and its Subsidiaries have no material Contingent Obligations other than as provided for or disclosed on Schedule 7.8.

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SECTION 7.9 Liens. None of the assets of the Borrower or any of its Subsidiaries is subject to any Lien, except for Permitted Liens.

SECTION 7.10 Pension and Welfare Plans.

(a) Except as set forth on Schedule 7.10, during the twelve-consecutive-month period prior to the Closing Date, no steps have been taken by the Borrower or any other Controlled Group member

(i) to terminate or completely or partially withdraw from any Pension Plan or (ii) terminate any Welfare Plan, which termination could be reasonably expected to give rise to a liability of the Borrower or any other Controlled Group member in excess of \$20,000,000 for any Controlled Group member (other than the Borrower) or in excess of \$65,000,000 for the Borrower, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien exceeding \$20,000,000 on behalf of any Controlled Group member (other than the Borrower) or \$65,000,000 on behalf of the Borrower under section 302(f) of ERISA and no contribution failure in excess of \$20,000,000 has occurred on behalf of any Controlled Group member (other than the Borrower) or in excess of \$65,000,000 on behalf of the Borrower;

(b) except as set forth on Schedule 7.10, to the best of the Borrower's knowledge, no condition exists, or event or transaction has occurred, with respect to any Pension Plan which might result in the incurrence by the Borrower or any other member of the Controlled Group of any liability, fine, Tax or penalty which could be reasonably expected to have a Material Adverse Effect;

(c) except as set forth on Schedule 7.10, neither the Borrower nor any other member of the Controlled Group has any vested or contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA;

(d) except as set forth on Schedule 7.10, with respect to each Pension Plan maintained or contributed to by the Borrower or any other Controlled Group member which is intended to qualify under section 401 of the Code, a favorable determination letter has been received from the Internal Revenue Service stating that such Pension Plan so qualifies and nothing has occurred since the date of issuance of such determination letter which would cause any such Pension Plan to cease to qualify under section 401 of the Code;

(e) no Pension Plan maintained by the Borrower or any other member of the Controlled Group is a "multiemployer plan" as defined in section 4001 of ERISA; and

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(f) except as disclosed in Schedule 7.10, no Pension Plan maintained by or contributed to by the Borrower or any other member of the Controlled Group and subject to section 302 of ERISA or section 412 of the Code has incurred an accumulated funding deficiency as defined in section 302(a)(2) of ERISA and section 412(a) of the Code in excess of \$20,000,000 on behalf of any Controlled Group member (other than the Borrower) or in excess of \$65,000,000 on behalf of the Borrower, whether or not waived.

SECTION 7.11 Investment Company Act. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

SECTION 7.12 Public Utility Holding Company Act. Neither the Borrower nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 7.13 Taxes.

(a) Except as set forth on Schedule 7.13, the Borrower and each of its Significant Subsidiaries have filed all material Tax Returns and Reports required by law to have been filed by them and have paid or provided adequate reserves for all Taxes thereby shown to be owing, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves have been established and are being maintained in accordance with GAAP. Except as set forth on Schedule 7.13, there is no ongoing audit or, to the Borrower's knowledge, other governmental investigation of the tax liability of the Borrower or any of its Significant Subsidiaries and there is no unresolved claim by a taxing authority concerning the Borrower's or any of the Significant Subsidiaries' tax liability, for any period for which returns have been filed or were due. The liability stated for Taxes as of December 31, 1995 in the financial statements described in Section 7.6 is sufficient in all material respects for all Taxes as of such date.

(b) All life insurance reserves shown as such on federal tax returns (other than individual annuity contracts) of each of the Insurance Subsidiaries qualify as life insurance reserves under section 816(b) of the Code or under former section 801(b) of the Code.

(c) All current Reinsurance Agreements among the Insurance Subsidiaries and their respective Affiliates have, at all times, been conducted on an arm's-length basis.

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(d) Each of the Insurance Subsidiaries is a life insurance company as defined in section 816 of the Code.

SECTION 7.14 Accuracy of Information. All factual information heretofore or contemporaneously furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Administrative Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of the Borrower or its Subsidiaries to the Administrative Agent or any Bank will be, true and accurate in every material respect on the date as of which such information is dated or certified and, except as such information speaks solely as of a particular date, such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

SECTION 7.15 Environmental Warranties.

(a) All facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries in material compliance with all Environmental Laws, except where failure to so comply could not be reasonably expected to have a Material Adverse Effect;

(b) there have been no past, and there are no pending or threatened, Environmental Claims, except where such Environmental Claims could not reasonably be expected to have a Material Adverse Effect;

(c) there have been no releases of Hazardous Materials at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, individually or in the aggregate, have had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and each of its Subsidiaries have been issued and are in material compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters and necessary or desirable for their businesses except where failure to comply could not be reasonably expected to have a Material Adverse Effect;

(e) no property now or previously owned or leased by the Borrower or any of its Subsidiaries is listed or, to the Borrower's knowledge, proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

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(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(g) neither the Borrower nor any of its Subsidiaries has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or, to Borrower's knowledge, proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, Governmental Authority or local enforcement actions or other investigations which may lead to material claims against the Borrower or any of its Subsidiaries for any remedial work, damage to natural resources or personal injury, including claims under CERCLA;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except where such liability could not be reasonably expected to have a Material Adverse Effect.

SECTION 7.16 Proceeds. The proceeds of the Loans will be used to repay Initial Indebtedness to be Refinanced, to redeem the ALHC Preferred Stock, to support the issuance of the Borrower's commercial paper, to acquire the Initial Acquired Companies, to repurchase the Borrower's capital stock and its Subsidiaries' capital stock, to refinance the BLHC Debt and the Contingent Payment Note, and for general corporate purposes.

SECTION 7.17 Insurance. Schedule 7.17 sets forth a true and correct summary of all insurance carried by the Borrower. The properties and business of the Borrower and its Subsidiaries are insured against casualties and contingencies (other than normal life insurance risk) for its benefit under policies issued by insurers of recognized responsibility in such amounts as is customary in the case of similar businesses. No notice of any pending or threatened cancellation or material premium increase has been received by the Borrower with respect to any of such insurance policies. The Borrower is in substantial compliance with all conditions contained in such insurance policies.

SECTION 7.18 Securities Laws. Neither the Borrower nor, to the best of Borrower's knowledge, any of its Affiliates, nor anyone acting on behalf of any such Person, has directly or

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indirectly offered any interest in the Loans or any other Liabilities for sale to, or solicited any offer to acquire any such interest from, or has sold any such interest to, any Person that would subject the making of the Loans or any other Liabilities to registration under the Securities Act of 1933, as amended.

SECTION 7.19 Governmental Authorizations. The Borrower and each of its Subsidiaries have all licenses, franchises, permits and other governmental authorizations necessary for all businesses presently carried on by them (including ownership and leasing of the real and personal property owned and leased by them), except where failure to obtain such licenses, franchises, permits and other governmental authorizations could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.20 Business Locations; Trade-Names. Schedule 7.20 lists each of the locations where the Borrower and each of its Significant Subsidiaries maintains an office, a place of business or any records together with each partnership, corporate, fictitious or trade name under or by which the Borrower or any of its Significant Subsidiaries conducts its business.

SECTION 7.21 Solvency. On a consolidated basis, the Borrower is and, after consummation of this Agreement and after giving effect to all Indebtedness incurred by the Borrower in connection herewith, will be, Solvent.

SECTION 7.22 Insurance Licenses. Schedule 7.22 lists all of the jurisdictions in which each of the Insurance Subsidiaries hold licenses (including, without limitation, licenses or certificates of authority from applicable insurance departments), permits or authorizations to transact insurance and reinsurance business (collectively, the "Licenses"). Except as set forth on Schedule 7.22, to the best of Borrower's knowledge after due inquiry of the Responsible Officers of the respective Insurance Subsidiaries, no such License is the subject of a proceeding for suspension or revocation or any similar proceedings, there is no sustainable basis for such a suspension or revocation, and no such suspension or revocation is threatened by any Department which, in either case could reasonably be expected to have a Material Adverse Effect. Schedule 7.22 indicates that line or lines of insurance which the Insurance Subsidiaries are permitted to be engaged in with respect to each License therein listed. The Insurance Subsidiaries do not transact any insurance business, directly or indirectly, in any state or jurisdiction other than those enumerated on Schedule 7.22, where such business requires any license, permit, governmental approval, consent or other authorization.

SECTION 7.23 Compliance with Laws. None of the Borrower or its Subsidiaries is in violation of any law, ordinance, rule, regulation, order, policy, guideline or other requirement of any Governmental Authority, if the effect of such violation could

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reasonably be expected to have a Material Adverse Effect and, to the best of the Borrower's knowledge, no such violation has been alleged and each of the Borrower and each of its Subsidiaries (a) has filed in a timely manner all reports, documents and other materials required to be filed by it with any Governmental Authority, if such failure to so file could reasonably be expected to have a Material Adverse Effect; and the information contained in each of such filings is true, correct and complete in all material respects and (b) has retained all records and documents required to be retained by it pursuant to any law, ordinance, rule, regulation, order, policy, guideline or other requirement of any Governmental Authority, if the failure to so retain such records and documents could reasonably be expected to have a Material Adverse Effect.

SECTION 7.24 No Default. None of the Borrower or its Subsidiaries is in default under any agreement or instrument to which the Borrower or such Subsidiary is a party or by which any of their respective properties or assets is bound or affected, which default might reasonably be expected to have a Material Adverse Effect, and no Default has occurred and is continuing under the Existing Credit Agreement.

SECTION 7.25 Margin Regulations. Neither the Borrower nor any Subsidiary of the Borrower is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G or Regulation U). "Margin stock" within the meaning of Regulation U does not constitute more than 25% of the value of the consolidated assets of the Borrower and its Subsidiaries. None of the transactions contemplated by this Agreement (including, without limitation, the direct or indirect use of the proceeds of the Loans) will violate or result in a violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or regulations issued pursuant thereto, or Regulation G, T, U or X.

SECTION 7.26 Conesco Corporate Structure. On the Effective Date, the corporate structure of the Borrower and its Subsidiaries is as set forth in Exhibit J.

SECTION 7.27 Significant Subsidiaries. Set forth on Schedule 7.27 is a complete and accurate list of each Significant Subsidiary of the Borrower as of the Effective Date.

SECTION 8. AFFIRMATIVE COVENANTS

The Borrower agrees that, on and after the Closing Date until the termination or expiration of the Commitments and for so long thereafter as any of the Liabilities remain unpaid or outstanding (except Liabilities which by the terms hereof survive the payment in full of the Loans and termination of this Agreement), the Borrower will:

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SECTION 8.1 Reports, Certificates and Other Information. Unless otherwise provided herein, furnish or cause to be furnished to the Administrative Agent and each Bank:

8.1.1 Audit Report. As soon as available, but in any event within one hundred and twenty (120) days after the end of each Fiscal Year of the Borrower:

(a) copies of the audited consolidated balance sheet of the Borrower and an unaudited consolidating balance sheet of the Borrower as at the end of such Fiscal Year and the related statements of earnings, stockholders' equity and cash flows for such Fiscal Year, in each case setting forth the figures as of the end of the year and, in the case of the audited consolidated statements, for the previous year, prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as set forth therein) certified, in the case of the audited financial statements, without Qualification by Coopers & Lybrand (or such other independent certified public accountants of recognized standing acceptable to the Required Banks), and

(b) a letter or letters addressed to the Borrower from such accountants stating in substance that such accountants have been informed that such audited financial statements and audited reports are being delivered to the Administrative Agent and the Banks, and acknowledging that such financial statements and audit reports will be part of the information that the Administrative Agent and the Banks will use to make credit decisions with regard to this Agreement;

8.1.2 Quarterly Reports. As soon as available, but in any event within sixty (60) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, copies of the condensed unaudited consolidated and consolidating balance sheet of the Borrower at the end of such Fiscal Quarter and the related condensed unaudited statements of earnings, stockholders' equity and cash flows for such Fiscal Quarter and the portion of the Fiscal Year through such Fiscal Quarter, in the case of the consolidated statements setting forth in comparative form the figures as of the end of and for the corresponding periods of the previous Fiscal Year, prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein (except as set forth therein) and certified by the chief financial officer or a vice-president with responsibility for or knowledge of financial matters of the Borrower on behalf of the Borrower as presenting fairly the financial condition and results of operations of the Borrower (subject to normal year-end and audit adjustments);

8.1.3 Tax Returns and Reports. If requested by the Administrative Agent or the Required Banks, copies of all

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federal, state, local and foreign Tax Returns and Reports filed by any of the Borrower and any of its Subsidiaries;

8.1.4 SAP Financial Statements.

(a) As soon as possible, but in any event within seventy-five (75) days after the end of each Fiscal Year of each of the Insurance Subsidiaries, a copy of the Annual Statement of such Insurance Subsidiary for such Fiscal Year prepared in accordance with SAP and accompanied by the certification of the chief financial officer or a vice-president with responsibility for or knowledge of financial matters of such Insurance Subsidiary that such financial statement presents fairly, in accordance with SAP, the financial position of such Insurance Subsidiary for the period then ended;

(b) As soon as possible, but in any event within sixty (60) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of each of the Insurance Subsidiaries, a copy of the quarterly statement of such Insurance Subsidiary for such Fiscal Quarter, all prepared in accordance with SAP and accompanied by the certification of the chief financial officer or a vice-president with responsibility for or knowledge of financial matters of such Insurance Subsidiary that all such financial statements present fairly in accordance with SAP the financial position of such Insurance Subsidiary for the periods then ended;

(c) Within fifteen (15) days after being delivered to any of the Insurance Subsidiaries constituting a Significant Subsidiary, any draft or final Triennial Examination Report issued by the applicable Department or the NAIC;

(d) Within ninety (90) days after the close of each Fiscal Year of each of the Insurance Subsidiaries, a copy of the "Statement of Actuarial Opinion" and "Management Discussion and Analysis" for each of the Insurance Subsidiaries which is provided to the applicable Department (or equivalent information should such Department no longer require such a statement) as to the adequacy of loss reserves of such Insurance Subsidiary. Such opinion shall be in the format prescribed by the Applicable Insurance Code of the state of domicile of such Insurance Subsidiary;

8.1.5 Compliance Certificate. Contemporaneously with the furnishing of a copy of each set of the statements and reports provided for in Sections 8.1.1 through 8.1.2, a duly completed certificate, substantially in the form of Exhibit K (the "Compliance Certificate"), signed by the chief financial officer or a vice-president with responsibility for or knowledge of financial matters of the Borrower, containing, among other things, a computation of, and showing compliance with, each of the applicable

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financial ratios and restrictions contained in Section 10 and to the effect that as of such date no Default has occurred and is continuing;

8.1.6 Commercial Paper. Promptly upon request of the Administrative Agent and on each date of borrowing under this Agreement, a certificate of a Responsible Officer as to the aggregate outstanding amount of the Borrower's commercial paper;

8.1.7 Auditors' Materials. Promptly upon receipt thereof by the Borrower, copies of all material financial and management reports regarding the Borrower or any of the Significant Subsidiaries submitted to the Borrower or any of the Significant Subsidiaries by independent public accountants in connection with each annual or interim audit report made by such accountants of the books of the Borrower or any of its Significant Subsidiaries;

8.1.8 Reports to SEC and to Stockholders. Promptly upon the filing or making thereof, copies of each filing and report made by the Borrower or any of its Subsidiaries with or to any securities exchange or the Securities and Exchange Commission and of each communication from the Borrower or any of its Subsidiaries to stockholders generally;

8.1.9 Notice of Default and Litigation. Promptly upon learning of the occurrence of any of the following, written notice thereof, describing the same and the steps being taken by the Borrower with respect thereto:

(a) the occurrence of a Default;

(b) the institution of any Material Litigation or the occurrence of any Material Litigation Development;

(c) the commencement of any dispute which might reasonably be expected to lead to the material modification, transfer, revocation, suspension or termination of any Loan Document; or

(d) any Material Adverse Change;

8.1.10 Insurance Reports. Written notification ten (10) days prior to any cancellation or material change of any insurance policy by the Borrower or any Significant Subsidiary, and written notification within five (5) days after receipt of any notice (whether formal or informal) of cancellation or any material change by any of its insurers;

8.1.11 ERISA Liability. Promptly upon learning of the occurrence of the following, written notice thereof describing the same and the steps being taken by Borrower with respect thereto:

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(a) the failure of any member of the Controlled Group to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f)(1) or accumulated funding deficiency under section 302 of ERISA of at least \$20,000,000, but with respect to the Borrower only if such failure or deficiency totals \$65,000,000,

(b) the institution of any steps by any member of the Controlled Group to withdraw from, or the institution of any steps by the Borrower to terminate, any Pension Plan,

(c) the taking of any action with respect to a Pension Plan which could result in the requirement that the Borrower or any member of the Controlled Group furnish a bond or other security in excess of \$20,000,000 by any Controlled Group member (other than the Borrower) or in excess of \$65,000,000 by the Borrower to the Pension Benefit Guaranty Corporation (or any successor thereto) or such Pension Plan, or

(d) the occurrence of any event with respect to any Pension Plan which could result in the incurrence by any member of the Controlled Group (other than the Borrower) of any liability, fine, Tax or penalty in excess of \$20,000,000 or \$65,000,000 with respect to the Borrower or any event or requirement that would require the Borrower or any member of the Controlled Group to pay more than \$30,000,000 in benefits in any one year with respect to any post-retirement Welfare Plan other than benefits which are required to be provided under section 601 of ERISA;

8.1.12 Pension Plan Withdrawals. With respect to each Pension Plan, if any, which is a "multi-employer plan," as defined in section 4001 of ERISA as to which any member of the Controlled Group may incur any liability,

(a) no less frequently than annually, a written estimate (which shall be based on information received from each such plan, it being expressly understood that the Borrower shall take all reasonable steps to obtain such information) of the withdrawal liability that would be incurred by the Controlled Group in the event that all members of the Controlled Group were to completely withdraw from such plan, and

(b) written notice thereof, as soon as it has reason to believe (on the basis of the most recent information available to it) that the sum of (i) the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all multi-employer plans as to which any member of the Controlled Group has an obligation to contribute, and (ii) the aggregate amount of the outstanding withdrawal liability

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(without unaccrued interest) incurred by the Controlled Group to multi- employer plans, would exceed \$20,000,000;

8.1.13 Environmental Liabilities. Promptly upon learning thereof, written notice (together with copies, if available) of all material written claims, complaints, notices or inquiries relating to the Borrower's or any Subsidiary's (a) properties or facilities, or (b) compliance with Environmental Laws, together with a description of the steps being taken by the Borrower or such Subsidiary with respect thereto;

8.1.14 Insurance Holding Company Filings. Copies of all material Insurance Holding Company System Act filings with Governmental Authorities by the Borrower or any of its Subsidiaries not later than five (5) Business Days after such filings are made, including, without limitation, filings which seek approval of Governmental Authorities with respect to transactions between the Borrower and its Affiliates;

8.1.15 Insurance Licenses. Within five (5) Business Days of notice, notice of actual suspension, termination or revocation of any License or restriction thereon (material to the Insurance Subsidiaries taken as a whole) of any of the Insurance Subsidiaries by any Governmental Authority or of receipt of notice from any Governmental Authority notifying any of the Insurance Subsidiaries of a hearing (which is not withdrawn within ten (10) days) relating to such a suspension, termination, revocation or restriction, including any request by a Governmental Authority which commits any of the Insurance Subsidiaries to take, or refrain from taking, any action or which otherwise materially and adversely affects the authority of any of the Insurance Subsidiaries to conduct its business;

8.1.16 Insurance Proceedings. Within three (3) Business Days of such notice, notice of any pending or threatened investigation or regulatory proceeding (other than routine periodic investigations or reviews) by any Governmental Authority concerning the business, practices or operations of any of the Insurance Subsidiaries, including any agent or managing general agent thereof, which could have a Material Adverse Effect;

8.1.17 Changes in Applicable Insurance Code. Promptly, upon knowledge of the Borrower, to the Administrative Agent (which shall promptly deliver such reports to the Banks), notice of any actual or proposed changes in any Applicable Insurance Code which could have a Material Adverse Effect;

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8.1.18 Reinsurance Agreements.

- (a) Promptly, notice of any material change or modification to any Reinsurance Agreements or Surplus Relief Reinsurance Agreements whether entered into before or after the Closing Date including Reinsurance Agreements, if any, which are in a runoff mode on the Closing Date, which change or modification could reasonably be expected to have a Material Adverse Effect;
- (b) promptly, notice of any written notice received by any of the Insurance Subsidiaries of any material denial of coverage, litigation or arbitration arising out of any material Surplus Relief Reinsurance Agreement or any material Reinsurance Agreement to which any of the Insurance Subsidiaries is a party; and
- (c) promptly, such other financial, actuarial and other information with respect to Surplus Relief Reinsurance Agreements and Reinsurance Agreements as the Administrative Agent may reasonably request;

8.1.19 Investments. To the extent not provided with the financial statements provided in Section 8.1.4, within sixty (60) days of the end of each of the first three Fiscal Quarters in any Fiscal Year and within one hundred twenty (120) days of the end of each Fiscal Year, a list of the Investments of the Borrower and its Subsidiaries including a valuation thereof prepared from sources reasonably acceptable to the Administrative Agent;

8.1.20 Revenue Agent Notices. Promptly, and in any event within ten (10) days of receipt, any revenue agent's reports or statutory notices of any deficiency related to the Borrower or any of its Subsidiaries which deficiency is material to the Borrower and its Subsidiaries taken as a whole;

8.1.21 Other Tax Information. Upon request, promptly furnish to the Administrative Agent copies of all correspondence (including, without limitation, notices, requests, explanations, determinations, schedules, charts and lists) delivered to any Governmental Authority in connection with any Tax claim or Taxes and any protest, petition or refund suit filed on behalf of the Borrower or any of its Subsidiaries in connection with any Tax claim or Taxes;

8.1.22 Rating Agency Notice. Promptly, but in any event within three (3) Business Days of its knowledge thereof, written notice of any change in the rating of the Borrower's Senior Notes by Duff & Phelps and/or Standard & Poor's; and

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8.1.23 Other Information. From time to time, such other information concerning the Borrower and any of its Subsidiaries as the Administrative Agent or a Bank may reasonably request.

SECTION 8.2 Corporate Existence; Foreign Qualification. Except as permitted by Sections 9.3 and 9.4, do and cause to be done at all times all things necessary to (a) maintain and preserve the corporate existence of the Borrower and each of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries, (b) be, and ensure that the Borrower and each of its Subsidiaries are, duly qualified to do business and in good standing as foreign corporations or partnerships, as applicable, in each jurisdiction where the nature of their business makes such qualification necessary and failure to so qualify could have a Material Adverse Effect, and (c) comply, and cause each of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to comply, with all material Contractual Obligations and requirements of law binding upon such entity.

SECTION 8.3 Books, Records and Inspections.

(a) Maintain, and cause each of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to maintain, books and records which are complete and correct in all material respects;

(b) permit, and cause each of its Wholly-owned Subsidiaries and/or Significant Subsidiaries to permit, access at reasonable times by the Administrative Agent and each Bank to its books and records;

(c) permit, and cause each of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to permit, the Administrative Agent and each Bank to inspect at reasonable times its properties and operations; and

(d) permit, and cause each of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to permit, the Administrative Agent and each Bank to discuss its business, operations and financial condition with its officers.

SECTION 8.4 Insurance. Maintain with responsible insurance companies, insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses.

SECTION 8.5 Taxes and Liabilities.

(a) Pay, and cause each of its Subsidiaries to pay, when due all of their respective Taxes and other material liabilities, except as contested in good faith and by appropriate proceedings with respect to which reserves have

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been established, and are being maintained, in accordance with GAAP; and

(b) except as permitted by Sections 9.3 and 9.4, cause each of the Insurance Subsidiaries to continue to qualify as life insurance companies under Section 816 of the Code.

SECTION 8.6 Pension Plans and Welfare Plans. Maintain, and cause each of its Subsidiaries to maintain, each Pension Plan and Welfare Plan sponsored by it or its Subsidiaries as to which it may have any liability, in compliance in all material respects with all applicable requirements of law.

SECTION 8.7 Compliance with Laws. Comply, and cause each of its Subsidiaries to comply, with all federal, state and local laws, rules and regulations related to its businesses including, without limitation, the various Applicable Insurance Codes, except where such failure to comply could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.8 Maintenance of Permits. Maintain, and cause each of its Subsidiaries to maintain, all permits, licenses and consents as may be required for the conduct of its business by any state, federal or local government agency or instrumentality including, without limitation, the Licenses, except where such failure to maintain could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.9 Environmental Compliance. Maintain, and cause each of its Subsidiaries to maintain, (a) all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and use and operate all of its facilities and properties in material compliance with all Environmental Laws, and (b) appropriate procedures for the handling of all Hazardous Materials in material compliance with all applicable Environmental Laws, and comply with such procedures at all times, except where such failure to maintain could not reasonably be expected to have a Material Adverse Effect.

SECTION 9. NEGATIVE COVENANTS

The Borrower agrees that, on and after the Closing Date until the termination or expiration of the Commitments and for so long thereafter as any of the Liabilities remain unpaid or outstanding (except Liabilities which by the terms hereof survive the payment in full of the Loans and the termination of this Agreement), the Borrower will:

SECTION 9.1 Limitation on Indebtedness. (I) Subject to the provisions set forth in subsection (II) below in this Section 9.1, not, and not permit any of its Subsidiaries to, incur or at any time be liable with respect to, any Indebtedness which is or constitutes:

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- (a) a Hedge Obligation not entered into in the ordinary course of business;
 - (b) Indebtedness incurred in connection with the issuance of commercial paper by the Borrower to the extent that Indebtedness of this type exceeds the unutilized portion of the Commitments at any time;
 - (c) Indebtedness with respect to Contingent Obligations to the extent the principal amount of Indebtedness of this type exceeds eight percent (8%) of Total Shareholders' Equity of the Borrower in the aggregate;
 - (d) (i) recourse Indebtedness of Significant Subsidiaries or (ii) nonrecourse Indebtedness of Significant Subsidiaries resulting from the sale or securitization of assets other than non-admitted assets, policy loans, B-Share Financings, CBOs and CMOs; or
 - (e) any secured Indebtedness (excluding secured Indebtedness not prohibited by clause (d)(ii) immediately above), including, without limitation, Capitalized Lease Liabilities and Purchase Money Debt, to the extent Indebtedness of this type exceeds ten percent (10%) of Total Shareholders' Equity of the Borrower in the aggregate or is in violation of Section 9.2(l).
- (II) In the event that the long-term unsecured debt ratings of the Borrower by each of Standard & Poor's and Duff & Phelps shall fall below investment grade (as of the Closing Date, "BBB-" for each such rating agency), the following covenant shall replace the restrictions on the incurrence of Indebtedness set forth above in subsection (I) of this Section 9.1 and shall become applicable automatically upon such event, without further act:

Not, and not permit any of its Subsidiaries to, incur or at any time be liable with respect to any Indebtedness except:

- (a) Indebtedness outstanding under this Agreement in respect of the Loans and other Liabilities;
- (b) Indebtedness outstanding on the Closing Date described on Schedule 9.1; provided, that Indebtedness permitted by this clause (b) does not include any extension, renewal or refunding of any such outstanding Indebtedness unless such extension, renewal or refunding of such Indebtedness does not (A) increase the principal amount of or rate of interest on such Indebtedness, (B) shorten the Average Life of such Indebtedness, or (C) make the terms of such Indebtedness less favorable to the Borrower or any Subsidiary of the Borrower;

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- (c) Indebtedness secured by a Permitted Lien;
- (d) Hedging Obligations entered into in the ordinary course of business;
- (e) Other Indebtedness the proceeds of which are used solely to pay the Liabilities; provided that a permanent ratable reduction is made with respect to the Revolving Commitments in an amount equal to such proceeds;
- (f) Indebtedness in connection with Permitted Transactions;
- (g) Indebtedness, or refinancings thereof, under reimbursement obligations in respect of letters of credit incurred in the ordinary course of business;
- (h) Indebtedness of the Borrower or its Subsidiaries consisting of deferred payment obligations resulting from the adjudication or settlement of any claim or Litigation of the Borrower or its Subsidiaries;
- (i) Indebtedness resulting from reserves for outstanding checks;
- (j) Indebtedness of the Significant Subsidiaries resulting from the sale or securitization of receivables so long as such receivables constitute non-admitted assets of such Significant Subsidiaries; provided, that Indebtedness related to any sale or securitization will be nonrecourse to the Significant Subsidiaries;
- (k) Indebtedness with respect to Contingent Obligations in an aggregate principal amount not exceeding five percent (5%) of Total Shareholders' Equity of the Borrower in the aggregate;
- (l) Indebtedness of Wholly-Owned Subsidiaries of the Borrower owing to the Borrower or another Wholly-Owned Subsidiary of the Borrower, and Indebtedness of the Borrower owing to any of its Wholly- Owned Subsidiaries;
- (m) Indebtedness in respect of deferred Taxes reserved on the financial statements of the Borrower in accordance with GAAP;
- (n) Indebtedness arising from deferral by employees of their right to receive a portion of their salary or wages pursuant to any Pension Plan;
- (o) Indebtedness of a Person existing at the time such Person is first acquired and becomes a Subsidiary of the Borrower or is merged or consolidated with the Borrower or any other Subsidiary of the Borrower so long as immediately

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after giving effect to such acquisition or merger no Default then exists; and

(p) Indebtedness, including, without limitation, Capitalized Lease Liabilities and Purchase Money Debt, in addition to the Indebtedness permitted by clauses (a) through (o), in a principal amount not exceeding three percent (3%) of Total Shareholders' Equity of the Borrower in the aggregate;

provided, however, that legally binding actions taken or commitments made in compliance with subsection (I) while subsection (I) of this Section 9.1 was still in effect shall be exempted from the application of this subsection (II) to the extent such obligations cause the Borrower and its Subsidiaries to not be in compliance with this subsection (II). Notwithstanding the foregoing to the contrary, any renewals or extensions of any such actions or commitments shall be subject to the application of this subsection (II).

SECTION 9.2 Liens. Not, and not permit any of its Subsidiaries to, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for the following (collectively called "Permitted Liens"):

(a) Liens in connection with Permitted Transactions;

(b) Liens for current Taxes not delinquent or for Taxes being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(c) Liens shown on Schedule 9.2;

(d) Liens incurred in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(e) Liens of mechanics, carriers, and materialmen and other like Liens arising in the ordinary course of business in respect of obligations which are not delinquent or which are being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(f) Liens arising in the ordinary course of business for sums being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP, or for sums not due, and in either case not involving any deposits or

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advances for borrowed money or the deferred purchase price of property or services;

(g) Liens on real estate to the extent real estate Investments are permitted by Section 9.10(e)(iii);

(h) Liens in favor of the trustee on sums required to be deposited with the trustee under the Indentures;

(i) If Section 9.1(II) is then in effect, Liens on Indebtedness permitted by Section 9.1(II)(o);

(j) If Section 9.1(II) is then in effect, Liens on assets of the Borrower or any of its Subsidiaries and which are not otherwise permitted to be incurred pursuant to the foregoing clauses (a) - (i) securing Indebtedness permitted by Section 9.1(II)(p); provided, however, that the aggregate fair market value of the property and other assets subject to any such Liens, calculated at the time such Liens are incurred, shall not exceed three and six-tenths percent (3.6%) of Total Shareholders' Equity of the Borrower; and

(l) If Section 9.1(I) is then in effect, Liens on assets of the Borrower or any of its Subsidiaries and which are not otherwise permitted to be incurred pursuant to the foregoing clauses (a) - (h) securing Indebtedness not prohibited by Section 9.1(I); provided, however, that the aggregate fair market value of the property and other assets subject to any such Liens, calculated at the time such Liens are incurred, shall not exceed twelve percent (12%) of Total Shareholders' Equity of the Borrower.

SECTION 9.3 Consolidation, Merger, etc. Not, and not permit any of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other Person, or consummate any Acquisition, except

(a) any Wholly-Owned Subsidiary of the Borrower may liquidate or dissolve voluntarily into, and may merge or consolidate with and into, or sell all or substantially all of its capital stock or assets to, the Borrower or any other Wholly-Owned Subsidiary of the Borrower, and

(b) Acquisitions; provided the Debt to Total Capitalization Ratio does not exceed 0.35:1 immediately after giving pro forma effect to such Acquisition; and provided, further, that no Default exists at the time of such Acquisition or will result therefrom and the Administrative Agent shall have received a certificate of the chief financial officer or a vice president with responsibility for or knowledge of financial affairs of the Borrower to such effect. Notwithstanding the foregoing if the Debt to Total Capitalization Ratio exceeds 0.35:1, but in any event is less than 0.45:1, immediately after giving

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pro forma effect to such Acquisition, the Borrower shall be permitted to make such Acquisition without being in violation of this Section 9.3 so long as the Debt to Total Capitalization Ratio is equal to or less than 0.35:1 ninety (90) days after the consummation of such Acquisition.

SECTION 9.4 Asset Disposition, etc. Not, and not permit any of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries to, sell, assign, lease, transfer, contribute, reinsure, cede, convey or otherwise dispose of, or grant options, warrants or other rights with respect to, any of its assets (including, without limitation, any books of business), unless a prepayment is made pursuant to Section 4.3 or:

(a) such sale, assignment, transfer, lease, contribution, reinsurance, cession, conveyance or other disposition is in the ordinary course of its business including, without limitation, sales of assets in connection with the management of the investment portfolio of the Borrower and its Subsidiaries or as related to the sale or securitization of receivables constituting non-admitted assets of an Insurance Subsidiary;

(b) such sale, assignment, transfer, contribution, conveyance or other disposition is of Credit Tenant Loans, CBOs, CMOs or other mortgages held by such Person in connection with the securitization of such mortgages;

(c) such sale, assignment, transfer, contribution, conveyance or other disposition is made pursuant to a sale-leaseback of an asset of such Person in connection with a Capital Lease Liability permitted under Section 9.1; or

(d) such sale, assignment, transfer, lease, contribution, reinsurance, cession, conveyance or other disposition does not constitute a Disposition the Net Proceeds of which would otherwise be required to be applied as a mandatory prepayment pursuant to Section 4.3 and is not of all or substantially all of the assets of the Borrower or any Significant Subsidiary of the Borrower.

SECTION 9.5 Other Agreements. Not, and not permit any of its Subsidiaries to, enter into any agreement (other than agreements with insurance regulators) containing any provision which (a) would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by it hereunder or in connection herewith, (b) prohibits or restricts the ability of any Subsidiary of the Borrower to make dividends or advances or payments to the Borrower, (c) prohibits or restricts the ability of the Borrower or any of its Subsidiaries to amend or otherwise modify this Agreement or any other document executed in connection herewith or (d) constitutes an agreement to a limitation or restriction of the type described in clauses (a) through (c) with respect to any other Indebtedness.

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SECTION 9.6 Business Activities. Not, and not permit any of its Significant Subsidiaries to fundamentally change the type of business in which it is presently engaged as listed on Schedule 9.6.

SECTION 9.7 Change of Location or Name. Not, and not permit its Significant Subsidiaries to, change (a) the location of its principal place of business, chief executive office, major executive office, chief place of business or its records concerning its business and financial affairs, or (b) its name or the name under or by which it conducts its business, in each case without first giving the Administrative Agent at least ten (10) days' advance written notice thereof; provided, however, that notwithstanding the foregoing, neither the Borrower nor any of its Significant Subsidiaries shall change the location of its principal place of business, chief executive office, major executive office, chief place of business or its records concerning its business and financial affairs to any place outside the contiguous continental United States of America.

SECTION 9.8 Transactions with Affiliates. Except as set forth on Schedule 9.8, not, and not permit any of the Insurance Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement, Reinsurance Agreement, Surplus Relief Reinsurance Agreement or contract with any of its other Affiliates (other than the Borrower, another Insurance Subsidiary or a Wholly-Owned Subsidiary of any of them) unless, in the case of any arrangement, contract or instrument which is material to the Borrower and its Subsidiaries taken as a whole, written notice is given to the Administrative Agent (which shall promptly deliver copies of such notice to the Banks) subsequent to such arrangement and, in any case, such arrangement, contract or instrument (a) is fair and equitable to the Borrower or such Subsidiary and (b) is of a sort which would be entered into by a prudent Person in the position of the Borrower or such Subsidiary with a Person which is not one of its Affiliates.

SECTION 9.9 [intentionally left blank].

SECTION 9.10 Investments. Not, and not permit any of its Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Schedule 9.10;

(b) Cash Equivalents;

(c) without duplication, Investments permitted as Indebtedness pursuant to Section 9.1;

(d) Investments by the Borrower in any of its Wholly- Owned Subsidiaries or by any such Wholly-Owned Subsidiary in the Borrower or any other Wholly-Owned Subsidiary of the

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Borrower, by way of contributions to capital or loans or advances;

(e) other Investments by the Borrower and its Subsidiaries which are in compliance with all of the following guidelines:

(i) All Investments made by any Insurance Subsidiary shall be in compliance with the applicable Department of such Insurance Subsidiary;

(ii) No Investments in mortgage loans, except (A) for existing direct mortgage loans listed on Schedule 9.10 and refinancings thereof and (B) other Investments in direct mortgage loans; provided, that such Investments, when aggregated with Investments in real estate permitted by clause (iii) below, shall not exceed 8% of the aggregate Investments of the Borrower and its Subsidiaries on a consolidated basis;

(iii) No Investments in real estate, except for existing Investments in real estate listed on Schedule 9.10 and additional Investments in real estate; provided, that such Investments, when aggregated with Investments in mortgage loans permitted by clause (ii) above, shall not exceed 8% of the aggregate Investments of the Borrower and its Subsidiaries on a consolidated basis;

(iv) Investments by the Borrower and its Subsidiaries, on a consolidated basis, in equity securities (excluding Investments in any Subsidiary of the Borrower) and non-Investment Grade Securities shall not exceed in the aggregate 15% of the Investments of the Borrower and its Subsidiaries on a consolidated basis;

(v) Investments by the Borrower and its Subsidiaries, on a consolidated basis, in Investments relating to a single issuer (other than U.S. Government Securities) shall not exceed in the aggregate 4% of the Investments of the Borrower and its Subsidiaries on a consolidated basis;

(vi) Investments in connection with Permitted Transactions;

(vii) Investments in CMO Derivative Investments in an amount not to exceed in the aggregate 4% of the Investments of the Borrower and its Subsidiaries on a consolidated basis;

(f) Credit Tenant Loans, CMOs and CBOs; and

(g) Investments, in addition to the Investments permitted by clauses (a) - (f) above, which do not exceed in

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the aggregate 4% of the Investments of the Borrower and its Subsidiaries on a consolidated basis.

SECTION 9.11 Certain Indebtedness. Not, and not permit any of its Subsidiaries to:

(a) make any payment (whether of principal, interest or otherwise) on any Senior Notes on any day other than the stated scheduled date for such payment set forth in the Senior Note Documents as of the Closing Date;

(b) prepay, redeem, purchase, defease or transfer its obligations under any Senior Notes, or make any deposit for any of the foregoing; or

(c) amend or modify any Senior Note Documents if such amendment or modification could have an adverse effect on the Banks or any material provision of the Loan Documents.

SECTION 10. FINANCIAL COVENANTS

The Borrower agrees that, on and after the Closing Date until the termination or expiration of the Commitments and for so long thereafter as any of the Liabilities remain unpaid or outstanding, it will comply with the following:

SECTION 10.1 Shareholders' Equity. Not permit Total Shareholders' Equity of the Borrower to be less than (a) \$1,750,000,000 at any time from the Closing Date to and including December 31, 1996, (b) \$2,400,000,000 at any time from January 1, 1997 to and including December 31, 1998 and (c) \$3,500,000,000 at any time thereafter.

SECTION 10.2 Debt to Total Capitalization Ratio. Not permit the Debt to Total Capitalization Ratio to exceed 0.45:1 at any time after the Closing Date. This ratio shall be measured at the end of each Fiscal Quarter for the Fiscal Quarter then ended.

SECTION 10.3 Interest Coverage Ratio. Not permit the Interest Coverage Ratio to be less than (a) 2.0:1 from the Closing Date to and including March 31, 1997, (b) 2.25:1 from April 1, 1997 to and including September 30, 1997, (c) 2.5:1 from October 1, 1997 to and including December 31, 1997, (d) 2.75:1 from January 1, 1998 to and including December 31, 1999 and (e) 3.0:1 at any time after December 31, 1999. This ratio shall be measured at the end of each Fiscal Quarter for the periods provided in the definition thereof.

SECTION 11. CONDITIONS

The obligation of the Banks to make the Loans is subject to the performance by the Borrower of all of its obligations under this Agreement and to the satisfaction of the following conditions precedent:

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SECTION 11.1 Initial Loans. Prior to or concurrent with the making of the initial Loans, the Administrative Agent shall have received all of the following, each, except to the extent otherwise specified below, duly executed by a Responsible Officer, dated the date of the initial Loans (or such earlier date as shall be satisfactory to the Administrative Agent), in form and substance satisfactory to the Administrative Agent, and each in sufficient number of signed counterparts or copies to provide one for each Bank and the Administrative Agent:

11.1.1 If requested by a Bank, an appropriately completed Committed Note, payable to the order of such Bank evidencing such Bank's Revolving Commitment;

11.1.2 A favorable opinion of Lawrence Inlow, general counsel of the Borrower and its Significant Subsidiaries, substantially in the form of Exhibit L hereto, and addressing such other legal matters as the Administrative Agent may require;

11.1.3 An officer's certificate of the Borrower, substantially in the form of Exhibit M hereto, and dated as of the Closing Date, signed by a Responsible Officer of the Borrower and attested to by the secretary thereof, together with certified copies of the Borrower's articles of incorporation, by-laws and directors resolutions;

11.1.4 Evidence of the good standing or certificates of compliance of the Borrower in the jurisdiction in which such entity was incorporated as of the Closing Date;

11.1.5 Evidence that the Borrower paid to the Administrative Agent the fees and expenses provided for in the Fee Letter which are payable as of the Closing Date;

11.1.6 A letter from the Process Agent agreeing to receive service of process on behalf of the Borrower pursuant to Section 15.11 hereof;

11.1.7 Certified copies of each material consent, license and approval (including, without limitation, any insurance commission approvals) required in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the other Loan Documents; such consents, licenses and approvals shall be in full force and effect, shall be satisfactory in form and substance to the Administrative Agent and shall be all of the material consents required to be obtained or made on or before the consummation of the financing contemplated by this Agreement;

11.1.8 A certificate of a Responsible Officer of the Borrower that there are no material insurance regulatory proceedings pending or threatened against any of the Insurance Subsidiaries;

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11.1.9 A certificate of a Responsible Officer of the Borrower, dated the Closing Date, as to the matters set forth in Sections 11.3.2 through 11.3.5 hereof;

11.1.10 An officer's certificate signed by a Responsible Officer of the Borrower, certifying that to such officer's best knowledge, since September 30, 1996, no event has occurred which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect;

11.1.11 Evidence that the Cash Collateral Account has been established;

11.1.12 A payoff letter from the agent under the Existing Credit Agreement and from NationsBank satisfactory to the Administrative Agent relating to the payment of the Initial Indebtedness to be Refinanced including evidence that all commitments have been terminated and all loans have been paid thereunder;

11.1.13 Schedules and Exhibits satisfactory to the Administrative Agent and the Banks;

11.1.14 A Federal Reserve Form U-1 for each Bank, duly executed by a Responsible Officer of the Borrower, the statements made in which shall be such, in the opinion of the Administrative Agent, as to permit the transactions contemplated by this Agreement in accordance with Regulation U;

11.1.15 Evidence satisfactory to the Administrative Agent that each of the Loan Documents has been duly executed and delivered and is in full force and effect without modification;

11.1.16 Receipt by the Agents and the Lenders of (i) the consolidated financial statements of the Borrower and its Subsidiaries and of the Initial Acquired Companies for each of fiscal years 1994 and 1995, including balance sheets and income and cash flow statements, in each case audited by independent public accountants of recognized national standing and containing an unqualified opinion of such firm that such statements present fairly, in all material respects, the consolidated financial position and results of operations of the Borrower and its Subsidiaries and the Initial Acquired Companies, respectively, and are prepared in conformity with GAAP, (ii) a satisfactory pro forma consolidated balance sheet of the Borrower as of September 30, 1996 giving effect to the acquisition of the Initial Acquired Companies and the transactions contemplated by the Purchase Agreements and reflecting estimated purchase price accounting adjustments, prepared by the Borrower and certified by the Borrower's chief financial officer, and (iii) such other information relating to the Initial Acquired Companies as the Agents may reasonably require in

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connection with the structuring and syndication of credit facilities of the type described herein;

11.1.17 The corporate capital and ownership structure of the Borrower and its Subsidiaries (after giving effect to the contemplated purchase of the Initial Acquired Companies) shall be satisfactory to the Agents;

11.1.18 There shall not exist any pending or threatened action, suit, investigation or proceeding against the Borrower or any of its Subsidiaries that would have or would reasonably be expected to have a Material Adverse Effect;

11.1.19 Receipt by the Agents of evidence demonstrating that the Borrower and its Subsidiaries are in compliance with all financial obligations as of the Closing Date; and

11.1.20 Such other information and documents as may reasonably be required by the Administrative Agent and the Administrative Agent's counsel.

SECTION 11.2 All Loans to Acquire Initial Acquired Companies. The obligation of the Banks to make Loans hereunder for the purpose of acquiring (whether by stock or asset purchase, merger or consolidation) each Initial Acquired Company is subject to the following further conditions precedent:

11.2.1 The corporate capital and ownership structure of the Borrower and its Subsidiaries, if different from that delivered on the Closing Date (after giving effect to the contemplated acquisition of the applicable Initial Acquired Company) shall be satisfactory to the Agents;

11.2.2 Receipt by the Agents of evidence that (a) all governmental, shareholder and material third party consents (including Hart-Scott-Rodino clearance) and approvals necessary or desirable in connection with the acquisition of the applicable Initial Acquired Company and the related financings and other transactions contemplated hereby to occur in connection with such acquisition have been obtained, (b) the expiration of all applicable waiting periods without any action being taken by any authority that could reasonably be likely to restrain, prevent or impose any material adverse conditions on the acquisition of such Initial Acquired Company or such other transactions contemplated hereby to occur in connection with such acquisition or that could reasonably be likely to seek or threaten any of the foregoing, has occurred, and (c) no law or regulation is or shall be applicable which in the judgment of the Agents could reasonably be likely to have the effect of any of the foregoing;

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11.2.3 There shall not have occurred a change since the Closing Date that has had or could reasonably be expected to have a Material Adverse Effect, or a material adverse effect on the business, financial condition or prospects of the applicable Initial Acquired Company, including specifically, without limitation, any such change resulting from any matter not disclosed in the applicable Purchase Agreement or resulting from a change in status of any matter disclosed in such Purchase Agreement (including matters related to litigation, tax, accounting, labor, insurance and pension liabilities);

11.2.4 There shall not exist any order, decree, judgment, ruling or injunction which restrains the consummation of the acquisition of the applicable Initial Acquired Company in the manner contemplated by the applicable Purchase Agreement;

11.2.5 There shall not have been any material modification, amendment, supplement or waiver to the applicable Purchase Agreement without the prior written consent of the Agents, including, but not limited to, any modification, amendment, supplement or waiver relating to the amount or type of consideration to be paid in connection with the acquisition of the applicable Initial Acquired Company and the contents of all disclosure schedules and exhibits, and the acquisition of such Initial Acquired Company shall have been consummated in accordance with the terms of the applicable Purchase Agreement for an aggregate cash purchase price, that when added to the aggregate cash purchase price paid or to be paid to acquire the other Initial Acquired Companies, is not in excess of \$1,800,000,000 (inclusive of payments of preferred stock, repayment of indebtedness and payment of expenses);

11.2.6 Receipt by the Agents of the final applicable Purchase Agreement, together with all exhibits and schedules thereto, certified by an officer of the Borrower;

11.2.7 Receipt by the Agents of evidence demonstrating that the Borrower and its Subsidiaries (including the applicable Initial Acquired Company) are in compliance with all financial obligations and covenants after giving effect to the acquisition of such Initial Acquired Company;

11.2.8 An officer's certificate signed by a Responsible Officer of the Borrower, certifying that all of the foregoing conditions precedent have been satisfied in full; and

11.2.9 Such other information and documents as may reasonably be required by the Administrative Agent and the Administrative Agent's counsel in connection with the acquisition of the applicable Initial Acquired Company.

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SECTION 11.3 All Loans. The obligation of the Banks to make Loans hereunder is subject to the following further conditions precedent:

11.3.1 The Administrative Agent shall have received a duly executed Notice of Borrowing or Competitive Bid Request;

11.3.2 No Default exists or will result from the making of the Loans;

11.3.3 The representations and warranties of the Borrower contained in Section 7 and by the Borrower in the other Loan Documents are true and correct with the same effect as though made on the Borrowing Date;

11.3.4 No Material Litigation exists except as disclosed on Schedule 7.8; and

11.3.5 No Material Adverse Change has occurred since September 30, 1996.

SECTION 11.4 Loans for the Repayment of the BLHC Debt. In addition to the satisfaction of the conditions precedent set forth in Sections 11.1 and 11.3 hereof, the obligation of the Banks to make Loans hereunder for the repayment of the BLHC Debt is subject to the commitments of the lenders under the BLHC Credit Agreement being irrevocably terminated.

SECTION 12. EVENTS OF DEFAULT AND THEIR EFFECT

SECTION 12.1 Events of Default. An "Event of Default" shall exist if any one or more of the following events (herein collectively called "Events of Default") shall occur and be continuing:

12.1.1 Non-Payment of Loans, etc.

(a) Default in the payment or prepayment when due of any principal on the Loans, or

(b) Default in the payment within five (5) days of when due of any interest on the Loans or any other amount owing by the Borrower pursuant to this Agreement.

12.1.2 Non-Payment of Other Indebtedness. Default in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness of the Borrower or any of its Significant Subsidiaries (other than Indebtedness in respect of this Agreement) in an amount in excess of \$50,000,000; or default in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate or could result in the acceleration of the maturity of any such Indebtedness or

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to permit the holder or holders thereof, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity. For purposes of this Section 12.1.2, Indebtedness shall refer only to Indebtedness included in clauses (a) through (d) and clause (h) of the definition of Indebtedness.

12.1.3 Bankruptcy, Insolvency, etc. The Borrower or any of its Significant Subsidiaries and/or any of its Insurance Subsidiaries becomes insolvent or generally fails to pay, or admits in writing its inability to pay, debts as they become due; or the applicable Department places the Borrower or any of its Significant Subsidiaries and/or any of its Insurance Subsidiaries under supervision or conservation; or the Borrower or any of its Significant Subsidiaries and/or Insurance Subsidiaries applies for, consents to, or acquiesces in, the appointment of a trustee, receiver or other custodian for the Borrower or such Significant Subsidiary and/or Insurance Subsidiary or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or any of its Significant Subsidiaries and/or Insurance Subsidiaries or for a substantial part of the property of any thereof and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding (except the voluntary dissolution, not under any bankruptcy or insolvency law, of a Subsidiary), is commenced in respect of the Borrower or any of its Significant Subsidiaries and/or Insurance Subsidiaries and if such case or proceeding is not commenced by the Borrower or such Significant Subsidiary and/or Insurance Subsidiary, it is consented to or acquiesced in by the Borrower or such Significant Subsidiary and/or Insurance Subsidiary or remains for sixty (60) days undismissed; or the Borrower or any of its Significant Subsidiaries and/or Insurance Subsidiaries takes any corporate action to authorize, or in furtherance of, any of the foregoing.

12.1.4 Defaults Under this Agreement. Failure by the Borrower to comply with or perform any of the covenants or agreements of the Borrower set forth in Sections 9.1, 9.2, 9.3, 9.4 and 10.

12.1.5 Other Noncompliance with this Agreement. Failure by the Borrower or any of its Subsidiaries to comply with or perform any other provision of this Agreement or the other Loan Documents applicable to it (other than those listed in Section 12.1.4 or those constituting an Event of Default under any of the other provisions of this Section 12) and continuance of such failure for thirty (30) days after notice thereof to the Borrower from the Administrative Agent.

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12.1.6 Representations and Warranties. Any representation or warranty made by the Borrower in any of the Loan Documents is false or misleading in any material respect as of the date hereof or as of the date hereafter certified, or any schedule, certificate, financial statement, report, notice, or other writing furnished by the Borrower to the Administrative Agent or any Bank is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

12.1.7 Pension Plans and Welfare Plans. With respect to any Single Employer Pension Plan as to which the Borrower or any other Controlled Group member may have any liability, there shall exist a deficiency of more than \$20,000,000 as to any Controlled Group member (other than the Borrower) or \$65,000,000 as to the Borrower in the Pension Plan assets available to satisfy the benefits guaranteeable under ERISA with respect to such Pension Plan, and steps are undertaken to terminate such plan or such Pension Plan is terminated or the Borrower or any other Controlled Group member withdraws from or institutes steps to withdraw from such Pension Plan, or the Borrower has knowledge that steps have been taken to terminate any Multiemployer Pension Plan and such termination may result in liability to any Controlled Group member (other than the Borrower) in excess of \$20,000,000 or \$65,000,000 as to the Borrower or any Reportable Event with respect to such Pension Plan has occurred which could result in the incurrence of liability by any Controlled Group member (other than the Borrower) in excess of \$20,000,000 or \$65,000,000 as to the Borrower or steps are taken to terminate any Multiemployer Pension Plan and such termination may result in any liability of any Controlled Group member (other than the Borrower) in excess of \$20,000,000 or \$65,000,000 as to the Borrower shall occur.

12.1.8 Adverse Judgment. One or more final judgments or decrees shall be entered against the Borrower or any of its Wholly-Owned Subsidiaries and/or Significant Subsidiaries involving, individually or in the aggregate, a liability (other than a liability of an Insurance Subsidiary in the ordinary course of business) (not covered by collectible insurance) of \$30,000,000 or more, and all such judgments or decrees shall not have been vacated, satisfied, discharged or stayed or bonded, if required by law, pending appeal within thirty (30) consecutive days from the entry thereof.

12.1.9 Change in Control. The occurrence of a Change in Control.

12.1.10 Material Adverse Change. The occurrence of any event which, in the reasonable judgment of the Required Banks, constitutes a Material Adverse Change.

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SECTION 12.2 Effect of Event of Default. If any Event of Default described in Section 12.1.3 shall occur and be continuing, the Commitments (if they have not theretofore terminated) shall immediately terminate and all Liabilities shall become immediately due and payable, all without presentment, demand, protest or notice of any kind; and, in the case of any other Event of Default, the Administrative Agent may (or shall, upon the written request of the Required Banks) declare the Commitments (if they have not theretofore terminated) to be terminated and all Liabilities to be due and payable, whereupon the Commitments (if they have not theretofore terminated) shall immediately terminate and all Liabilities shall become immediately due and payable, all without presentment, demand, protest or notice of any kind. The Administrative Agent shall promptly advise the Borrower and each Bank of any such declaration, but failure to do so shall not impair the effect of such declaration. Notwithstanding the foregoing or any provision of Section 15.1, the effect as an Event of Default of any event described in Section 12.1.3 may be waived by the written concurrence of the Banks holding 100% of the aggregate unpaid principal amount of the Loans, and the effect as an Event of Default of any other event described in this Section 12 may be waived as provided in Section 15.1.

SECTION 13. THE AGENT

SECTION 13.1 Authorization and Action. Each Bank hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers to the extent provided herein or in any document or instrument delivered hereunder or in connection herewith, together with such other action as may be reasonably incidental thereto. As to matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of this Agreement or any other Loan Document) the Administrative Agent shall not be required to exercise any discretion, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Banks and such instructions shall be binding upon all Banks. Under no circumstances shall the Administrative Agent have any fiduciary duties to any Bank or be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or to the other Loan Documents or applicable law.

SECTION 13.2 Liability of the Administrative Agent. None of the Administrative Agent or any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement and the other Loan Documents, except for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may treat a Bank as such until the Administrative Agent receives an executed Assignment Agreement entered into between a Bank and an

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Eligible Assignee pursuant to Section 14.1; (b) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts or consultants selected by it; (c) shall not be liable for any action taken or omitted to be taken in good faith by the Administrative Agent in accordance with the advice of counsel, accountants, consultants or experts; (d) shall make no warranty or representation to any Bank and shall not be responsible to any Bank for any recitals, statements, warranties or representations, whether written or oral, made in or in connection with this Agreement or the other Loan Documents; (e) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, obligations, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including, without limitation, any books and records) of the Borrower; (f) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document or other support or security (including the validity, priority or perfection of any Lien), or any other document furnished in connection with any of the foregoing; and (g) shall incur no liability under or in respect of this Agreement or any other Loan Document by action upon any written notice, statement, certificate, order, telephone message, facsimile or other document which the Administrative Agent believes in good faith to be genuine and correct and to have been signed, sent or made by the proper Person.

SECTION 13.3 administrative Agent and Affiliates. With respect to the Loans made by it, NationsBank shall have the same rights and powers under this Agreement and the other Loan Documents as any other Bank and may exercise the same as though it were not the Administrative Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include NationsBank in its individual capacity. NationsBank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, the Borrower and any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if NationsBank were not the Administrative Agent and without any duty to account therefor to the Banks.

SECTION 13.4 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on the financial statements referred to in Section 7.6 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

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SECTION 13.5 Indemnification. The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to their Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or assessed against the Administrative Agent in any way relating to or arising out of this Agreement or the other Loan Documents, or any action taken or omitted by the Administrative Agent under this Agreement or the other Loan Documents; provided, that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limiting any of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for its Percentage of any expenses (including reasonable counsel fees) incurred by the Administrative Agent (in its individual capacity as agent or in its capacity as representative of the Banks) in connection with the preparation, execution, delivery, administration, modification, amendment, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under this Agreement or the other Loan Documents to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower. All obligations provided for in this Section 13.5 shall survive termination of this Agreement.

SECTION 13.6 Successor Agent. The Administrative Agent may, and at the request of the Required Banks shall, resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by the Borrower (which consent shall not be unreasonably withheld). If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Borrower, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 13 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder

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until such time, if any, as the Required Banks appoint a successor agent as provided for above.

SECTION 13.7 Duties of Syndication Agent, Documentation Agent and Managing Agents. Notwithstanding any other provision contained in this Agreement to the contrary, the Syndication Agent, the Documentation Agent and the Managing Agents shall have no duties or obligations with respect to this Agreement or the other Loan Documents.

SECTION 14. ASSIGNMENTS AND PARTICIPATIONS

SECTION 14.1 Assignments.

(a) Each Bank shall have the right at any time to assign with the consent of the Borrower and the Administrative Agent (which consent, in each case, will not unreasonably be withheld), to any Eligible Assignee, all or any part of such Bank's rights and obligations under this Agreement and each other Loan Document including its rights in respect of its Loans and Notes. Any such assignment shall be pursuant to an assignment agreement, substantially in the form of Exhibit N (an "Assignment Agreement"), duly executed by such Bank and the Eligible Assignee, and acknowledged by the Administrative Agent and the Borrower. Notwithstanding the foregoing, each Bank may make assignments to its Affiliates or to any Federal Reserve Bank without obtaining consent of the Borrower or the Administrative Agent.

(b) Each assignment shall be pro rata with respect to all rights and obligations of the assigning Bank including its Revolving Commitment, the Loans and the Notes, if any. Each assignment shall be in an amount equal to or in excess of \$10,000,000 (except for assignments of the entire unpaid balance, if less than \$10,000,000, of the Loans of a Bank or assignments to existing Banks). In the case of any such assignment, upon the fulfillment of the conditions in Section 14.1(c), this Agreement shall be deemed to be amended to the extent, and only to the extent, necessary to reflect the addition of such Eligible Assignee, and such Eligible Assignee shall for all purposes be a Bank party hereto and shall have, to the extent of such assignment, the same rights and obligations as a Bank hereunder.

(c) An assignment shall become effective hereunder when all of the following shall have occurred:

(i) the Assignment Agreement shall have been executed by the parties thereto,

(ii) the Assignment Agreement shall have been acknowledged by the Administrative Agent and by the Borrower,

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(iii) either the assigning Bank or the Eligible Assignee shall have paid a processing fee of \$3,000 to the Administrative Agent for its own account; provided that the Eligible Assignee shall be solely responsible for such processing fee with respect to any assignment pursuant to Sections 5.8 and 15.2, and

(iv) the assigning Bank and the Administrative Agent shall have agreed upon a date upon which such assignment shall become effective. Upon such assignment becoming effective, the Administrative Agent shall forward all payments of interest, principal, fees and other amounts that would have been made to the assigning Bank, in proportion to the percentage of the assigning Bank's rights transferred, to the Eligible Assignee.

(d) Upon the effectiveness of any assignment, the assigning Bank shall be relieved from its obligations hereunder to the extent of the obligations so assigned (except to the extent, if any, that the Borrower, any other Bank or the Administrative Agent have rights against such assigning Bank as a result of any default by such Bank under this Agreement). Promptly following the effectiveness of each assignment, the Administrative Agent shall furnish to the Borrower and each Bank a revised Schedule 1.1-A, revised to reflect such assignment.

SECTION 14.2 Participations.

(a) Each Bank may grant participations in all or any part of its Loans, Commitments and, if applicable, the Notes to any Eligible Assignee. A participant shall not have any rights under this Agreement or any other document delivered in connection herewith (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto, which agreement with respect to such participation shall not restrict such Bank's ability to make any modification, amendment or waiver to this Agreement without the consent of the participant except that the consent of such participant may be required in connection with matters requiring the consent of all of the Banks under Section 15.1). Notwithstanding the foregoing, each participant shall have the rights of a Bank pursuant to Section 4.7. All amounts payable by the Borrower under this Agreement shall be determined as if the Bank had not sold such participation. In the event of any such sale by a Bank of participating interests to a participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any obligation for all purposes under this Agreement, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement.

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(b) Limitation of Rights of any Participant. Notwithstanding anything in the foregoing to the contrary,

(i) no participant shall have any direct rights hereunder,

(ii) the Borrower, the Administrative Agent and the Banks, other than the selling Bank, shall deal solely with the selling Bank and shall not be obligated to extend any rights or make any payment to, or seek any consent of, the participant,

(iii) no participation shall relieve the selling Bank of any of its other obligations hereunder and such Bank shall remain solely responsible for the performance thereof, and

(iv) no participant, other than an affiliate of the selling Bank, shall be entitled to require such Bank to take or omit to take any action hereunder, except that such Bank may agree with such participant that such Bank will not, without such participant's consent, take any action which requires the consent of all of the Banks under Section 15.1.

SECTION 14.3 Disclosure of Information. The Borrower authorizes each Bank to disclose to any participant, assignee or Eligible Assignee (each, a "Transferee") and any prospective Transferee any and all financial and other information in such Bank's possession concerning the Borrower and its Subsidiaries which has been delivered to such Bank by the Borrower in connection with such Bank's credit evaluation of the Borrower prior to entering into this Agreement or which has been delivered to such Bank by the Borrower pursuant to this Agreement; provided, however, that each Bank, participant, assignee and Eligible Assignee shall execute a confidentiality agreement substantially in the form of Exhibit O in which it agrees that it shall hold all non-public, confidential and proprietary information obtained pursuant to the requirements of this Agreement in accordance with safe and sound banking and business practices and may make disclosure reasonably required by any bona fide participant, assignee or Eligible Assignee in connection with the contemplated transfer of any portion of the Loans or as required or requested by any Governmental Authority or representative thereof or pursuant to legal process. For the purposes of this Section 14.3, by execution of this Agreement each of the Banks shall be deemed to have agreed to and executed the confidentiality agreement contained in Exhibit O.

SECTION 14.4 Foreign Transferees. If, pursuant to this Section 14, any interest in this Agreement or any Loans or any Note is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof or upon the request of the Administrative Agent, the transferor Bank shall cause such Transferee (other than any

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participant), and may cause any participant, concurrently with the effectiveness of such transfer,

(a) to represent to the transferor Bank (for the benefit of the transferor Bank, the Administrative Agent and the Borrower) that under applicable law and treaties no Taxes will be required to be withheld by the Administrative Agent,

(b) to represent to the Borrower or the transferor Bank that under applicable law and treaties no Taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of the Loans or, if applicable, the Notes,

(c) to furnish to the transferor Bank, the Administrative Agent and the Borrower either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein such Transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and

(d) to agree (for the benefit of the transferor Bank, the Administrative Agent and the Borrower) to provide the transferor Bank, the Administrative Agent and the Borrower a new Form 4224 or Form 1001 upon the obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such Transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

SECTION 15. MISCELLANEOUS

SECTION 15.1 Waivers and Amendments. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Banks; provided, that no such amendment, modification or waiver:

(a) which would modify any requirement hereunder that any particular action be taken by all Banks or by the Required Banks, shall be effective without the consent of each Bank;

(b) which would modify this Section 15.1, change the definition of "Required Banks," change any Percentage for any Bank (except pursuant to an Assignment Agreement), reduce any fees, extend the Termination Date or the maturity date of any Loan, reduce any rate of interest payable on the Loans or subject any Bank to any additional obligations, shall be effective without the consent of each Bank;

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(c) which would extend the due date for, or reduce the amount of, any payment or prepayment of principal of or interest on the Loans or any fees, shall be effective without the consent of each Bank; or

(d) which would affect adversely the interests, rights or obligations of the Administrative Agent (in such capacity) other than removal in accordance with Section 13.6, shall be effective without consent of the Administrative Agent.

SECTION 15.2 Failure to Consent. If any Bank shall fail to consent to any amendment, modification or waiver described in Section 15.1 (any such Bank being hereinafter referred to as a "Nonconsenting Bank") then in such case, the Borrower may, upon at least five (5) Business Days' written notice to the Administrative Agent and such Nonconsenting Bank, designate a substitute lender (a "Substitute Bank") acceptable to the Administrative Agent in its sole discretion, to which such Nonconsenting Bank shall assign all (but not less than all) of its rights and obligations under the Loans and Commitment hereunder. Upon any assignment by any Bank pursuant to this Section 15.2 becoming effective, the Substitute Bank shall thereupon be deemed to be a "Bank" for all purposes of this Agreement and the assigning Bank shall thereupon cease to be a "Bank" for all purposes of this Agreement and shall have no further rights or obligations hereunder (other than pursuant to Sections 5.1, 5.2, 15.4 and 15.5 while such Non-Consenting Bank was a Bank); provided, that all Liabilities (except Liabilities which by the terms hereof survive the payment in full of the Loans and termination of this Agreement) due and payable to the Nonconsenting Bank shall be paid in full as of the date of such assignment. Notwithstanding the foregoing, in the event that in connection with any amendment, modification or waiver more than one Bank is a Nonconsenting Bank, the Borrower may not require one Bank to assign its rights and obligations to a Substitute Bank unless all Nonconsenting Banks are required to make such an assignment. Notwithstanding any Nonconsenting Bank's failure or refusal to assign its rights, obligations, Loans and Commitment under this Section 15.2, the Nonconsenting Bank shall cease to be a "Bank" for all purposes of this Agreement and the Substitute Bank substituted therefor upon payment to the Nonconsenting Bank by the Substitute Bank of all amounts set forth in this Section 15.2 without any further action of the Nonconsenting Bank.

SECTION 15.3 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile or similar writing) and shall be given to such party at its address, facsimile or telex number set forth on the signature or acknowledgement pages hereof or such other address, facsimile or telex number as such party may hereafter specify for the purpose by written notice to the Administrative Agent and the Borrower. Each such notice, request or other communication shall be effective (a) if given by facsimile or telex, when such facsimile or telex is transmitted

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to the facsimile or telex number specified in this Section and, in the case of telex, the appropriate answerback is received, (b) if given by mail, seventy-two (72) hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (c) if given by any other means, when delivered at the address specified in this Section, provided, that notices to the Administrative Agent under Sections 3, 4 and 12 shall not be effective until received by the Administrative Agent.

SECTION 15.4 Payment of Costs and Expenses. The Borrower agrees to pay on demand all reasonable expenses of the Administrative Agent (including the non-duplicative fees and reasonable expenses of counsel (including expenses of in-house counsel) and of local counsel, if any, who may be retained by such counsel) in connection with:

- (a) the negotiation, preparation, execution, syndication and delivery of this Agreement and the other Loan Documents, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or the other Loan Documents as may from time to time hereafter be required, whether or not the transactions contemplated hereby or thereby are consummated; and
- (b) the preparation and/or review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrower further agrees to pay, and to save the Administrative Agent and the Banks harmless from all liability for, any stamp or other Taxes (other than income taxes of the Administrative Agent or the Banks) which may be payable in connection with the execution or delivery of this Agreement, the borrowing hereunder, or the issuance of the Notes or any other Loan Document. The Borrower also agrees to reimburse the Administrative Agent, the Agents and each Bank upon demand for all reasonable expenses (including attorneys' fees and legal expenses) incurred by the Administrative Agent or such Bank in connection with the enforcement of any Liabilities and the consideration of legal issues relevant hereto and thereto whether or not such expenses are incurred by the Administrative Agent on its own behalf or on behalf of the Banks. All obligations of the Borrower provided for in this Section 15.4 shall survive termination of this Agreement. Notwithstanding the foregoing, the Administrative Agent, the Agents or a Bank shall not have the right to reimbursement under this Section 15.4 for amounts determined by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of the Administrative Agent or a Bank.

SECTION 15.5 Indemnity. The Borrower agrees to indemnify each Bank and each Bank's respective directors, officers, employees, persons controlling or controlled by any of them or

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their respective agents, consultants, attorneys and advisors (the "Indemnified Parties") and hold each Indemnified Party harmless from and against any and all liabilities, losses, claims, damages, costs and expenses of any kind to which any of the Indemnified Parties may become subject, whether directly or indirectly (including, without limitation, the reasonable fees and disbursements of counsel for any Indemnified Party), relating to or arising out of this Agreement, the other Loan Documents or any actual or proposed use of the proceeds of the Loans hereunder; provided, that no Indemnified Party shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. All obligations of the Borrower provided for in this Section 15.5 shall survive termination of this Agreement.

SECTION 15.6 Subsidiary References. The provisions of this Agreement relating to Subsidiaries shall apply only during such times as a Person referenced in such a provision has one or more Subsidiaries.

SECTION 15.7 Captions. Section captions used in this Agreement are for convenience only, and shall not affect the construction of this Agreement.

SECTION 15.8 GOVERNING LAW. THIS AGREEMENT, THE NOTES AND THE LOANS SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES. ALL OBLIGATIONS OF THE BORROWER AND RIGHTS OF THE ADMINISTRATIVE AGENT AND THE BANKS IN RESPECT OF THE LIABILITIES EXPRESSED HEREIN OR IN THE OTHER LOAN DOCUMENTS SHALL BE IN ADDITION TO AND NOT IN LIMITATION OF THOSE PROVIDED BY APPLICABLE LAW.

SECTION 15.9 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. When counterparts executed by all the parties shall have been lodged with the Administrative Agent (or, in the case of any Bank as to which an executed counterpart shall not have been so lodged, the Administrative Agent shall have received telegraphic, facsimile, telex or other written confirmation from such Bank of execution of a counterpart hereof by such Bank), this Agreement shall become effective as of the Closing Date, and at such time the Administrative Agent shall notify the Borrower and each Bank.

SECTION 15.10 SUBMISSION TO JURISDICTION; WAIVER OF VENUE. THE ADMINISTRATIVE AGENT, EACH AGENT, EACH BANK AND THE BORROWER HEREBY IRREVOCABLY SUBMIT TO THE NONEXCLUSIVE JURISDICTION OF ANY NORTH CAROLINA STATE OR FEDERAL COURT SITTING IN THE WESTERN DISTRICT OF NORTH CAROLINA OR ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE SOUTHERN DISTRICT OF NEW YORK OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, AND THE ADMINISTRATIVE AGENT, EACH AGENT,

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EACH BANK AND THE BORROWER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE OR FEDERAL COURTS. THE ADMINISTRATIVE AGENT, EACH AGENT, EACH BANK AND THE BORROWER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN ANY ACTION OR PROCEEDING (WHETHER BROUGHT BY THE BORROWER, THE ADMINISTRATIVE AGENT, ANY AGENT, ANY BANK, OR OTHERWISE) IN ANY COURT HEREINABOVE SPECIFIED IN THIS SECTION 15.10 AS WELL AS ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO REMOVE ANY SUCH ACTION OR PROCEEDING, ONCE COMMENCED, TO ANOTHER COURT ON THE GROUNDS OF FORUM NON CONVENIENS OR OTHERWISE. THE ADMINISTRATIVE AGENT, EACH AGENT, EACH BANK AND THE BORROWER AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 15.11 Service of Process. The Borrower hereby irrevocably appoints C.T. Corporation (the "Process Agent"), with an office on the date hereof at 225 Hillsborough Street, Raleigh, North Carolina 27603, as its agent to receive on behalf of the Borrower and its Subsidiaries and their property service of copies of the summons and complaint and any other process which may be served in any such action or proceeding. A copy of such process shall also be mailed by express two-day delivery, postage prepaid, to the Borrower at its address specified pursuant to Section 15.3; provided, however, that failure to give a copy of such notice to the Borrower will not affect the validity of service on the Process Agent. Such service may be made by delivering by express two-day delivery or hand delivering a copy of such process to the Borrower in care of the Process Agent at the Process Agent's above address, and the Borrower hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf. The Borrower agrees to indemnify such Process Agent in connection with all matters relating to its appointment as agent of the Borrower for such purposes, to enter into any agreement relating to such appointment which such Process Agent may customarily require, and to pay such Process Agent's customary fees upon demand. As an alternative method of service, the Borrower for itself and its Subsidiaries also irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to the Borrower at its address specified pursuant to Section 15.3. Nothing in this Section 15.11 shall affect the right of the Administrative Agent or any Bank to serve legal process in any other manner permitted by law.

SECTION 15.12 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that: the Borrower may not assign or transfer its rights or obligations under this Agreement or any other Loan Document without the prior written consent of all Banks, and the rights of the Banks to make assignments or grant participations are subject to the provisions of Section 14.

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SECTION 15.13 WAIVER OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND EACH BANK HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

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Executed as of the day and year first above written.

CONSECO, INC.

By: /s/ Rollin M. Dick

Name: Rollin M. Dick

*Title: Chief Financial Officer and
Executive Vice President*

Notice Address

Address: 11825 N. Pennsylvania St.
Carmel, Indiana 46032

Attention: Lawrence W. Inlow

Telephone: (317) 573-6163

Facsimile: (317) 573-6327

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**NATIONSBANK, N.A. (SOUTH), as
Administrative Agent**

By: /s/ Gregory A. Seib

Name: Gregory A. Seib
Title: Officer

NATIONSBANK, N.A. (SOUTH)

By: /s/ Gregory A. Seib

Name: Gregory A. Seib
Title: Officer

Lending Office (Base Rate Loans)

Address: 101 N. Tryon Street
Independence Center
15th Floor
Charlotte, NC 28255
Attention: Margaret Rhodes
Telephone: (704) 386-2881
Facsimile: (704) 386-9923

**Lending Office (Eurodollar Rate
Loans)**

Address: 101 N. Tryon Street
Independence Center
15th Floor
Charlotte, NC 28255
Attention: Margaret Rhodes
Telephone: (704) 386-2881
Facsimile: (704) 386-9923

Notice Address

Address: 101 N. Tryon Street
Independence Center
15th Floor
Charlotte, NC 28255
Attention: Margaret Rhodes
Telephone: (704) 386-2881
Facsimile: (704) 386-9923

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Syndication Agent**

By: /s/ Ronald J. Drobny

Name: Ronald J. Drobny

Title: Vice President

BANK OF AMERICA ILLINOIS

By: /s/ Ronald J. Drobny

Name: Ronald J. Drobny

Title: Vice President

Lending Office (Base Rate Loans)

Address: 231 S. LaSalle Street
Chicago, IL 60697
Attention: Deborah Lacy
Telephone: (312) 828-1784
Facsimile: (312) 974-9624

Lending Office (Eurodollar Rate Loans)

Address: 231 S. LaSalle Street
Chicago, IL 60697
Attention: Deborah Lacy
Telephone: (312) 828-1784
Facsimile: (312) 974-9624

Notice Address:

Address: 231 S. LaSalle Street
Chicago, IL 60697
Attention: Ronald J. Drobny
Telephone: (312) 828-3014
Facsimile: (312) 987-0889

**FIRST UNION NATIONAL BANK
OF NORTH CAROLINA, as
Documentation Agent**

By: /s/ Gail M. Golightly

Name: Gail M. Golightly
Title: Senior Vice President

**FIRST UNION NATIONAL BANK
OF NORTH CAROLINA**

By: /s/ Gail M. Golightly

Name: Gail M. Golightly
Title: Senior Vice President

Lending office (Base Rate Loans)

Address: One First Union Center, DC-5 Charlotte, NC 28288-0735 Attention: Lisa Mowery Telephone: (704) 383-0558 Facsimile: (704) 383-7611

Lending Office (Eurodollar Rate Loans)

Address: One First Union Center, DC-5
Charlotte, NC 28288-0735
Attention: Lisa Mowery
Telephone: (704) 383-0558
Facsimile: (704) 383-7611

Notice Address

Address: One First Union Center, DC-5
Charlotte, NC 28288-0735
Attention: Robert Mayer, Jr.
Telephone: (704) 374-6628
Facsimile: (704) 383-7611

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**THE BANK OF TOKYO - MITSUBISHI TRUST
COMPANY, as Managing Agent**

By: /s/ Hiroaki Fuchida

Name: Hiroaki Fuchida
Title: Senior Vice President and
Manager

**THE BANK OF TOKYO - MITSUBISHI TRUST
COMPANY**

By: /s/ Hiroaki Fuchida

Name: Hiroaki Fuchida
Title: Senior Vice President and
Manager

Lending office (Base Rate Loans)

Address: 1251 Avenue of the Americas New York, NY 10116-3138 Attention: Dane Holmes Telephone: (212) 782-4354 Facsimile: (212) 782-6442

Lending office (Eurodollar Rate Loans)

Address: 1251 Avenue of the Americas New York, NY 10116-3138 Attention: Dane Holmes Telephone: (212) 782-4354 Facsimile: (212) 782-6442

Notice Address

Address: 1251 Avenue of the Americas
New York, NY 10116-3138
Attention: Dane Holmes
Telephone: (212) 782-4354
Facsimile: (212) 782-6442

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BANK OF MONTREAL

By: /s/ J.D. Higgins

Name: J.D. Higgins

Title: Managing Director

Lending Office (Base Rate Loans)

Address: 115 South LaSalle Street
Chicago, IL 60603

Attention: Robert C. Meyer

Telephone: (312) 750-5909

Facsimile: (312) 750-4352

Lending Office (Eurodollar Rate Loans)

Address: 115 South LaSalle Street
Chicago, IL 60603

Attention: Robert C. Meyer

Telephone: (312) 750-5909

Facsimile: (312) 750-4352

Notice Address

Address: 115 South LaSalle Street
Chicago, IL 60603

Attention: Robert C. Meyer

Telephone: (312) 750-5909

Facsimile: (312) 750-4352

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THE BANK OF NEW YORK, as Managing Agent

By: /s/ Michael Barry

Name: Michael Barry
Title: Assistant Vice President

THE BANK OF NEW YORK

By: /s/ Michael Barry

Name: Michael Barry
Title: Assistant Vice President

Lending office (Base Rate Loans)

Address: One Wall Street New York, NY 10286 Attention: Annette A. Harewood Telephone: (212) 635-6379 Facsimile: (212) 809-9520

Lending Office (Eurodollar Rate Loans)

Address: One Wall Street
New York, NY 10286
Attention: Annette A. Harewood
Telephone: (212) 635-6379
Facsimile: (212) 809-9520

Notice Address

Address: One Wall Street
New York, NY 10286
Attention: Michael Barry
Telephone: (212) 635-6460
Facsimile: (212) 809-9520

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BANK ONE TEXAS, N.A., as Managing Agent

By: /s/ Jim V. Miller

Name: Jim V. Miller
Title: Vice President

BANK ONE TEXAS, N.A.

By: /s/ Jim V. Miller

Name: Jim V. Miller
Title: Vice President

Lending Office (Base Rate Loans)

Address: 1717 Main Street
4th Floor, BOC
Dallas, TX 75201
Attention: Greg McKinney
Telephone: (214) 290-3312
Facsimile: (214) 290-2332

Lending Office (Eurodollar Rate Loans)

Address: 1717 Main Street
4th Floor, BOC
Dallas, TX 75201
Attention: Jim V. Miller
Telephone: (214) 290-3312
Facsimile: (214) 290-2332

Notice Address

Address: 1717 Main Street
4th Floor, BOC
Dallas, TX 75201
Attention: Jim V. Miller
Telephone: (214) 290-2309
Facsimile: (214) 290-2332

**CREDIT LYONNAIS NEW YORK BRANCH,
as Managing Agent**

By: /s/ Sebastian Rocco

Name: Sebastian Rocco
Title: First Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Sebastian Rocco

Name: Sebastian Rocco
Title: First Vice President

Lending Office (Base Rate Loans)

Address: 1301 Avenue of the Americas
New York, NY 10019
Attention: Peter Rasmussen
Telephone: (212) 261-7718
Facsimile: (212) 261-3401

Lending Office (Eurodollar Rate Loans)

Address: 1301 Avenue of the Americas
New York, New York 10019
Attention: Peter Rasmussen
Telephone: (212) 261-7718
Facsimile: (212) 261-3401

Notice Address

Address: 1301 Avenue of the Americas
New York, New York 10019
Attention: Peter Rasmussen
Telephone: (212) 261-7718
Facsimile: (212) 261-3401

**DEUTSCHE BANK AG,
NEW YORK AND/OR
CAYMAN ISLANDS BRANCH, as Managing
Agent**

By: /s/ Eckhard Osenberg

Name: Eckhard Osenberg
Title: Assistant Vice President

**DEUTSCHE BANK AG,
NEW YORK AND/OR
CAYMAN ISLANDS BRANCH**

By: /s/ Eckhard Osenberg

Name: Eckhard Osenberg
Title: Assistant Vice President

Lending Office (Base Rate Loans)

Address: 31 West 52nd Street
New York, NY 10019
Attention: Cheryl Mandelbaum
Telephone: (212) 469-8426
Facsimile: (212) 469-7880

Lending Office (Eurodollar Rate Loans)

Address: 31 West 52nd Street
New York, NY 10019
Attention: Cheryl Mandelbaum
Telephone: (212) 469-8426
Facsimile: (212) 469-7880

Notice Address

Address: 31 West 52nd Street
New York, NY 10019
Attention: Susan Maros
Telephone: (212) 474-8104
Facsimile: (212) 474-8366

**THE LONG-TERM CREDIT BANK OF JAPAN,
LTD., CHICAGO BRANCH, as Managing Agent**

By: /s/ Brady S. Sadek

Name: Brady S. Sadek
Title: Vice President and Deputy
General Manager

**THE LONG-TERM CREDIT BANK OF JAPAN,
LTD., CHICAGO BRANCH**

By: /s/ Brady S. Sadek

Name: Brady S. Sadek
Title: Vice President and Deputy
General Manager

Lending Office (Base Rate Loans) Address: 190 South LaSalle Street 8th FL Chicago, IL 60606 Attention: Sonia Lazaric Telephone: (312) 704-1700 Facsimile: (312) 704-8505

Lending Office (Eurodollar Rate Loans)

Address: 190 South LaSalle Street
8th FL
Chicago, IL 60606
Attention: Sonia Lazaric
Telephone: (312) 704-1700
Facsimile: (312) 704-8505

Notice Address

Address: 190 South LaSalle Street
8th FL
Chicago, IL 60606
Attention: Brady Sadek
Telephone: (312) 704-5455
Facsimile: (312) 704-8505

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**CANADIAN IMPERIAL BANK OF COMMERCE,
as Managing Agent**

By: /s/ Gerald J. Giradi

Name: Gerald J. Giradi
Title: Director, CIBC Wood Gundy
Securities Corp., as Agent

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ Gerald J. Giradi

Name: Gerald J. Giradi
Title: Director, CIBC Wood Gundy
Securities Corp., as Agent

Lending Office (Base Rate Loans)

Address: Two Paces West
2727 Paces Ferry Road
Suite 1200
Atlanta, Georgia 30339
Attention: Kathryn McGovern
Telephone: (770) 319-4821
Facsimile: (770) 319-4950

Lending Office (Off shore Rate Loans)

Address: Two Paces West
2727 Paces Ferry Road
Suite 1200
Atlanta, Georgia 30339
Attention: Kathryn McGovern
Telephone: (770) 319-4821
Facsimile: (770) 319-4950

Notice Address

Address: 425 Lexington Avenue
New York, New York 10017
Attention: Stephen Reynolds
Telephone: (212) 856-3566
Facsimile: (212) 856-3613

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CORESTATES BANK, NA, as Managing Agent

By: /s/ J. Linvill

Name: J. Linvill
Title: Senior Vice President

CORESTATES BANK, NA

By: /s/ J. Linvill

Name: J. Linvill
Title: Senior Vice President

Lending Office (Base Rate Loans)

Address: 1339 Chestnut Street
FC 1-8-8-4
Philadelphia, PA 19107
Attention: Mary Albanese
Telephone: (215) 973-8174
Facsimile: (215) 786-4114

Lending Office (Off shore Rate Loans)

Address: 1339 Chestnut Street
FC 1-8-8-4
Philadelphia, PA 19107
Attention: Mary Albanese
Telephone: (215) 973-8174
Facsimile: (215) 786-4114

Notice Address

Address: 1339 Chestnut Street
FC 1-8-8-4
Philadelphia, PA 19107
Attention: Kathleen M. Petrelli
Telephone: (215) 973-3632
Facsimile: (215) 786-4114

SANWA BANK, as Managing Agent

By: /s/ Richard H. Ault

Name: Richard H. Ault
Title: Vice President

SANWA BANK

By: /s/ Richard H. Ault

Name: Richard H. Ault
Title: Vice President

Lending Office (Base Rate Loans)

Address: 10 South Wacker Drive
31st Floor
Chicago, IL 60606
Attention: Richard Ault
Telephone: (312) 368-3011
Facsimile: (312) 346-6677

Lending Office (Eurodollar Rate Loans)

Address: 10 South Wacker Drive
31st Floor
Chicago, IL 60606
Attention: Richard Ault
Telephone (312) 368-3011
Facsimile: (312) 368-6677

Notice Address

Address: 10 South Wacker Drive
31st Floor
Chicago, IL 60606
Attention: Richard Ault
Telephone: (312) 368-3011

FLEET NATIONAL BANK, as Managing Agent

By: /s/ R. J. Kane

Name: R. J. Kane
Title: Senior Vice President

FLEET NATIONAL BANK

By: /s/ R. J. Kane

Name: R. J. Kane
Title: Senior Vice President

Lending Office (Base Rate Loans)

Address: 777 Main Street
Ins. Ind. Dept. CTMO250
Hartford, CT 06115
Attention: Icy Mounds
Telephone: (860) 986-4616
Facsimile: (806) 986-1094

Lending Office (Offshore Rate Loans)

Address: 777 Main Street
Ins. Ind. Dept CTMO250
Hartford, CT 06115
Attention: Icy Mounds
Telephone: (860) 986-4616
Facsimile: (806) 986-1094

Notice Address

Address: 777 Main Street
Ins. Ind. Dept. CTMO250
Hartford, CT 06115
Attention: R. Jay Kane
Telephone: (806) 986-2639
Facsimile: (806) 986-1264

SOCIETE GENERALE, as Managing Agent

By: /s/ Laura A. Hope

Name: Laura A. Hope
Title: Vice President

SOCIETE GENERALE

By: /s/ Laura A. Hope

Name: Laura A. Hope
Title: Vice President

Lending Office (Base Rate Loans)

Address: 1221 Avenue of the Americas
New York, NY 10020
Attention: Dorene Randall
Telephone: (212) 278-6241
Facsimile: (212) 278-7153

Lending Office (Eurodollar Rate Loans)

Address: 1221 Avenue of the Americas
New York, NY 10020
Attention: Dorene Randall
Telephone: (212) 278-6241
Facsimile: (212) 278-7153

Notice Address

Address: 1221 Avenue of the Americas
New York, NY 10020
Attention: Laura Hope
Telephone: (212) 278-7154
Facsimile: (212) 278-7153

COMERICA BANK, as Managing Agent

By: /s/ Phillip A. Coosaia

Name: Phillip A. Coosaia
Title: Vice President

COMERICA BANK

By: /s/ Phillip A. Coosaia

Name: Phillip A. Coosaia
Title: Vice President

Lending Office (Base Rate Loans)

Address: 500 Woodward Avenue
Detroit, MI 48226
Attention: Phil Coosaia
Telephone: (313) 222-7044
Facsimile: (313) 222-9516

Lending Office (Eurodollar Rate Loans)

Address: 500 Woodward Avenue
Detroit, MI 48226
Attention: Phil Coosaia
Telephone: (313) 222-7044
Facsimile: (313) 222-9516

Notice Address

Address: 500 Woodward Avenue
Detroit, MI 48226
Attention: Phil Coosaia
Telephone: (313) 222-7044
Facsimile: (313) 222-3351

THE FUJI BANK, LIMITED, as Managing Agent

By: /s/ Peter L. Chinnici

Name: Peter L. Chinnici
Title: Joint General Manager

THE FUJI BANK, LIMITED

By: /s/ Peter L. Chinnici

Name: Peter L. Chinnici
Title: Joint General Manager

Lending Office (Base Rate Loans)

Address: 225 West Wacker Drive
Suite 2000
Chicago, IL 60606
Attention: James Fayen
Telephone: (312) 621-0397
Facsimile: (312) 621-0539

Lending Office (Eurodollar Rate Loans)

Address: 225 West Wacker Drive
Suite 2000
Chicago, IL 60606
Attention: James Fayen
Telephone: (312) 621-0397
Facsimile: (312) 621-0539

Notice Address

Address: 225 West Wacker Drive
Suite 2000
Chicago, IL 60606
Attention: James Fayen
Telephone: (312) 621-0397
Facsimile: (312) 621-0539

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THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Frederick J. Crawford

Name: Frederick J. Crawford

Title: Vice President

Lending Office (Base Rate Loans)

Address: One First National Plaza
Mail Suite 0085
Chicago, IL 60670-0085

Attention: Fred Crawford
Insurance Division

Telephone: (312) 732-5664

Facsimile: (312) 732-4033

Lending Office (Eurodollar Rate Loans)

Address: One First National Plaza
Mail Suite 0085
Chicago, IL 60670-0085

Attention: Fred Crawford
Insurance Division

Telephone: (312) 732-5664

Facsimile: (312) 732-4033

Notice Address

Address: One First National Plaza
Mail Suite 0085
Chicago, IL 60670-0085

Attention: Fred Crawford
Insurance Division

Telephone: (312) 732-5664

Facsimile: (312) 732-4033

SUNTRUST BANK, as Managing Agent

By: /s/ Ronald K. Rueve

Name: Ronald K. Rueve

Title: Vice President

SUNTRUST BANK

By: /s/ Ronald K. Rueve

Name: Ronald K. Rueve

Title: Vice President

Lending Office (Base Rate Loans)

Address: 200 South Orange Avenue 0-1043
Orlando, FL 32802

Attention: Chris Black

Telephone: (407) 237-2467

Facsimile: (407) 237-6894

Lending Office (Eurodollar Rate Loans)

Address: 200 South Orange Avenue 0-1043
Orlando, FL 32802

Attention: Chris Black

Telephone: (407) 237-2467

Facsimile: (407) 237-6894

Notice Address

Address: 200 South Orange Avenue 0-1043
Orlando, FL 32802

Attention: Chris Black

Telephone: (407) 237-2467

Facsimile: (407) 237-6894

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THE CHASE MANHATTAN BANK

By: /s/ Isolde G. O'Hanlon

Name: Isolde G. O'Hanlon

Title: Managing Director

Lending Office (Base Rate Loans)

Address: One Chase Manhattan Plaza
8th Floor
New York, NY 10081
Attention: Rocky Chan
Telephone: (212) 552-7929
Facsimile: (212) 552-7490

Lending Office (Eurodollar Rate Loans)

Address: One Chase Manhattan Plaza
8th Floor
New York, NY 10081
Attention: Rocky Chan
Telephone: (212) 552-7929
Facsimile: (212) 552-7490

Notice Address

Address: One Chase Manhattan Plaza
4th Floor
New York, NY 10081
Attention: Rocky Chan
Telephone: (212) 552-7929
Facsimile: (212) 552-7490

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THE ROYAL BANK OF SCOTLAND plc

By: /s/ D. Dougan

Name: D. Dougan
Title: Vice President

Lending office (Base Rate Loans)

Address: Wall Street Plaza 88 Pine Street, 26th FL New York, NY 10005 Attention: Helaine Griffin Telephone: (212) 269-1700 Facsimile: (212) 480-0791

Lending Office (Eurodollar Rate Loans)

Address: Wall Street Plaza
88 Pine Street, 26th FL
New York, NY 10005
Attention: Helaine Griffin
Telephone: (212) 269-1700
Facsimile: (212) 480-0791

Notice Address

Address: Wall Street Plaza
88 Pine Street, 26th FL
New York, NY 10005
Attention: David Dougan
Telephone: (212) 269-0938
Facsimile: (212) 480-0791

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**THE MITSUBISHI TRUST AND BANKING
CORPORATION - CHICAGO BRANCH**

By: /s/ Masaaki Yamagishi

Name: Masaaki Yamagishi

Title: Chief Manager

Lending Office (Base Rate Loans)

Address: 311 South Wacker Drive
Suite 6300
Chicago, IL 60606
Attention: Carmen Lopez
Telephone: (312) 408-6022
Facsimile: (312) 408-0170

Lending office (Eurodollar Rate Loans)

Address: 311 South Wacker Drive
Suite 6300
Chicago, IL 60606
Attention: Carmen Lopez
Telephone: (312) 408-6022
Facsimile: (312) 408-0170

Notice Address

Address: 311 South Wacker Drive
Suite 6300
Chicago, IL 60606
Attention: Vicki L. Kamm
Telephone: (312) 408-6014
Facsimile: (312) 663-0863

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**THE YASUDA TRUST & BANKING CO., LTD.,
CHICAGO BRANCH**

By: /s/ Joseph C. Meek

Name: Joseph C. Meek

Title: Deputy General Manager

Lending Office (Base Rate Loans)

Address: 181 West Madison Street
Suite 4500
Chicago, IL 60602
Attention: Mary Blochberger
Telephone: (312) 683-3852
Facsimile: (312) 683-3899

Lending Office (Eurodollar Rate Loans)

Address: 181 West Madison Street
Suite 4500
Chicago, IL 60602
Attention: Mary Blochberger
Telephone: (312) 683-3852
Facsimile: (312) 683-3899

Notice Address

Address: 181 West Madison Street
Suite 4500
Chicago, IL 60602
Attention: Charles Hagel
Telephone: (312) 683-3844
Facsimile: (312) 683-3899

BANQUE NATIONALE DE PARIS

By: /s/ Phil Truesdale

Name: Phil Truesdale

Title: Vice President

By: /s/ Veronique Marcus

Name: Veronique Marcus

Title: Assistant Vice President

Lending office (Base Rate Loans)

Address: 499 Park Avenue New York, NY 10022 Attention: Jessie Griffiths Telephone: (212) 415-9610 Facsimile: (212) 415-9695

Lending Office (Eurodollar Rate Loans)

Address: 499 Park Avenue

New York, NY 10022

Attention: Jessie Griffiths

Telephone: (212) 415-9610

Facsimile: (212) 415-9695

Notice Address

Address: 499 Park Avenue

New York, NY 10022

Attention: Phil Truesdale

Telephone: (212) 415-9719

Facsimile: (212) 415-9695

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STAR BANK, NATIONAL ASSOCIATION

By: /s/ Rick W. Neltner

Name: Rick W. Neltner

Title: Vice President

Lending Office (Eurodollar Rate Loans)

Address: 425 Walnut Street
Mail Location 9150
Cincinnati, OH 45202
Attention: Cathy Siegel
Telephone: (513) 632-4032
Facsimile: (513) 632-2536

Notice Address

Address: 425 Walnut Street
Mail Location 8160
Cincinnati, OH 45202
Attention: Douglas V. Wyatt
Telephone: (513) 632-2013
Facsimile: (513) 632-2068

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CREDIT SUISSE

By: /s/ William P. Murray

Name: William P. Murray
Title: Member of Senior Management

By: /s/ Kristinn R. Kristinsson

Name: Kristinn R. Kristinsson
Title: Associate

Lending Office (Base Rate Loans)

(until 11/22)
Address: 12 East 49th Street
New York, NY 10017
Attention: Hazel Leslie
Telephone: (212) 238-5218
Facsimilie: (212) 238-5246

(as of 11/25)
Address: 11 Madison Avenue
New York, NY 10010
Attention: Hazel Leslie
Telephone: (212) 238-5218
Facsimilie: (212) 238-5246

Lending Office (Eurodollar Rate Loans)

(until 11/22)
Address: 12 East 49th Street
New York, NY 10017
Attention: Hazel Leslie
Telephone: (212) 238-5218
Facsimilie: (212) 238-5246

(as of 11/25)
Address: 11 Madison Avenue
New York, NY 10010
Attention: Hazel Leslie
Telephone: (212) 238-5218
Facsimilie: (212) 238-5246

Notice Address

Address: 227 West Monroe Street
Suite 4000
Chicago, IL 60606
Attention: John Bordes III/Mark
Taylor
Telephone: (312) 630-0086
Facsimilie: (312) 630-0359

KEYBANK NATIONAL ASSOCIATION

By: /s/ Sharon F. Weinstein

Name: Sharon F. Weinstein

Title: Vice President

Lending Office (Base Rate Loans)

Address: MC OH-01-27-0606
127 Public Square
Cleveland, OH 44114-1306

Attention: Kathy Koenig
Telephone: (216) 689-4228
Facsimile: (216) 689-4981

Lending Office (Eurodollar Rate Loans)

Address: MC OH-01-27-0606
127 Public Square
Cleveland, OH 44114-1306

Attention: Kathy Koenig
Telephone: (216) 689-4228
Facsimile: (216) 689-4981

Notice Address

Address: MC OH-01-27-0606
127 Public Square
Cleveland, OH 44114-1306

Attention: Kathy Koenig
Telephone: (216) 689-4228
Facsimile: (216) 689-4981

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NATIONAL CITY BANK

By: /s/ Terri L. Cable

Name: Terri L. Cable

Title: Vice President

Lending Office (Base Rate Loans)

Address: 1900 East 9th Street
10th Floor
Locator 2104
Cleveland, OH 44114

Attention: Connie Djukic
Telephone: (216) 575-2578
Facsimile: (216) 575-2481

Lending Office (Eurodollar Rate Loans)

Address: 1900 East 9th Street
10th Floor
Locator 2104
Cleveland, OH 44114

Attention: Connie Djukic
Telephone: (216) 575-2578
Facsimile: (216) 575-2481

Notice Address

Address: 1900 East 9th Street
10th Floor
Locator 2104
Cleveland, OH 44114

Attention: Terri L. Cable
Telephone: (216) 575-3354
Facsimile: (216) 575-9396

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BAYERISCHE LANDESBANK GIROZENTRALE

By: /s/ Berthold Von Stuelpnagel

Name: Berthold Von Stuelpnagel
Title: Executive Vice President &
Manager

By: /s/ Peter Obermann

Name: Peter Obermann
Title: Senior Vice President and
Manager Lending Division

Lending Office (Base Rate Loans)

Address: 560 Lexington Avenue
17th Floor
New York, NY 10022
Attention: Sean O'Sullivan
Telephone: (212) 310-9913
Facsimile: (212) 310-9868

Lending Office (Eurodollar Rate Loans)

Address: 560 Lexington Avenue
17th Floor
New York, NY 10022
Attention: Sean O'Sullivan
Telephone: (212) 310-9913
Facsimile: (212) 310-9868

Notice Address

Address: 560 Lexington Avenue
17th Floor
New York, NY 10022
Attention: Sean O'Sullivan
Telephone: (212) 310-9913
Facsimile: (212) 310-9868

**COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO
BRANCH**

By: /s/ Mark Monson

Name: Mark Monson
Title: Vice President

By: /s/ Dr. Herbert R. Tollner

Name: Dr. Herbert R. Tollner
Title: Executive Vice President

Lending Office (Base Rate Loans)

Address: Chicago Branch
c/o 2 World Financial Center
34th Floor
New York, NY 10281-1050
Attention: Mark Marraffa
Telephone: (212) 266-7268
Facsimile: (212) 266-7593

Lending Office (Eurodollar Rate Loans)

Address: Chicago Branch
c/o 2 World Financial Center
34th Floor
New York, NY 10281-1050
Attention: Mark Marraffa
Telephone: (212) 266-7268
Facsimile: (212) 266-7593

Notice Address

Address: 311 South Wacker Drive
Suite 5800
Chicago, IL 60606
Attention: Mark Monson
Telephone: (312) 408-6910
Facsimile: (312) 485-1486

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THE SAKURA BANK, LIMITED

By: /s/ Shunji Sakurai

Name: Shunji Sakurai

Title: Joint General Manager

Lending Office (Base Rate Loans)

Address: 227 West Monroe Street
Suite 4700
Chicago, IL 60606

Attention: Kristin Hays
Telephone: (312) 580-3276
Facsimile: (312) 332-5345

Lending Office (Eurodollar Rate Loans)

Address: 227 West Monroe Street
Suite 4700
Chicago, IL 60606

Attention: Kristin Hays
Telephone: (312) 580-3276
Facsimile: (312) 332-5345

Notice Address

Address: 227 West Monroe Street
Suite 4700
Chicago, IL 60606

Attention: David J. Wuertz
Telephone: (312) 580-3268
Facsimile: (312) 332-5345

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