

CONSECO INC

FORM S-4/A

(Registration Statement for securities to be issued in business combination transactions)

Filed 10/23/96

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 S-4/A

(Securities Registration: Business Combination)

Filed 10/23/1996

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

REGISTRATION NO. 333-13329

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CONSECO, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

INDIANA
(STATE OR OTHER
JURISDICTION OF
INCORPORATION OR
ORGANIZATION)

6719
(PRIMARY STANDARD
INDUSTRIAL CLASSIFICATION
CODE NUMBER)

35-1468632
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

11825 N. PENNSYLVANIA ST., CARMEL, INDIANA 46032, (317) 817-6100
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

LAWRENCE W. INLOW
CONSECO, INC.
11825 N. PENNSYLVANIA ST.
CARMEL, INDIANA 46032
(317) 817-6163
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)

COPIES TO:

JOHN A. POWELL
AMERICAN TRAVELLERS CORPORATION
3220 TILLMAN DRIVE
BENSALEM, PENNSYLVANIA 19020
(215) 244-1600

RAMON R. OBOD
FOX, ROTHSCHILD, O'BRIEN & FRANKEL
2000 MARKET STREET, 10TH FLOOR
PHILADELPHIA, PENNSYLVANIA 19103-3291
(215) 299-2000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after the Registration Statement becomes effective and all other conditions to the merger (the "Merger") of American Travellers Corporation ("ATC") with and into Consecro, Inc. ("Consecro") pursuant to an Agreement and Plan of Merger described in the enclosed Joint Proxy Statement/Prospectus have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

CONSECO HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL CONSECO SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A)

OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE
AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION
8(A), MAY DETERMINE.

**AMERICAN TRAVELLERS CORPORATION
3220 TILLMAN DRIVE
BENSALEM, PENNSYLVANIA 19020**

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of American Travellers Corporation ("ATC"), to be held on Tuesday, November 26, 1996 at the Four Seasons Hotel, Washington Room, One Logan Square, Philadelphia, Pennsylvania, at 10:00 a.m., local time (including any adjournment or postponement thereof, the "ATC Special Meeting").

At the ATC Special Meeting, shareholders of record of ATC at the close of business on October 21, 1996 will be asked to consider and vote upon a proposal to approve and adopt an Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between Conseco, Inc., an Indiana corporation ("Conseco"), and ATC, and the transactions contemplated thereby. Pursuant to the terms of the Merger Agreement, among other things,

(1) ATC will be merged with and into Conseco, with Conseco being the surviving corporation (the "Merger"), and (2) each outstanding share of the common stock, par value \$.01 per share ("ATC Common Stock"), of ATC (other than Dissenting Shares (as defined in the Merger Agreement)) will be canceled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement).

Details of the Merger, including the terms of the Merger Consideration and other important information concerning ATC and Conseco appear in the accompanying Joint Proxy Statement/Prospectus. Please give this material your careful attention. Details regarding the background of and reasons for the Merger, among other things, may be found in the section of the Joint Proxy Statement/Prospectus entitled "The Merger."

YOUR BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE TERMS OF THE MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, ATC AND THE SHAREHOLDERS OF ATC, HAS UNANIMOUSLY APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, AND UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF ATC VOTE FOR THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY.

The Board of Directors has received a written opinion of Donaldson, Lufkin & Jenrette Securities Corporation, which has acted as financial advisor to ATC in connection with the Merger, as to the fairness to ATC's shareholders, from a financial point of view, of the Merger Consideration to be received by ATC's shareholders pursuant to the Merger Agreement.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the ATC Special Meeting, please complete, sign and date the accompanying proxy and return it in the enclosed postage prepaid envelope as soon as possible so that your shares will be represented at the ATC Special Meeting. If you attend the ATC Special Meeting, you may vote in person even if you have previously returned your proxy. If you have any questions regarding the proposed transaction, please call Georgeson & Company, Inc., our proxy solicitation agent, toll free at (800) 223-2064.

As a shareholder of ATC, you have dissenters rights, described in the accompanying Joint Proxy Statement/Prospectus. To exercise such rights, a shareholder must not have voted his or her ATC Common Stock in favor of the Merger and must have followed the procedure of Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law. See "The Merger--Dissenters Rights" and Annex C in the Joint Proxy Statement/ Prospectus.

Sincerely,
LOGO

John A. Powell
Chairman of the Board and President

October 25, 1996

[LOGO OF CONSECO, INC.]

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of Consecro, Inc. ("Consecro") to be held on Tuesday, November 26, 1996 at 10:00 a.m., local time, at 11799 College Avenue, Carmel, Indiana (including any adjournment or postponement thereof, the "Consecro Special Meeting").

At the Consecro Special Meeting, holders of shares of common stock, no par value per share, of Consecro ("Consecro Common Stock") and holders of shares of Preferred Redeemable Increased Dividend Equity Securities, 7% PRIDES, Convertible Preferred Stock, no par value per share, of Consecro ("Consecro PRIDES") will be asked to consider and vote upon a proposal to approve and adopt an Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between Consecro and American Travellers Corporation ("ATC") and the transactions contemplated thereby. Pursuant to the terms of the Merger Agreement, among other things, (1) ATC will be merged with and into Consecro, with Consecro being the surviving corporation (the "Merger"), and (2) each outstanding share of the common stock, par value \$.01 per share ("ATC Common Stock"), of ATC (other than Dissenting Shares (as defined in the Merger Agreement)) will be canceled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement).

Details of the proposed Merger including the terms of the Merger Consideration and other important information concerning ATC and Consecro appear in the accompanying Joint Proxy Statement/Prospectus. Please give this material your careful attention. Details regarding the background of and reasons for the proposed Merger, among other things, may be found in the section of the Joint Proxy Statement/Prospectus entitled "The Merger."

Your Board of Directors believes that the terms of the proposed Merger are fair to, and in the best interests of, the holders of Consecro Common Stock and Consecro PRIDES and has unanimously approved the Merger Agreement and the transactions contemplated thereby. The Board of Directors of Consecro unanimously recommends that shareholders vote FOR approval and adoption of the Merger Agreement and the transactions contemplated thereby.

Only holders of record of shares of Consecro Common Stock and Consecro PRIDES as of the close of business on October 21, 1996 are entitled to notice of, and to vote at, the Consecro Special Meeting.

YOUR VOTE IS IMPORTANT. Whether or not you are able to attend the Consecro Special Meeting, please complete, sign, date and return the enclosed proxy card as soon as possible. A postage-paid envelope is enclosed for your convenience. If you attend the Consecro Special Meeting, you may revoke your proxy and, if you wish, vote your shares of Consecro Common Stock and Consecro PRIDES in person.

Sincerely,

/s/ Stephen C. Hilbert

*Stephen C. Hilbert
Chairman of the Board*

October 25, 1996

AMERICAN TRAVELLERS CORPORATION
3220 TILLMAN DRIVE
BENSALEM, PENNSYLVANIA 19020

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of American Travellers Corporation:

Notice is hereby given that a special meeting (the "ATC Special Meeting") of the shareholders of American Travellers Corporation ("ATC") will be held on Tuesday, November 26, 1996 at The Four Seasons Hotel, Washington Room, One Logan Square, Philadelphia, Pennsylvania, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between Conseco, Inc., an Indiana corporation ("Conseco"), and ATC, and the transactions contemplated thereby, pursuant to which, among other things, (i) ATC will be merged with and into Conseco, with Conseco being the surviving corporation (the "Merger"), and (ii) each outstanding share of the common stock, par value \$.01 per share (the "ATC Common Stock"), of ATC (other than Dissenting Shares (as defined in the Merger Agreement)) will be canceled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement).

2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Merger is more completely described in the accompanying Joint Proxy Statement/Prospectus. A copy of the Merger Agreement is attached as Annex A thereto.

YOUR BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE TERMS OF THE MERGER ARE FAIR TO, AND IN THE BEST INTERESTS OF, ATC AND THE SHAREHOLDERS OF ATC, HAS UNANIMOUSLY APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY, AND UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF ATC VOTE FOR THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY.

The Board of Directors of ATC has fixed the close of business on October 21, 1996, as the record date for determination of shareholders entitled to notice of, and to vote at, the ATC Special Meeting and any adjournments and postponements thereof.

By order of the Board of Directors

/s/ Susan T. Mankowski
Susan T. Mankowski
Secretary

October 25, 1996

YOU ARE CORDIALLY INVITED TO ATTEND THE ATC SPECIAL MEETING IN PERSON. HOWEVER, WHETHER OR NOT YOU PLAN TO ATTEND, WE URGE YOU TO COMPLETE, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE PREPAID ENVELOPE IN ORDER TO ASSURE THAT YOUR SHARES OF ATC COMMON STOCK WILL BE REPRESENTED. IF YOU ATTEND THE ATC SPECIAL MEETING YOU MAY VOTE IN PERSON EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY.

IMPORTANT

PLEASE DO NOT SEND YOUR STOCK CERTIFICATES REPRESENTING ATC COMMON STOCK AT THIS TIME. IF THE MERGER IS CONSUMMATED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR STOCK CERTIFICATES.

[CONSECO, INC. LOGO]
11825 NORTH PENNSYLVANIA STREET
CARMEL, INDIANA 46032

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD NOVEMBER 26, 1996

NOTICE IS HEREBY GIVEN THAT a special meeting of shareholders of Consecro, Inc. ("Consecro"), will be held at 11799 College Avenue, Carmel, Indiana at 10:00 a.m., local time, on Tuesday, November 26, 1996 (the "Consecro Special Meeting"), for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between Consecro and American Travellers Corporation, a Pennsylvania corporation ("ATC") and the transactions contemplated thereby, pursuant to which, among other things, (i) ATC will be merged with and into Consecro, with Consecro being the surviving corporation (the "Merger"), and (ii) each outstanding share of the common stock, par value \$.01 per share (the "ATC Common Stock"), of ATC (other than Dissenting Shares (as defined in the Merger Agreement)) will be canceled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement); and
2. To consider such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Holders of record of outstanding shares of common stock, no par value per share, of Consecro ("Consecro Common Stock") and Preferred Redeemable Increased Dividend Equity Securities, 7% PRIDES, Convertible Preferred Stock, no par value per share, of Consecro ("Consecro PRIDES") as of the close of business on October 21, 1996, are entitled to notice of and to vote at the meeting. Holders of Consecro Common Stock and Consecro PRIDES will vote together as a single class at the Consecro Special Meeting. Holders of shares of Consecro Common Stock have one vote for each share held of record, and holders of shares of Consecro PRIDES have 4/5 of one vote for each share held of record.

Whether or not you plan to be present at the meeting, please complete, sign and return the enclosed form of proxy. No postage is required to return the form of proxy in the enclosed envelope. The proxies of shareholders who attend the meeting in person may be withdrawn and such shareholders may vote personally at the meeting.

By Order of The Board of Directors

Signature of Lawrence W. Inlow
Lawrence W. Inlow, Secretary

October 25, 1996
Carmel, Indiana

**CONSECO, INC.
AND
AMERICAN TRAVELLERS CORPORATION**

JOINT PROXY STATEMENT

CONSECO, INC. PROSPECTUS

This Joint Proxy Statement/Prospectus is being furnished to holders of shares of common stock, no par value per share ("Conseco Common Stock"), and to holders of shares of Preferred Redeemable Increased Dividend Equity Securities, 7% PRIDES, Convertible Preferred Stock, no par value per share ("Conseco PRIDES" and, together with the Conseco Common Stock, the "Conseco Stock") of Conseco, Inc., an Indiana corporation ("Conseco"), in connection with the solicitation of proxies by the Conseco Board of Directors for use at a special meeting of Conseco shareholders to be held on Tuesday, November 26, 1996, at 11799 College Avenue, Carmel, Indiana, commencing at 10:00 a.m., local time, and at any adjournment or postponement thereof (the "Conseco Special Meeting").

This Joint Proxy Statement/Prospectus is also being furnished to holders of shares of Common Stock, par value \$.01 per share ("ATC Common Stock"), of American Travellers Corporation, a Pennsylvania corporation ("ATC"), in connection with the solicitation of proxies by the ATC Board of Directors for use at a special meeting of ATC shareholders to be held on Tuesday, November 26, 1996 at the Four Seasons Hotel, Washington Room, One Logan Square, Philadelphia, Pennsylvania, commencing at 10:00 a.m., local time, and at any adjournment or postponement thereof (the "ATC Special Meeting").

The respective shareholder meetings are each being called to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between Conseco and ATC pursuant to which ATC will be merged with and into Conseco with Conseco being the surviving corporation (the "Merger").

This Joint Proxy Statement/Prospectus also constitutes the Prospectus of Conseco, filed as part of a Registration Statement on Form S-4 (together with all amendments, supplements, exhibits and schedules thereto, the "Registration Statement") with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the shares of Conseco Common Stock issuable in connection with the Merger. All information concerning Conseco contained in this Joint Proxy Statement/Prospectus has been furnished by Conseco, and all information concerning ATC contained in this Joint Proxy Statement/Prospectus has been furnished by ATC.

The Conseco Common Stock is quoted on the New York Stock Exchange, Inc. (the "NYSE") under the symbol "CNC". On October 22, 1996, the closing price of the Conseco Common Stock as reported on the NYSE was \$51.625.

The ATC Common Stock is quoted on the NASDAQ National Market under the symbol "ATVC". On October 22, 1996, the closing price of the ATC Common Stock as reported on NASDAQ was \$34.125.

This Joint Proxy Statement/Prospectus and the related forms of proxy are first being mailed to shareholders of Conseco and ATC on or about October 25, 1996.

THE SHARES OF CONSECO COMMON STOCK ISSUABLE IN THE MERGER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT PROXY STATEMENT/ PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Joint Proxy Statement/Prospectus is October 25, 1996.

AVAILABLE INFORMATION

Conseco and ATC are each subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file periodic reports, proxy statements and other information with the Commission. The periodic reports, proxy statements and other information filed by Conseco and ATC with the Commission may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission at 7 World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material also can be obtained, at prescribed rates, from the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, the Commission maintains a web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants, including Conseco and ATC, that file electronically with the Commission. The Conseco Common Stock is listed on the NYSE and such reports and other information may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

Conseco has filed the Registration Statement with the Commission with respect to the Conseco Common Stock to be issued pursuant to or as contemplated by the Merger Agreement. This Joint Proxy Statement/Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The Registration Statement and any amendments thereto, including exhibits filed as a part thereof, are available for inspection and copying as set forth above.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

THIS JOINT PROXY STATEMENT/PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. COPIES OF ANY SUCH DOCUMENTS, OTHER THAN EXHIBITS TO SUCH DOCUMENTS WHICH ARE NOT SPECIFICALLY INCORPORATED BY REFERENCE THEREIN, ARE AVAILABLE WITHOUT CHARGE TO ANY PERSON, INCLUDING ANY BENEFICIAL OWNER, TO WHOM THIS JOINT PROXY STATEMENT/PROSPECTUS IS DELIVERED, UPON WRITTEN OR ORAL REQUEST. WRITTEN REQUESTS FOR SUCH DOCUMENTS RELATING TO CONSECO, CAPITOL AMERICAN FINANCIAL CORPORATION, LIFE PARTNERS GROUP, INC. AND TRANSPORT HOLDINGS INC. SHOULD BE DIRECTED TO JAMES W. ROSENSTEELE, VICE PRESIDENT, INVESTOR RELATIONS, CONSECO, INC., 11825 NORTH PENNSYLVANIA STREET, CARMEL, INDIANA 46032, AND TELEPHONE REQUESTS MAY BE DIRECTED TO MR. ROSENSTEELE AT (317) 817-2893. WRITTEN REQUESTS FOR SUCH DOCUMENTS RELATING TO ATC SHOULD BE DIRECTED TO BENEDICT J. IACOVETTI, CHIEF FINANCIAL OFFICER, AMERICAN TRAVELLERS CORPORATION, 3220 TILLMAN DRIVE, BENSLEM, PENNSYLVANIA 19020, AND TELEPHONE REQUESTS MAY BE DIRECTED TO MR. IACOVETTI AT (215) 244-1600. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BEFORE TUESDAY, NOVEMBER 19, 1996.

The following documents previously filed with the Commission pursuant to the Exchange Act are incorporated herein by this reference:

1. Consecos Annual Report on Form 10-K for the fiscal year ended December 31, 1995 ("Consecos Annual Report"); Consecos Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996; Consecos Current Reports on Form 8-K dated January 17, 1996, March 11, 1996, March 14, 1996, April 10, 1996, August 2, 1996, August 25, 1996 and September 25, 1996; and the description of Consecos Common Stock in Consecos Registration Statements filed pursuant to Section 12 of the Exchange Act and any amendment or report filed for the purpose of updating any such description.
2. ATCs Annual Report on Form 10-K for the fiscal year ended December 31, 1995 ("ATCs Annual Report"); ATCs Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996; ATCs Current Report on Form 8-K dated August 25, 1996; and the description of ATCs Common Stock in ATCs Registration Statement filed pursuant to Section 12 of the Exchange Act and any amendment or report filed for the purpose of updating any such description.
3. Annual Report on Form 10-K of Capitol American Financial Corporation ("CAF") for the fiscal year ended December 31, 1995 ("CAF's Annual Report"); CAF's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996; and CAF's Current Report on Form 8-K dated August 25, 1996.
4. Annual Report on Form 10-K of Life Partners Group, Inc. ("LPG") for the fiscal year ended December 31, 1995 ("LPG's Annual Report"); LPG's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996; and LPG's Current Reports on Form 8-K dated March 11, 1996 and April 10, 1996.
5. Annual Report on Form 10-K of Transport Holdings Inc. ("THI") for the fiscal year ended December 31, 1995 ("THI's Annual Report"); THI's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1996 and June 30, 1996 and THI's Current Report on Form 8-K dated September 25, 1996.

In addition, the Merger Agreement, a copy of which is attached hereto as Annex A, is incorporated herein by reference.

All documents filed by Consecos, ATC, CAF, LPG or THI pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the date of the Consecos Special Meeting or the ATC Special Meeting, as the case may be, shall be deemed to be incorporated by reference herein and to be a part hereof from the date any such document is filed.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein (or in any other subsequently filed document that also is incorporated by reference herein) modifies or supersedes such statement. Any statement so modified or superseded shall be deemed, except as so modified or superseded, to constitute a part hereof. All information appearing in this Joint Proxy Statement/Prospectus is qualified in its entirety by the information and financial statements (including notes thereto) appearing in the documents incorporated herein by reference, except to the extent set forth in the immediately preceding statement.

State insurance holding company laws and regulations applicable to Consecos and ATC generally provide that no person may acquire control of Consecos or ATC, and thus indirect control of their respective insurance subsidiaries, unless such person has provided certain required information to, and such acquisition is approved (or not disapproved) by, the appropriate insurance regulatory authorities. Generally, any person acquiring beneficial ownership of 10% or more of the Consecos Common Stock or ATC Common Stock, as the case may be, would be presumed to have acquired such control, unless the appropriate insurance regulatory authorities upon advance application determine otherwise.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE MATTERS DESCRIBED IN THIS JOINT PROXY STATEMENT/PROSPECTUS OTHER THAN THOSE CONTAINED HEREIN OR IN THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN. ANY INFORMATION OR REPRESENTATIONS WITH RESPECT TO SUCH MATTERS NOT CONTAINED HEREIN OR THEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CONSECO OR ATC. THIS JOINT PROXY STATEMENT/PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS JOINT PROXY STATEMENT/PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF CONSECO OR ATC SINCE THE DATE HEREOF OR THAT THE INFORMATION IN THIS JOINT PROXY STATEMENT/PROSPECTUS OR IN THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THEREOF.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF INSURANCE FOR THE STATE OF NORTH CAROLINA, NOR HAS THE COMMISSIONER OF INSURANCE RULED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT.

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SUMMARY

The following is a summary of certain information contained elsewhere in this Joint Proxy Statement/Prospectus. This summary is not intended to be complete and is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, contained elsewhere, or incorporated by reference, in this Joint Proxy Statement/Prospectus and the Annexes hereto. Unless otherwise stated, all share and per share information in this Joint Proxy Statement/Prospectus concerning Consecos has been adjusted to reflect a two-for-one stock split of the Consecos Common Stock effected April 1, 1996 and all share and per share information concerning ATC has been adjusted to reflect a three-for-two stock split of the ATC Common Stock effected April 10, 1996. Except as otherwise indicated, all financial information in this Joint Proxy Statement/Prospectus is presented in accordance with generally accepted accounting principles ("GAAP"). Shareholders are urged to read this Joint Proxy Statement/Prospectus, the Annexes hereto and the documents incorporated herein by reference in their entirety. Unless otherwise defined herein, capitalized terms used in this summary have the respective meanings ascribed to them elsewhere in this Joint Proxy Statement/Prospectus.

GENERAL

This Joint Proxy Statement/Prospectus relates to the proposed Merger pursuant to the Merger Agreement. See "The Merger."

THE COMPANIES

CONSECO, INC. Consecos is a financial services holding company engaged primarily in the development, marketing and administration of annuity, individual health insurance and individual life insurance products. Consecos's earnings result primarily from operating life insurance companies and providing investment management, administrative and other fee-based services to affiliated businesses as well as non-affiliates. Consecos's operating strategy is to consolidate and streamline management and administrative functions, to realize superior investment returns through active asset management, and to focus resources on the development and expansion of profitable products and strong distribution channels.

On August 2, 1996, Consecos completed its acquisition of Life Partners Group, Inc. ("LPG"). Consecos and LPG collected an aggregate of approximately \$3.6 billion of total premiums and annuity deposits in 1995 from a diverse portfolio of products. After giving pro forma effect to the acquisition of LPG, Consecos's total assets and shareholders' equity at June 30, 1996 would have been approximately \$23 billion and \$1.9 billion, respectively.

On September 30, 1996, Consecos acquired the shares of American Life Holdings, Inc. ("ALH") (of which Consecos previously owned approximately 37 percent) which Consecos or its affiliates did not own for approximately \$165 million in cash.

Consecos has also entered into (1) an Agreement and Plan of Merger with Capitol American Financial Corporation ("CAF") pursuant to which CAF will become a wholly-owned subsidiary of Consecos,

with each share of the common stock of CAF converted into the right to receive \$30.00 in cash and a fraction of a share of Conseco Common Stock having a value of \$6.50 (the "CAF Merger") and (2) an Agreement and Plan of Merger with Transport Holdings Inc. ("THI") pursuant to which THI will be merged into Conseco, with each share of common stock of THI converted into between 1.40 and 1.83 shares of Conseco Common Stock (the "THI Merger"). Conseco has also announced that it intends to acquire the shares of Bankers Life Holding Corporation ("BLH") (of which Conseco currently owns approximately 90.5 percent) which Conseco does not own, in a merger in which each share of BLH Common Stock would be converted into the right to receive a fraction of a share of Conseco Common Stock having a value of \$25.00 per share. Consummation of the Merger is not conditioned upon consummation by Conseco of any of the other pending acquisitions. See "Information Concerning Conseco--Other Pending Acquisitions" and "Unaudited Pro Forma Consolidated Financial Statements of Conseco."

AMERICAN TRAVELLERS
CORPORATION.....

ATC is an insurance holding company, the operating subsidiaries of which market and underwrite long term care insurance products consisting of both nursing home and home health care policies and, to a lesser extent, other supplemental accident and health insurance policies, as well as life insurance. On June 30, 1996, ATC had \$393.3 million of annualized premiums in force, approximately 90 percent of which, or \$355 million, were attributable to long term care insurance. See "Information Concerning ATC."

SHAREHOLDER MEETINGS

TIME, DATE AND PLACE.....

Conseco. The Conseco Special Meeting will be held at 10:00 a.m., local time, on Tuesday, November 26, 1996, at 11799 College Avenue, Carmel, Indiana and at any adjournment or postponement thereof.

ATC. The ATC Special Meeting will be held at 10:00 a.m., local time, on Tuesday, November 26, 1996, at the Four Seasons Hotel, Washington Room, One Logan Square, Philadelphia, Pennsylvania and at any adjournment or postponement thereof.

PURPOSES OF THE MEETINGS....

Conseco. The purpose of the Conseco Special Meeting is to consider and vote upon (1) a proposal to approve and adopt the Merger Agreement and the transactions contemplated thereby and (2) such other business as may properly come before the Conseco Special Meeting or any adjournment or postponement thereof. See "Shareholder Meetings--Matters to be Considered at the Meetings--Conseco."

ATC. The purpose of the ATC Special Meeting is to consider and vote upon (1) a proposal to approve and adopt the Merger Agreement and the transactions contemplated thereby and (2) such other business as may properly come before the ATC Special Meeting or any adjournment or postponement thereof. See "Shareholder Meetings--Matters to be Considered at the Meetings--ATC."

**RECORD DATE, SHARES
ENTITLED TO VOTE, QUORUM....**

Conseco. Holders of record of Conseco Common Stock and Conseco PRIDES at the close of business on October 21, 1996 (the "Conseco Record Date"), are entitled to notice of and to vote, together as a single class, at the Conseco Special Meeting. As of the Conseco Record Date, there were 66,994,809 shares of Conseco Common Stock outstanding and entitled to vote, and 4,369,700 shares of Conseco PRIDES outstanding and entitled to vote. Each holder of record of shares of Conseco Common Stock on the Conseco Record Date is entitled to cast, either in person or by properly executed proxy, one vote per share of Conseco Common Stock on the Merger Agreement and such other matters, if any, properly submitted for the vote of the Conseco shareholders at the Conseco Special Meeting. Each holder of record of shares of Conseco PRIDES on the Conseco Record Date is entitled to cast, either in person or by properly executed proxy, four-fifths (4/5) of one vote per share of Conseco PRIDES on the Merger Agreement and such other matters, if any, properly submitted for the vote of the Conseco shareholders at the Conseco Special Meeting. See "Shareholder Meetings."

The presence, in person or by properly executed proxy, of the holders of Conseco Common Stock and Conseco PRIDES representing a majority of the voting power of all outstanding Conseco Stock at the Conseco Special Meeting is necessary to constitute a quorum at the Conseco Special Meeting.

See "Shareholder Meetings."

ATC. Holders of record of shares of ATC Common Stock at the close of business on October 21, 1996 (the "ATC Record Date"), are entitled to notice of and to vote at the ATC Special Meeting. As of the ATC Record Date, there were 16,327,791 shares of ATC Common Stock outstanding and entitled to vote. Each holder of record of shares of ATC Common Stock on the ATC Record Date is entitled to cast, either in person or by properly executed proxy, one vote per share on the Merger Agreement and the other matters, if any, properly submitted for the vote of the ATC shareholders at the ATC Special Meeting. See "Shareholder Meetings."

The presence, in person or by properly executed proxy, of the holders of stock representing a majority of the voting power of all outstanding shares of the ATC Common Stock at the ATC Special Meeting is necessary to constitute a quorum at the ATC Special Meeting. See "Shareholder Meetings."

PROXIES, REVOCATION OF
PROXIES.....

The enclosed proxy cards permit each ATC shareholder and Conseco shareholder to specify that shares be voted "FOR" or "AGAINST" (or "ABSTAIN") the approval and adoption of the Merger Agreement and the Merger. If properly executed and returned, shares represented by such proxy will be voted in accordance with the choice specified. Where a signed proxy card is returned, but no choice specified, the shares represented by such proxy will be voted for approval and adoption of the Merger Agreement and the Merger.

A proxy relating to the ATC Special Meeting or the Conseco Special Meeting may be revoked by the shareholder giving the proxy at any time before it is exercised; however, mere attendance at the respective shareholder meeting will not itself have the effect of revoking the proxy. An ATC shareholder or a Conseco shareholder may revoke a proxy (i) by notification of revocation in writing sent (or given in person at the respective shareholder meeting) to the Secretary of ATC or Conseco, as the case may be, (ii) by giving to the Secretary of ATC or Conseco, as the case may be, a later dated proxy, or (iii) by attending the respective shareholder meeting and voting in person. See "Shareholder Meetings--Proxies."

VOTE REQUIRED.....

Conseco. The affirmative vote of a majority of the votes entitled to be cast by holders of Conseco Stock is required for the approval and adoption by Conseco of the Merger Agreement. See "Shareholder Meetings--Voting at the Meetings; Record Date; Quorum--Conseco."

ATC. The approval and adoption by ATC of the Merger Agreement will require the affirmative vote of a majority of the votes cast by all holders of ATC Common Stock entitled to vote thereon. See "Shareholder Meetings--Voting at the Meetings; Record Date; Quorum--ATC."

CERTAIN VOTING INFORMATION..

Conseco. As of October 21, 1996, the executive officers and directors of Conseco were entitled to vote 6,710,084 shares of Conseco Common Stock and no shares of Conseco PRIDES, representing approximately 9.5 percent of the outstanding votes of Conseco Stock entitled to be cast as of such date. The executive officers of Conseco were entitled to vote 5,753,206 shares of Conseco Common Stock and no shares of Conseco PRIDES, representing approximately 8.2 percent of the outstanding votes of Conseco Stock entitled to be cast as of such date. The executive officers are obligated, pursuant to written agreements with ATC, to vote such shares in favor of the approval and adoption of the Merger Agreement at the Conseco Special Meeting.

ATC. As of October 21, 1996, the executive officers and directors of ATC and the trustees (the "Trustees") of the Trust under Deed of Trust of Francis E. Powell, Jr., Settlor, dated August 24, 1988 (the "Trust") were entitled to vote 1,722,194 shares of ATC Common Stock, or approximately 10.5 percent of the number of shares of ATC Common Stock outstanding and entitled to vote at the ATC Special Meeting. As of October 21, 1996, John A. Powell and the Trustees were entitled to vote 1,556,733 shares of the ATC Common Stock, or approximately 9.5 percent of the number of shares of ATC Common Stock outstanding and entitled to vote at the ATC Special Meeting. John A. Powell and the Trustees are obligated, pursuant to written agreements with Conseco, to vote their shares in favor of the approval and adoption of the Merger Agreement at the ATC Special Meeting.

THE MERGER; THE MERGER AGREEMENT

EFFECT OF MERGER..... Upon consummation of the Merger, (1) ATC will be merged with and into Conseco, with Conseco being the surviving corporation (the "Surviving Corporation"); and (2) each outstanding share of ATC Common Stock will be canceled, and each holder of a certificate representing shares of ATC Common Stock will cease to have any rights with respect thereto, except the right to receive, upon the surrender of such certificate, the Merger Consideration (as defined below). Fractional shares of Conseco Common Stock will not be issuable in connection with the Merger. ATC shareholders otherwise entitled to fractional shares of Conseco Common Stock will receive the value of such fractional shares in cash, determined as described herein under "The Merger Agreement--Conversion of Shares; Exchange of Stock Certificates; No Fractional Amounts."

A copy of the Merger Agreement is attached as Annex A to this Joint Proxy Statement/Prospectus and is incorporated by reference herein. See "The Merger Agreement."

MERGER CONSIDERATION..... Upon the consummation of the Merger, each outstanding share of ATC Common Stock (other than shares of ATC Common Stock held by ATC as treasury stock or Dissenting Shares (as hereinafter defined)) will be canceled and converted into the right to receive (1) if the Conseco Share Price (as defined below) is greater than or equal to \$42.25 per share and less than or equal to \$46.25 per share, .7574 of a share of Conseco Common Stock, (2) if the Conseco Share Price is less than \$42.25 per share, the fraction (rounded to the nearest ten-thousandth) of a share (or such fraction and whole number, as the case may be) of Conseco Common Stock determined by dividing \$32.00 by the Conseco Share Price or (3) if the Conseco Share Price is greater than \$46.25 per share, the fraction (rounded to the nearest ten-thousandth) of a share of Conseco Common Stock determined by dividing \$35.03 by the Conseco Share Price (such fraction as set forth in clauses (1), (2) and (3), the "Exchange Ratio"). The "Conseco Share Price" shall be equal to the average of the closing prices of the Conseco Common Stock on the NYSE Composite Transactions Reporting System for the 10 trading days immediately preceding the second trading day prior to the Effective Time. Thus, holders of shares of ATC Common Stock will receive Conseco Common Stock with a value (based on the average closing price during such 10 day period) of not less than \$32.00 per share and up to \$35.03 per share. The Conseco Common Stock to be issued to holders of shares of ATC Common Stock pursuant to the Merger and any cash to be paid in lieu of fractional shares of Conseco Common Stock are referred to collectively as the "Merger Consideration." The issuance of Conseco Common Stock in the Merger is referred to as the "Merger Consideration Stock Issuance." Conseco will apply to have the additional shares of Conseco Common Stock issued pursuant to the Merger listed on the NYSE. See "The Merger Agree-

ment--Conversion of Shares; Exchange of Stock
Certificates; No Fractional Amounts."

No fractional shares of Consecos Common Stock will be issued in the Merger. Each ATC shareholder who otherwise would have been entitled to a fraction of a share of Consecos Common Stock will receive in lieu thereof cash in accordance with the terms of the Merger Agreement. See "The Merger Agreement--Conversion of Shares; Exchange of Stock Certificates; No Fractional Amounts."

As soon as reasonably practicable after consummation of the Merger, a letter of transmittal (including instructions setting forth the procedures for exchanging such holder's certificates representing ATC Common Stock ("Certificates") for the Merger Consideration payable to such holder pursuant to the Merger Agreement) will be sent to each holder of record, as of the Effective Time (as hereinafter defined), of shares of ATC Common Stock. Upon surrender of such Certificates to the designated exchange agent together with a duly completed and executed letter of transmittal, such holder will promptly receive the Merger Consideration for each share of ATC Common Stock previously represented by the Certificates so surrendered. See "The Merger Agreement--Conversion of Shares; Exchange of Stock Certificates; No Fractional Amounts."

TREATMENT OF OPTIONS..... Options to purchase ATC Common Stock granted pursuant to any ATC Stock Option Plan ("ATC Stock Options") which remain outstanding immediately prior to the Effective Time will be converted automatically into options to purchase, for the same aggregate consideration payable to exercise such ATC Stock Options, the number of shares of Consecos Common Stock which the holder would have been entitled to receive at the Effective Time if such ATC Stock Options had been exercised for shares of ATC Common Stock prior to the Effective Time. Except for ATC Stock Options held by non-employee directors, each ATC Stock Option, if not then vested, will vest in full at the earlier of (1) the expiration of three months after the Effective Time or (2) termination by Consecos of the employment of the holder of such option. Each ATC Stock Option held by a non-employee director of ATC will vest in full at the Effective Time. See "The Merger Agreement--Treatment of ATC Stock Options."

REASONS FOR THE MERGER; BOARD RECOMMENDATIONS

REGARDING THE MERGER.....

Consecos. The Board of Directors of Consecos approved the Merger Agreement and the Merger Consideration Stock Issuance based on a number of factors including its belief that (1) the addition of ATC's long term care and supplemental health insurance business would further strengthen Consecos's sales of those products; (2) the addition of ATC's agents would further diversify Consecos's current distribution system; (3) ATC's distribution system would provide Consecos additional opportunities to cross-sell its current products; (4) the Merger offers Consecos and ATC the opportunity to improve their profitability through the achievement of economies of scale, the

elimination of redundancies and the enhancement of market position; and (5) the issuance of additional shares of Consecos Common Stock in the Merger would result in a substantial increase in Consecos equity.

The Board of Directors of Consecos unanimously recommends that the shareholders of Consecos approve and adopt the Merger Agreement. In evaluating the recommendation of the Consecos Board of Directors, shareholders of Consecos should carefully consider the matters described under "The Merger--Consecos's Reasons for the Merger; Recommendation of the Consecos Board of Directors."

ATC. The ATC Board of Directors determined to pursue the Merger based upon many different factors, including but not limited to: (1) the substantial premium over the then current market price of the ATC Common Stock offered by Consecos; (2) the financial condition and results of operations of Consecos and the ATC Board of Directors' perceptions of the more favorable overall business prospects of Consecos and ATC on a combined basis as compared to the prospects of ATC as a separate entity; (3) the tax-deferred nature of the transaction to the extent that the ATC shareholders receive shares of Consecos Common Stock in exchange for their shares of ATC Common Stock; (4) the potential future performance of Consecos and the Consecos Common Stock after the Merger and Consecos's strength and position in the insurance industry; (5) the written opinion rendered to the ATC Board of Directors by Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") with regard to the fairness to the holders of ATC Common Stock, from a financial point of view, of the Exchange Ratio pursuant to the terms of the Merger Agreement; and (6) the likelihood of continued employment, for the immediate future, of a substantial number of the employees of ATC.

The Board of Directors of ATC unanimously recommends that the shareholders of ATC approve and adopt the Merger and the Merger Agreement. In evaluating the recommendation of the ATC Board of Directors, shareholders of ATC should carefully consider the matters described under "The Merger--ATC's Reasons for the Merger; Recommendation of the ATC Board of Directors," and "--Interests of Certain Persons in the Merger."

OPINION OF ATC'S FINANCIAL ADVISOR.....	DLJ has delivered its written opinion to the Board of Directors of ATC that, as of August 25, 1996 and based upon and subject to the assumptions, limitations and qualifications set forth in such opinion, the Exchange Ratio pursuant to the terms of the Merger Agreement was fair, from a financial point of view, to the holders of ATC Common Stock.
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The full text of the written opinion of DLJ, which sets forth assumptions made, procedures followed, other matters considered and limits of the review undertaken in connection with the opinion, is attached hereto as Annex B and is incorporated herein by reference. Holders of ATC Common Stock should read such opinion in its entirety. See "The Merger--Opinion of ATC's Financial Advisor."

CERTAIN CONSEQUENCES OF THE

MERGER..... Upon consummation of the Merger, the ATC shareholders will become shareholders of Consecoco, and each share of ATC Common Stock issued and outstanding immediately prior to the consummation of the Merger (other than shares held as treasury shares of ATC or Dissenting Shares) shall be converted into the right to receive the Merger Consideration. See "--Merger Consideration." In addition, Consecoco shall become the obligor and assume all rights and obligations under the Indenture and all supplements thereto (the "Indenture") governing ATC's outstanding 6.5 percent Convertible Subordinated Debentures due 2005 (the "Debentures"), including the supplemental indenture to be entered into by Consecoco in connection with its assumption of the rights and obligations under the Indenture and Debentures. The Debentures that remain outstanding immediately prior to the Effective Time will be converted automatically into debentures of Consecoco, the holders of which will have the same rights as they did under the Debentures and the Indenture including the right to receive interest payments and the right to convert the Debentures into the number of shares of Consecoco Common Stock which the holder would have been entitled to receive at the Effective Time if such Debentures had been converted into shares of ATC Common Stock prior to the Effective Time, subject to future adjustments for, among other things, changes in the capitalization of Consecoco, as contemplated by the Indenture. Further, holders of ATC Stock Options will be entitled to receive, upon the exercise of their respective ATC Stock Options, a number of shares of Consecoco Common Stock determined as described under "The Merger Agreement--Conversion of Shares; Exchange of Stock Certificates; No Fractional Amounts;" and "--Treatment of ATC Stock Options."

After consummation of the Merger, assuming conversion of the Debentures but excluding the ATC Stock Options, and assuming the Consecoco Share Price is equal to or between \$42.25 and \$46.25 (without giving effect to the proposed acquisitions of CAF, BLH and THI), the current Consecoco shareholders will own approximately 77 percent of the then outstanding shares of Consecoco Common Stock, and the current ATC shareholders will own approximately 23 percent of such shares.

See "The Merger--Certain Consequences of the Merger."

CONDUCT OF THE BUSINESS OF CONSECO AND ATC AFTER THE MERGER.....

Consecoco plans to consolidate certain operations of ATC with Consecoco's operations after consummation of the Merger. See "The Merger--Conduct of the Business of Consecoco and ATC After the Merger." Consecoco's Board of Directors and management will not be affected by the Merger. See "Management of Consecoco Upon Consummation of the Merger."

INTERESTS OF CERTAIN

PERSONS IN THE MERGER.....

Pursuant to the Merger Agreement, the Certificate of Incorporation and By-laws of each of ATC's subsidiaries shall contain the provisions with respect to indemnification set forth therein on the date of

the Merger Agreement, and such provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of ATC or any of its subsidiaries (the "Indemnified Parties") in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by the Merger Agreement), unless such modification is required by law. Consecos has agreed to indemnify the Indemnified Parties, but only to the extent that ATC would have been obligated to do so had it been the Surviving Corporation. See "The Merger--Interests of Certain Persons in the Merger--Indemnification of Officers and Directors."

Pursuant to the Merger Agreement, Consecos Services L.L.C., an Indiana limited liability company wholly owned by Consecos ("Consecos Services"), will enter into employment agreements with John A. Powell, Thomas J. Parry, Kevin Shields and Denise Powell. See "The Merger--Interests of Certain Persons in the Merger."

Certain of the ATC executives are entitled to severance payments pursuant to their existing employment agreements if their employment is terminated within three years of the Merger, subject to certain conditions. The Merger Agreement provides for a reimbursement of excise taxes imposed on certain of such individuals. See "The Merger--Interests of Certain Persons in the Merger."

EFFECTIVE TIME OF THE

MERGER..... The Merger will become effective on the date Articles of Merger are filed with the Secretary of State of Indiana and the Secretary of State of Pennsylvania or at such time thereafter as is provided in the Articles of Merger (the "Effective Time"). See "The Merger Agreement--Effective Time."

**CONDITIONS TO THE MERGER;
TERMINATION OF THE MERGER
AGREEMENT.....**

The obligations of Consecos and ATC to consummate the Merger are subject to the satisfaction of certain conditions, including obtaining requisite Consecos and ATC shareholder approvals, delivery to ATC of a tax opinion and the receipt of certain governmental consents and approvals including, without limitation, certain consents and approvals required under applicable state insurance laws and the expiration (or earlier termination) of the relevant waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). The Federal Trade Commission orally confirmed early termination of the HSR Act waiting period on October 22, 1996. See "The Merger--Regulatory Approvals" and "The Merger Agreement--Conditions to the Merger."

The Merger Agreement is subject to termination by Consecos or ATC (provided that such party is not in breach of the Merger Agreement) if the Merger is not consummated by December 31, 1996, and prior to such time upon the occurrence of certain events. See "The Merger Agreement--Termination."

**RIGHT OF ATC BOARD OF
DIRECTORS TO WITHDRAW ITS
RECOMMENDATION; FEES.....**

Under the Merger Agreement, the Board of Directors of ATC shall not (1) withdraw or modify, in a manner materially adverse to Consecos, the approval or recommendation by the Board of Directors of the Merger Agreement or the Merger, (2) approve or recommend an Acquisition Proposal (as defined in the Merger Agreement) or (3) enter into any agreement with respect to any Acquisition Proposal, unless ATC receives an Acquisition Proposal and the Board of Directors of ATC determines in good faith, following consultation with outside counsel, that in order to comply with its fiduciary duties to shareholders under applicable law it is necessary for the Board of Directors to withdraw or modify, in a manner materially adverse to Consecos, its approval or recommendation of the Merger Agreement or the Merger, approve or recommend such Acquisition Proposal, enter into an agreement with respect to such Acquisition Proposal or terminate the Merger Agreement. In the event the Board of Directors of ATC takes any of the foregoing actions, ATC shall, concurrently with the taking of any such action, pay to Consecos upon demand \$20 million, payable in same-day funds.

In the absence of an Acquisition Proposal, unless the other party is materially in breach of the Merger Agreement or is unable to satisfy certain closing conditions in the Merger Agreement, ATC and Consecos have each agreed to pay to the other party upon demand an amount not to exceed \$2 million, to reimburse the other party for out-of-pocket fees and expenses incurred in connection with the Merger, if its shareholders do not approve the Merger and all other closing conditions contained in the Merger Agreement have been satisfied or waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before March 31, 1997.

DISSENTERS RIGHTS..... Consecos. Holders of Consecos Stock will not be entitled to appraisal or dissenters rights under the Indiana Business Corporation Law (the "IBCL").

ATC. A holder of ATC Common Stock may assert dissenters rights in connection with the Merger under Subchapter D of Chapter 15 ("Subchapter 15D") of the Pennsylvania Business Corporation Law (the "PBCL"). Holders of ATC Common Stock who follow the procedures of Subchapter 15D will be entitled to receive from ATC the fair value of their shares of ATC Common Stock immediately before the Effective Time. See "The Merger--Dissenters Rights" and Annex C attached hereto.

CERTAIN FEDERAL INCOME TAX
CONSEQUENCES.....

The Merger is expected to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The obligation of ATC to consummate the Merger is subject to the condition that it shall have received an opinion of counsel to the effect that the Merger will be treated for tax purposes as a reorganization with the meaning of Section 368(a)

of the Code. No gain or loss will be recognized by ATC shareholders upon their exchange of ATC Common Stock for Consecos Common Stock, except that any ATC shareholder who receives cash proceeds in lieu of a fractional share interest in Consecos Common Stock will recognize gain or loss equal to the difference between such proceeds and the tax basis allocated to the fractional share interest and such gain or loss will constitute capital gain or loss if such shareholder's ATC Common Stock is held as a capital asset at the Effective Time. See "The Merger--Certain Federal Income Tax Consequences."

ACCOUNTING TREATMENT..... The Merger will be accounted for as a "purchase" under GAAP. See "The Merger--Accounting Treatment."

COMPARISON OF SHAREHOLDERS' RIGHTS..... Upon consummation of the Merger, the ATC shareholders will become shareholders of Consecos. See "Comparison of Shareholders' Rights" for a summary of the material differences between the rights of holders of Consecos Common Stock and ATC Common Stock. These differences arise from the distinctions between the laws of the jurisdictions in which Consecos and ATC are incorporated (Indiana and Pennsylvania, respectively) and the distinctions between the respective articles of incorporation and bylaws of Consecos and ATC.

SELECTED HISTORICAL FINANCIAL INFORMATION OF CONSECO (A)

The selected historical financial information set forth below was derived from the consolidated financial statements of Conseco. Conseco's consolidated balance sheets at December 31, 1994 and 1995, and the consolidated statements of operations, shareholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995 and notes thereto were audited by Coopers & Lybrand L.L.P., independent accountants, and are included in Conseco's Annual Report which is incorporated by reference herein. The consolidated financial information should be read in conjunction with Conseco's Annual Report. The consolidated financial information set forth for the six months ended June 30, 1995 and 1996, is unaudited; however, in the opinion of Conseco's management, the accompanying financial information contains all adjustments, consisting only of normal recurring items, necessary to present fairly the financial information for such periods. The results of operations for the six months ended June 30, 1996, may not be indicative of the results of operations to be expected for a full year.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF OPERATIONS							
DATA							
Insurance policy income.	\$ 280.8	\$ 378.7	\$ 1,293.8	\$ 1,285.6	\$ 1,465.0	\$ 730.2	\$ 741.4
Investment activity:							
Net investment income..	921.4	888.6	896.2	385.7	1,142.6	556.9	561.9
Net trading income							
(losses)	50.7	35.9	93.1	(4.9)	2.5	6.0	(7.3)
Net realized gains							
(losses)	123.3	124.3	149.5	(25.6)	186.4	74.5	10.2
Total revenues.....	1,391.8	1,523.9	2,636.0	1,862.0	2,855.3	1,389.4	1,364.3
Interest expense on							
notes payable.....	69.9	46.2	58.0	59.3	119.4	52.4	54.2
Total benefits and							
expenses.....	1,168.6	1,193.9	2,025.8	1,537.6	2,436.8	1,187.1	1,142.8
Income before income							
taxes, minority							
interest and							
extraordinary charge...	223.2	330.0	610.2	324.4	418.5	202.3	221.5
Extraordinary charge on							
extinguishment of debt,							
net of tax.....	5.0	5.3	11.9	4.0	2.1	--	17.4
Net income.....	116.0	169.5	297.0	150.4	220.4	124.3	96.4
Preferred dividends.....	6.8	5.5	20.6	18.6	18.4	9.2	17.2
Net income applicable to							
common stock.....	109.2	164.0	276.4	131.8	202.0	115.1	79.2
PER SHARE DATA (b)							
Net income, primary.....	\$ 2.05	\$ 2.71	\$ 4.73	\$ 2.50	\$ 4.69	\$ 2.67	\$ 1.71
Net income, fully							
diluted.....	2.01	2.70	4.39	2.44	4.22	2.39	1.59
Dividends declared per							
common share.....	.035	.043	.150	.250	.093	.073	.040
Book value per common							
share outstanding at							
period end.....	7.73	10.93	16.89	10.45	20.44	16.33	17.68
Shares outstanding at							
period end.....	49.4	49.8	50.6	44.4	40.5	40.4	41.9
Average fully diluted							
shares outstanding....	50.8	59.2	67.0	61.7	52.2	52.1	60.6
BALANCE SHEET DATA--							
PEROD END							
Total assets.....	\$11,832.4	\$11,772.7	\$13,749.3	\$10,811.9	\$17,297.5	\$17,078.6	\$17,426.3
Notes payable for which							
Conseco is directly							
liable.....	177.6	163.2	413.0	191.8	871.4	613.5	670.0
Notes payable of BLH,							
not direct obligations							
of Conseco.....	--	392.0	290.3	280.0	301.5	272.2	297.9
Notes payable of							
Partnership entities,							
not direct obligations							
of Conseco.....	319.3	--	--	331.1	283.2	308.0	281.6
Total liabilities.....	11,321.3	11,154.4	12,382.9	9,743.2	15,782.5	15,528.3	15,857.1
Minority interest.....	79.5	24.0	223.8	321.7	403.3	606.9	292.3
Shareholders' equity ...	431.6	594.3	1,142.6	747.0	1,111.7	943.4	1,276.9
OTHER FINANCIAL DATA (c)							
Premiums collected (d)...	\$ 1,648.7	\$ 1,464.9	\$ 2,140.1	\$ 1,879.1	\$ 3,106.4	\$ 1,725.6	\$ 1,501.6
Operating earnings (e)...	61.5	114.8	162.0	151.7	131.3	52.2	102.2
Operating earnings per							
fully diluted common							
share (b), (e).....	1.05	1.80	2.39	2.46	2.52	1.00	1.69
Shareholders' equity							
excluding unrealized							

appreciation (depreciation) of fixed maturity securities (f).....	431.6	560.3	1,055.2	884.7	999.1	910.1	1,332.9
Book value per common share outstanding, excluding unrealized appreciation (depreciation) of fixed maturity securities (b), (f).....	7.73	10.24	15.16	13.55	17.66	15.50	19.02
Ratio of debt (including debt of CCP guaranteed by Conseco until its retirement in 1993) for which Conseco is directly liable to total capital of Conseco only (g): As reported.....	.29X	.22X	.27X	.20X	.44X	.34X	.34X
Excluding unrealized appreciation (depreciation) (f)....	.29X	.23X	.28X	.18X	.47X	.34X	.33X
Adjusted statutory capital (at period end) (h).....	\$ 617.1	\$ 603.1	\$ 1,135.5	\$ 509.0	\$ 1,021.0	\$ 901.2	\$ 1,009.3
Adjusted statutory earnings (i).....	90.0	153.4	273.8	248.6	321.7	138.9	166.4
Ratio of adjusted statutory earnings to cash interest (j).....	2.62X	5.75X	4.94X	5.06X	3.79X	3.97X	4.11X

- (a) Comparison of consolidated financial information in the above table is significantly affected by the Conseco Capital Partners, L.P. ("Partnership I") and Conseco Capital Partners II, L.P. ("Partnership II") acquisitions, the sale of Western National Corporation ("WNC") and the transactions affecting Conseco's ownership interest in BLH and CCP Insurance, Inc. ("CCP"). For periods beginning with their acquisitions and ending June 30, 1992, Partnership I and its subsidiaries were consolidated with the financial statements of Conseco. Following the completion of the initial public offering by CCP in July 1992, the Company did not have unilateral control to direct all of CCP's activities and, therefore, did not consolidate the financial statements of CCP with the financial statements of Conseco. As a result of the purchase by Conseco of all the shares of common stock of CCP it did not already own on August 31, 1995 (the "CCP Merger"), the financial statements of CCP's subsidiaries are consolidated with the financial statements of Conseco, effective January 1, 1995. Conseco has included BLH in its financial statements since November 1, 1992. Through December 31, 1993, the financial statements of WNC were consolidated with the financial statements of Conseco. Following the completion of the initial public offering of WNC (and subsequent disposition of Conseco's remaining equity interest in WNC), the financial statements of WNC were no longer consolidated with the financial statements of Conseco. As of September 29, 1994, Conseco began to include in its financial statements the newly acquired Partnership II subsidiary, ALH. Refer to the notes to the consolidated financial statements included in Conseco's Annual Report, incorporated by reference herein, for a description of business combinations.
- (b) All share and per share amounts have been restated to reflect the April 1, 1996 two-for-one stock split.
- (c) Amounts under this heading are included to assist the reader in analyzing Conseco's financial position and results of operations. Such amounts are not intended to, and do not, represent insurance policy income, net income, net income per share, shareholders' equity or book value per share prepared in accordance with GAAP.
- (d) Includes premiums received from annuities and universal life policies, which are not reported as revenues under GAAP.
- (e) Represents income before extraordinary charge, excluding net trading income (losses) (net of income taxes), net realized gains (losses) (less that portion of change in future policy benefits, amortization of cost of policies purchased and cost of policies produced and income taxes relating to such gains (losses)) and restructuring activities (net of income taxes).
- (f) Excludes the effect of reporting fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which Conseco began to do in 1992. Such adjustments are in accordance with Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), as described in the notes to the consolidated financial statements included in Conseco's Annual Report which is incorporated herein by reference.
- (g) Represents the ratio of notes payable for which Conseco is directly liable to the sum of shareholders' equity and notes payable for which Conseco is directly liable.
- (h) Includes: (1) statutory capital and surplus; (2) mandatory securities valuation reserve ("MSVR") at periods ended prior to December 31, 1992; (3) asset valuation reserve ("AVR") and interest maintenance reserve ("IMR") at periods ended on or after December 31, 1992; and (4) the portion of surplus debentures carried by the life companies as a liability to Conseco. Such statutory data reflect the combined data derived from the annual statements of Conseco's and BLH's wholly owned life insurance companies as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.
- (i) Represents gains from operations before interest expense (except interest on annuities and financial products) and income taxes of Conseco's and BLH's wholly owned life insurance companies as reported for statutory accounting purposes plus income before interest expense and income taxes of all non-life companies.
- (j) Represents the ratio of adjusted statutory earnings to cash interest. Cash interest includes interest, except interest on annuities and financial products, of Conseco and BLH and their wholly owned subsidiaries that is required to be paid in cash.

SELECTED HISTORICAL FINANCIAL INFORMATION OF LPG (A)

The selected historical financial information set forth below was derived from the audited consolidated financial statements of LPG. LPG's consolidated balance sheets at December 31, 1994 and 1995, and the consolidated statements of operations, shareholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995 and notes thereto were audited by Coopers & Lybrand L.L.P., independent accountants, and are included in LPG's Annual Report which is incorporated by reference herein. The consolidated financial information should be read in conjunction with LPG's Annual Report. The consolidated financial information set forth for the six months ended June 30, 1995 and 1996, is unaudited; however, in the opinion of LPG's management, the accompanying financial information contains all adjustments, consisting only of normal recurring items, necessary to present fairly the financial information for such periods. The results of operations for the six months ended June 30, 1996, may not be indicative of the results of operations to be expected for a full year.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)							
STATEMENT OF OPERATIONS							
DATA							
Insurance policy income.	\$ 187.1	\$ 187.3	\$ 210.8	\$ 217.9	\$ 280.1	\$ 129.4	\$ 155.7
Investment activity:							
Net investment income..	207.5	218.6	221.1	225.4	277.1	134.9	146.2
Net realized gains							
(losses)	18.6	23.1	18.4	(19.7)	15.8	2.4	2.3
Total revenues.....	420.6	436.5	455.7	428.2	576.1	268.6	306.9
Interest expense.....	43.4	35.3	26.0	20.7	27.9	12.0	11.8
Total benefits and expenses.....	376.5	374.8	373.8	369.9	592.8	251.0	279.4
Income (loss) before income taxes, minority interest and extraordinary charge...	44.1	61.7	81.9	58.5	(16.7)	17.6	27.5
Extraordinary charge, net of tax.....	--	5.6	4.8	2.6	--	--	--
Net income (loss).....	22.8	32.1	47.2	34.6	(13.4)	11.3	15.9
Dividends in kind on preferred stock.....	13.4	15.4	4.0	--	--	--	--
Net income (loss) applicable to common stock.....	9.4	16.7	43.2	34.6	(13.4)	11.3	15.9
PER SHARE DATA							
Income (loss) before extraordinary charge, primary and fully diluted.....	\$ (0.61)	\$ 1.08	\$ 2.05	\$ 1.43	\$ (0.49)	\$.42	\$.56
Net income (loss), primary and fully diluted.....	(0.61)	0.62	1.85	1.33	(0.49)	.42	.56
Dividends declared per common share.....	--	--	0.0375	.08	.11	.05	.06
Book value per common share outstanding at period end.....	13.92	15.98	12.25	11.50	14.35	14.20	12.47
Shares outstanding at period end.....	8.0	14.4	25.4	25.5	27.9	27.8	28.2
Average fully diluted shares outstanding....	9.0	12.1	23.4	26.1	27.1	26.8	28.4
BALANCE SHEET DATA--							
PERIOD END							
Total assets.....	\$2,976.9	\$3,292.7	\$3,589.4	\$3,748.8	\$4,980.9	\$5,035.7	\$4,974.7
Notes payable.....	335.5	314.3	210.1	210.5	246.1	239.3	238.9
Total liabilities.....	2,841.2	3,062.8	3,278.2	3,455.2	4,580.4	4,640.5	4,623.1
Minority interest.....	24.1	--	--	--	--	--	--
Shareholders' equity ...	111.6	229.9	311.2	293.6	400.5	395.2	351.6
OTHER FINANCIAL DATA (b)							
Premiums collected (c)...	\$ 508.2	\$ 465.5	\$ 470.2	\$ 411.8	\$ 497.3	\$ 248.2	\$ 280.1
Operating earnings (loss) (d).....	15.5	31.9	44.1	50.0	(28.9)	9.4	20.5
Operating earnings (loss) per primary and fully diluted common share (d).....	1.72	2.63	1.88	1.91	(1.06)	.35	.72
Shareholders' equity excluding unrealized appreciation (depreciation) of fixed maturity securities (e).....	111.6	229.9	291.7	325.0	344.3	376.8	361.8
Book value per common							

share outstanding, excluding unrealized appreciation (depreciation) of fixed maturity securities (e).....	13.92	15.98	11.48	12.73	12.34	13.54	12.83
Ratio of debt to total capital (f): As reported.....	.75X	.58X	.40X	.42X	.38X	.38X	.40X
Excluding unrealized appreciation (depreciation) (e)....	.75X	.58X	.42X	.39X	.42X	.39X	.40X
Adjusted statutory capital (at period end) (g).....	\$ 149.4	\$ 191.3	\$ 169.8	\$ 174.3	\$ 209.8	\$ 174.7	\$ 219.3
Adjusted statutory earnings (h).....	75.7	76.4	83.4	75.8	78.1	28.9	46.4
Ratio of adjusted statutory earnings to cash interest (i).....	1.83X	2.25X	3.46X	3.78X	3.46X	2.58X	4.06X

- (a) Comparison of consolidated financial information in the above table is significantly affected by the acquisition of Lamar Financial Group, Inc. ("Lamar") on April 28, 1995. Such acquisition was accounted for using the purchase method, and the results of operations at Lamar are included in the consolidated financial data from the date of acquisition. Refer to the notes to the consolidated financial statements included in LPG's Annual Report incorporated by reference herein for a description of the acquisition.
- (b) Amounts under this heading are included to assist the reader in analyzing LPG's financial position and results of operations. Such amounts are not intended to, and do not, represent insurance policy income, net income, net income per share, shareholders' equity or book value per share prepared in accordance with GAAP.
- (c) Includes premiums received from annuities and universal life policies, which are not reported as revenues under GAAP.
- (d) Represents income before extraordinary charge, excluding net realized gains (losses) (less that portion of amortization of cost of policies purchased and the cost of policies produced and income taxes relating to such gains (losses)).
- (e) Excludes the effects of reporting available-for-sale fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which LPG began to do with respect to a portion of its portfolio effective December 31, 1993. Such adjustments are in accordance with SFAS 115, as described in the notes to the consolidated financial statements included in LPG's Annual Report which is incorporated herein by reference.
- (f) Represents the ratio of notes payable to the sum of shareholders' equity and notes payable.
- (g) Includes: (1) statutory capital and surplus; (2) MSVR at periods ended prior to December 31, 1992; and (3) AVR and IMR at periods ended on or after December 31, 1992. Such statutory data reflect the combined data derived from the annual statements of LPG's consolidated insurance subsidiaries as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.
- (h) Represents gains from operations before interest expense (except interest on annuities and financial products) and income taxes of LPG's consolidated insurance subsidiaries as reported for statutory accounting purposes plus income before interest expense and income taxes of all non-life companies.
- (i) Represents the ratio of adjusted statutory earnings to cash interest. Cash interest includes interest, except interest on annuities and financial products, of LPG and its consolidated subsidiaries that is required to be paid in cash.

SELECTED HISTORICAL FINANCIAL INFORMATION OF ATC

The selected historical financial information set forth below was derived from the consolidated financial statements of ATC. The consolidated balance sheets of ATC at December 31, 1994 and 1995, and the consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995 and notes thereto were audited by Arthur Andersen LLP, independent public accountants, and are included in ATC's Annual Report which is incorporated by reference herein. The consolidated financial information should be read in conjunction with ATC's Annual Report. The consolidated financial information set forth for the six months ended June 30, 1995 and 1996, is unaudited; however, in the opinion of ATC's management, the accompanying financial information contains all adjustments, consisting only of normal recurring items, necessary to present fairly the financial information for such periods. The results of operations for the six months ended June 30, 1996, may not be indicative of the results of operations to be expected for a full year.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE					AMOUNTS)	
STATEMENT OF OPERATIONS DATA							
Insurance policy income.	\$117.0	\$138.3	\$166.4	\$201.9	\$274.0	\$122.7	\$186.9
Investment activity:							
Net investment income..	8.1	8.7	9.4	11.0	23.2	8.1	21.3
Net realized gains (losses).....	(.1)	.4	.2	--	.1	--	1.3
Total revenues.....	125.0	147.4	176.0	212.9	297.3	130.8	209.5
Interest expense.....	.2	.2	--	1.0	3.3	.9	4.0
Total benefits and expenses.....	108.3	131.2	152.7	185.9	262.6	115.2	184.6
Income before income taxes.....	16.7	16.2	23.3	27.0	34.7	15.6	24.9
Net income.....	11.0	10.7	14.6	18.4	23.7	10.7	16.8
PER SHARE DATA (A)							
Net income, primary....	\$.71	\$.68	\$.92	\$ 1.14	\$ 1.45	\$.66	\$ 1.01
Net income, fully diluted.....	.71	.68	.92	1.14	1.36	.66	.81
Book value per common share outstanding at period end.....	5.95	6.66	7.51	8.65	10.77	9.32	10.50
Shares outstanding at period end.....	15.2	15.2	15.5	15.8	15.9	15.9	16.3
Average fully diluted shares outstanding....	15.5	15.6	15.8	16.1	18.4	16.2	23.6
BALANCE SHEET DATA-- PERIOD END							
Total assets.....	\$219.7	\$240.9	\$299.0	\$400.8	\$836.1	\$435.5	\$867.4
Notes payable (including the Debentures)	8.4	--	12.0	20.0	103.5	20.0	103.5
Total liabilities.....	129.3	139.7	182.8	264.5	665.3	287.8	696.4
Shareholders' equity....	90.4	101.2	116.2	136.3	170.8	147.7	171.0
OTHER FINANCIAL DATA (B)							
Operating earnings (c)..	\$ 11.1	\$ 10.4	\$ 14.5	\$ 18.4	\$ 23.6	\$ 10.7	\$ 15.9
Operating earnings per fully diluted common share (a), (c).....	.71	.67	.91	1.14	1.35	.66	.77
Shareholders' equity excluding unrealized appreciation (depreciation) of fixed maturity securities (d).....	90.4	101.2	116.2	136.3	160.6	147.7	181.9
Book value per common share outstanding excluding unrealized appreciation of fixed maturity securities (a), (d).....	5.95	6.66	7.51	8.65	10.13	9.32	11.17
Ratio of debt to total capital (e):							
As reported.....	.08X	--	.09X	.13X	.38X	.12X	.38X
Excluding unrealized appreciation (d).....	.08X	--	.09X	.13X	.39X	.12X	.36X
Adjusted statutory capital (at period end) (f).....	\$ 29.9	\$ 30.5	\$ 47.0	\$ 58.0	\$ 74.3	\$ 59.0	\$ 87.7
Adjusted statutory earnings (loss) (g)....	(3.3)	(1.1)	4.3	11.3	(29.6)	8.2	7.4
Ratio of adjusted statutory earnings to							

cash interest (h).....	(i)	(i)	(i)	11.3X	(i)	9.1X	2.1X
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(a) All share and per share amounts have been restated to reflect the April 10, 1996 three-for-two stock split.

(b) Amounts under this heading are included to assist the reader in analyzing ATC's financial position and results of operations. Such amounts are not intended to, and do not, represent net income, net income per share, shareholders' equity or book value per share prepared in accordance with GAAP.

- (c) Represents net income excluding net realized gains (losses), net of income taxes.
- (d) Excludes the effects of reporting fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which ATC began to do effective December 31, 1995. Such adjustments are in accordance with SFAS 115, as described in the notes to the consolidated financial statements included in ATC's Annual Report which is incorporated herein by reference.
- (e) Represents the ratio of notes payable (including the Debentures) to the sum of shareholders' equity and notes payable (including the Debentures).
- (f) Includes: (1) statutory capital and surplus; (2) MSVR at periods ended prior to December 31, 1992; and (3) AVR and IMR at periods ended on or after December 31, 1992. Such statutory data reflect the combined data derived from the annual statements of ATC's consolidated insurance subsidiaries as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.
- (g) Represents gains from operations before interest expense and income taxes of ATC's consolidated insurance subsidiaries as reported for statutory accounting purposes plus income before interest expense and income taxes of all non-life companies.
- (h) Represents the ratio of adjusted statutory earnings to cash interest. Cash interest includes interest of ATC and its consolidated subsidiaries that is required to be paid in cash.
- (i) Not meaningful or not applicable.

SELECTED HISTORICAL FINANCIAL INFORMATION OF CAF

The selected historical financial information set forth below was derived from the consolidated financial statements of CAF. The consolidated balance sheets of CAF at December 31, 1994 and 1995, and the consolidated statements of operations, shareholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995 and notes thereto were audited by KPMG Peat Marwick LLP, independent accountants, and are included in CAF's Annual Report which is incorporated by reference herein. The consolidated financial information should be read in conjunction with CAF's Annual Report. The consolidated financial information set forth for the six months ended June 30, 1995 and 1996, is unaudited; however, in the opinion of CAF's management, the accompanying financial information contains all adjustments, consisting only of normal recurring items, necessary to present fairly the financial information for such periods. The results of operations for the six months ended June 30, 1996, may not be indicative of the results of operations to be expected for a full year.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF OPERATIONS DATA							
Insurance policy income.....	\$188.4	\$219.5	\$244.8	\$263.3	\$282.1	\$139.0	\$146.6
Investment activity:							
Net investment income.....	17.5	22.8	33.5	41.0	48.6	23.3	27.2
Net realized gains.....	--	--	.6	--	--	--	.1
Total revenues.....	206.4	242.8	279.4	304.4	330.8	162.4	174.0
Interest expense.....	1.2	1.6	1.5	2.3	2.4	1.3	1.0
Total benefits and expenses..	162.2	189.8	210.8	235.7	259.2	126.3	132.4
Income before income taxes and cumulative effect of change in accounting for income taxes.....	44.2	53.0	68.6	68.7	71.6	36.1	41.6
Income from cumulative effect of change in accounting for income taxes.....	3.7	--	--	--	--	--	--
Net income.....	32.6	35.0	43.5	44.8	46.0	23.0	27.1
PER SHARE DATA							
Income before cumulative effect of change in accounting for income taxes, primary and fully diluted...	\$ 1.77	\$ 2.19	\$ 2.36	\$ 2.50	\$ 2.64	\$ 1.31	\$ 1.55
Net income, primary and fully diluted.....	2.00	2.19	2.36	2.50	2.64	1.31	1.55
Dividends declared per common share.....	.050	.255	.280	.320	.360	.180	.200
Book value per common share outstanding at period end...	5.68	9.61	11.58	13.34	16.71	14.48	16.83
Shares outstanding at period end.....	16.0	18.5	18.2	17.5	17.5	17.5	17.5
Average fully diluted shares outstanding.....	16.3	16.0	18.5	17.9	17.5	17.5	17.5
BALANCE SHEET DATA--PERIOD END							
Total assets.....	\$397.7	\$556.8	\$668.5	\$793.1	\$948.3	\$850.6	\$980.4
Notes payable.....	21.0	20.0	22.0	24.0	24.0	28.0	29.5
Total liabilities.....	307.0	379.1	457.2	559.5	656.6	597.8	686.1
Shareholders' equity.....	90.7	177.7	211.3	233.6	291.7	252.8	294.3
OTHER FINANCIAL DATA (a)							
Operating earnings (b).....	\$ 28.9	\$ 35.0	\$ 43.1	\$ 44.8	\$ 46.0	\$ 23.0	\$ 27.0
Operating earnings per primary and fully diluted common share (b).....	1.77	2.19	2.33	2.50	2.64	1.31	1.54
Shareholders' equity excluding unrealized appreciation of fixed maturity securities (c)....	90.7	177.7	211.3	233.6	272.9	252.8	297.1
Book value per common share outstanding, excluding unrealized appreciation of fixed maturity securities (c).....	5.68	9.61	11.58	13.34	15.63	14.48	16.99
Ratio of debt to total capital (d):							
As reported.....	.19X	.10X	.09X	.09X	.08X	.10X	.09X
Excluding unrealized appreciation (c).....	.19X	.10X	.09X	.09X	.08X	.10X	.09X
Adjusted statutory capital (at period end) (e).....	\$ 48.3	\$108.7	\$108.0	\$ 93.9	\$ 88.5	\$ 96.4	\$ 99.5
Adjusted statutory earnings (f).....	20.1	25.6	33.5	29.4	30.9	15.3	21.7
Ratio of adjusted statutory							

earnings to cash interest								
(g).....	17.8X	16.9X	23.2X	13.0X	13.2X	12.5X	21.1X	

- (a) Amounts under this heading are included to assist the reader in analyzing CAF's financial position and results of operations. Such amounts are not intended to, and do not, represent net income, net income per share, shareholders' equity or book value per share prepared in accordance with GAAP.
- (b) Represents net income before cumulative effect of change in accounting for income taxes and net realized gains, net of income taxes.
- (c) Excludes the effects of reporting available-for-sale fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which CAF began to do with respect to a portion of its portfolio effective December 31, 1995. Such adjustments are in accordance with SFAS 115, as described in the notes to the consolidated financial statements included in CAF's Annual Report which is incorporated herein by reference.
- (d) Represents the ratio of notes payable to the sum of shareholders' equity and notes payable.
- (e) Includes: (1) statutory capital and surplus; (2) MSVR at periods ended prior to December 31, 1992; and (3) AVR and IMR at periods ended on or after December 31, 1992. Such statutory data reflect the combined data derived from the annual statements of CAF's consolidated insurance subsidiaries as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.
- (f) Represents gains from operations before interest expense and income taxes of CAF's consolidated insurance subsidiaries as reported for statutory accounting purposes plus income before interest expense and income taxes of all non-life companies.
- (g) Represents the ratio of adjusted statutory earnings to cash interest. Cash interest includes interest of CAF and its consolidated subsidiaries that is required to be paid in cash.

SELECTED HISTORICAL FINANCIAL INFORMATION OF THI

The selected historical financial information set forth below reflects a series of transactions which occurred on September 29, 1995, pursuant to which previously separate companies (all of which were wholly owned subsidiaries of Travelers Group Inc.) were combined with THI and the outstanding common stock of THI was distributed to the shareholders of Travelers Group Inc. The financial statements of THI for periods prior to the September 29, 1995 transactions, reflect the results of operations and the financial position of the previously separate companies as if such companies had been combined at the beginning of the periods presented using the pooling of interests method. The selected historical financial information was derived from the consolidated financial statements of THI. In conjunction with the September 29, 1995 transactions, THI issued \$50 million of its subordinated notes and borrowed \$62 million from a group of banks. The proceeds of the borrowings were used, in part, to make a distribution of \$96 million to the former parent and to pay expenses of \$6.5 million associated with the September 29, 1995 transactions. During the fourth quarter of 1995, THI sold its long-term care business to ATC. These transactions significantly affect the comparability of the results of operations in 1996 with prior periods.

The consolidated balance sheets of THI at December 31, 1994 and 1995, and the consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 1993, 1994 and 1995 and notes thereto were audited by KPMG Peat Marwick LLP, independent public accountants, and are included in THI's Annual Report which is incorporated by reference herein. The consolidated financial information should be read in conjunction with THI's Annual Report. The consolidated financial information as of December 31, 1992, and as of and for the year ended December 31, 1991, and the six months ended June 30, 1995 and 1996, is unaudited; however, in the opinion of THI's management, the accompanying financial information contains all adjustments, consisting only of normal recurring items, necessary to present fairly the financial information for such periods. The results of operations for the six months ended June 30, 1996, may not be indicative of the results of operations to be expected for a full year.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1991	1992	1993	1994	1995	1995	1996
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)						
STATEMENT OF OPERATIONS							
DATA							
Insurance policy income..	\$342.7	\$289.0	\$256.9	\$227.7	\$ 190.2	\$108.6	\$ 55.6
Investment activity:							
Net investment income...	42.1	43.7	44.0	46.6	49.7	26.0	19.9
Net realized gains							
(losses).....	2.8	19.7	26.8	(3.4)	6.7	.4	.3
Total revenues.....	399.6	368.1	331.0	270.9	246.6	135.0	76.4
Interest expense.....	--	--	--	--	2.3	--	4.5
Expenses of spin-off and related transactions....	--	--	--	--	2.2	--	--
Loss on sale of long-term care business.....	--	--	--	--	68.5	--	--
Total benefits and expenses.....	356.5	305.3	281.0	234.9	287.7	113.9	62.5
Income (loss) before income taxes and cumulative effect of change in accounting principle	43.1	62.8	50.0	36.0	(41.1)	21.1	13.9
Cumulative effect of change in accounting principle.....	--	--	(.3)	--	--	--	--
Net income (loss).....	30.3	42.7	32.6	23.0	(26.8)	14.0	9.0
PER SHARE DATA							
Net income (loss), primary (a).....					\$(17.75)		\$ 3.85
Net income (loss), fully diluted (a).....					(17.75)		2.42
Book value per fully diluted common share (b).....					66.59		61.60
Shares outstanding at period end.....					1.6		1.6
Average fully diluted shares outstanding.....					2.0		3.1
BALANCE SHEET DATA--							
PERIOD END							
Total assets.....	\$740.0	\$813.3	\$890.7	\$885.2	\$ 950.5	\$949.7	\$924.5
Notes payable (including convertible subordinated debentures)	--	--	--	--	110.3	--	108.3
Total liabilities.....	502.1	548.3	587.6	595.8	746.4	619.9	756.4
Shareholders' equity.....	237.9	265.0	303.1	289.4	204.1	329.8	168.1
OTHER FINANCIAL DATA (c)							
Operating earnings (d)...	\$ 28.5	\$ 29.7	\$ 15.5	\$ 25.2	\$ 15.4	\$ 13.8	\$ 8.8
Operating earnings per							

fully diluted common share (a), (d).....					7.50		2.35
Shareholders' equity excluding unrealized appreciation (depreciation) of fixed maturity securities (e).	237.9	265.0	303.1	312.2	180.9	317.5	164.6
Book value per common share outstanding excluding unrealized appreciation of fixed maturity securities (e).					59.14		60.49
Ratio of debt to total capital (f):							
As reported.....	(j)	(j)	(j)	(j)	.35X	(j)	.39X
Excluding unrealized appreciation (e).....	(j)	(j)	(j)	(j)	.38X	(j)	.40X
Adjusted statutory capital (at period end) (g).....	\$ 96.9	\$122.2	\$132.0	\$130.7	\$ 163.5	\$129.2	\$146.7
Adjusted statutory earnings (h).....	28.0	39.3	8.1	24.5	51.8	10.9	19.3
Ratio of adjusted statutory earnings to cash interest (i).....	(j)	(j)	(j)	(j)	45.98X	(j)	5.42X

- (a) Per share data for the year ended December 31, 1995, is presented as if the 1,590,461 shares outstanding after the September 29, 1995 distribution were outstanding for the entire year. Operating earnings per fully diluted share data for the year ended December 31, 1995, also include the dilutive effect of the issuance of the subordinated convertible notes from the date of issuance, September 29, 1995 (such equivalent shares were anti-dilutive for purposes of computing net loss per fully diluted share for the year ended December 31, 1995).
- (b) Book value per common share reflects the dilution which would occur if the subordinated convertible notes were converted to common stock and outstanding options were exercised.
- (c) Amounts under this heading are included to assist the reader in analyzing THI's financial position and results of operations. Such amounts are not intended to, and do not, represent net income, net income per share, shareholders' equity or book value per share prepared in accordance with GAAP.
- (d) Represents income before cumulative effect of change in accounting principle, excluding: (i) net realized gains (losses), net of income taxes; (ii) the loss on the sale of long-term care business, net of income taxes; and (iii) expenses related to THI's September 29, 1995 spin-off and related transactions, net of income taxes.
- (e) Excludes the effects of reporting fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which THI began to do effective January 1, 1994. Such adjustments are in accordance with SFAS 115, as described in the notes to the consolidated financial statements included in THI's Annual Report which is incorporated herein by reference.
- (f) Represents the ratio of notes payable (including subordinated convertible notes) to the sum of shareholders' equity and notes payable (including subordinated convertible notes).
- (g) Includes: (1) statutory capital and surplus; (2) MSVR at periods ended prior to December 31, 1992; and (3) AVR and IMR at periods ended on or after December 31, 1992. Such statutory data reflect the combined data derived from the annual statements of THI's consolidated insurance subsidiaries as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.
- (h) Represents gains from operations before interest expense and income taxes of THI's consolidated insurance subsidiaries as reported for statutory accounting purposes plus income before interest expense, expenses related to THI's September 29, 1995 spin-off, and income taxes of all non-life companies.
- (i) Represents the ratio of adjusted statutory earnings to cash interest. Cash interest includes interest of THI and its consolidated subsidiaries that is required to be paid in cash.
- (j) Not applicable.

SUMMARY UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The summary unaudited pro forma consolidated financial information set forth below was derived from the unaudited pro forma consolidated financial statements of Conseco included elsewhere in this Joint Proxy Statement/Prospectus. See "Unaudited Pro Forma Consolidated Financial Statements of Conseco". The summary unaudited pro forma consolidated financial information is based upon the historical and pro forma consolidated financial statements and related notes thereto of Conseco, LPG, ATC, CAF and THI incorporated by reference in this Joint Proxy Statement/Prospectus. This information should be read in conjunction with such materials and the unaudited pro forma consolidated financial statements appearing elsewhere in this Joint Proxy Statement/Prospectus.

The summary unaudited pro forma consolidated statement of operations information for the year ended December 31, 1995, and the six months ended June 30, 1996, in the columns headed "Pro forma Conseco before the Merger" reflects the following transactions, all of which have already occurred, as if such transactions had occurred on January 1, 1995: (1) the call of Conseco's Series D Convertible Preferred Stock (the "Series D Call") completed on September 29, 1996; (2) the acquisition of all of the outstanding common stock of ALH, not previously owned by Conseco, and related transactions (the "ALH Transaction") completed on September 30, 1996; (3) the acquisition and merger of LPG completed effective June 30, 1996 (the "LPG Merger"); (4) the acquisition of all of the outstanding common stock of CCP not previously owned by Conseco and related transactions (including the repayment of the existing \$250.0 million revolving credit agreement); (5) the increase of Conseco's ownership in BLH to 90.5 percent, as a result of purchases of common shares of BLH by Conseco and BLH during 1995 and the first three months of 1996; (6) the issuance of 4.37 million shares of Conseco PRIDES in January 1996; (7) 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 (8) the debt restructuring of ALH in the fourth quarter of 1995. The summary unaudited pro forma consolidated statement of operations information for the year ended December 31, 1995, and the six months ended June 30, 1996, in the columns headed "Pro forma for the Merger" reflects further adjustments to the consolidated operating results for Conseco as if the Merger had occurred on January 1, 1995. The summary unaudited pro forma consolidated statement of operations information for the year ended December 31, 1995, and the six months ended June 30, 1996, in the columns headed "Pro forma for the Merger and other planned transactions" reflects further adjustments to the consolidated operating results for Conseco as if the following additional planned transactions had occurred on January 1, 1995: (1) the acquisition of all of the outstanding common stock of BLH not previously owned by Conseco and related transactions (the "BLH Transaction"); (2) the CAF Merger; (3) the planned issuance by Conseco of \$350.0 million of 9.25 percent tax deductible preferred securities ("Preferred Securities") and the use of the proceeds to reduce outstanding debt (the "Preferred Securities Offering"); and (4) the THI Merger.

The summary unaudited pro forma consolidated balance sheet information at June 30, 1996, in the column headed "Pro forma Conseco before the Merger" reflects the application of certain pro forma adjustments for the LPG Merger, the Series D Call and the ALH Transaction, which have already occurred. The summary unaudited pro forma consolidated balance sheet information at June 30, 1996, in the columns headed "Pro forma for the Merger" reflects further adjustments to the financial position of Conseco as if the Merger had occurred on June 30, 1996. The summary unaudited pro forma consolidated balance sheet information at June 30, 1996, in the columns headed "Pro forma for the Merger and other planned transactions" reflects further adjustments to the financial position of Conseco as if the following additional planned transactions had occurred on June 30, 1996: (1) the BLH Transaction; (2) the CAF Merger; (3) the Preferred Securities Offering; and (4) the THI Merger.

The summary unaudited pro forma financial information for the year ended December 31, 1995, and as of and for the six months ended June 30, 1996, is provided for informational purposes only and is not necessarily indicative of the results of operations or financial condition that would have been achieved had the transactions set forth above actually occurred as of the dates indicated or of future results of operations or financial condition of Conseco. Conseco anticipates cost savings and additional benefits as a result of completing the transactions set forth above. 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. The Merger,

the CAF Merger and the THI Merger will be accounted for under the purchase method of accounting. The BLH Transaction will be accounted for using the step acquisition method of accounting.

	YEAR ENDED DECEMBER 31, 1995			SIX MONTHS ENDED JUNE 30, 1996		
	PRO FORMA CONSECO BEFORE THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS	PRO FORMA CONSECO BEFORE THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)					
STATEMENT OF OPERATIONS DATA						
Insurance policy income.	\$1,752.8	\$2,026.7	\$2,498.7	\$ 897.2	\$ 1,084.1	\$ 1,286.3
Investment activity:						
Net investment income..	1,461.1	1,486.1	1,574.0	719.4	741.4	783.7
Net trading income						
(losses)	2.5	2.5	2.5	(7.3)	(7.3)	(7.3)
Net realized gains.....	220.3	222.5	222.0	15.4	19.0	19.0
Total revenues.....	3,498.4	3,799.5	4,358.9	1,685.4	1,897.9	2,143.0
Interest expense on						
notes payable.....	143.5	145.5	161.9	67.6	70.1	78.5
Total benefits and						
expenses.....	3,001.7	3,278.2	3,771.9	1,423.9	1,616.5	1,822.7
Income before income						
taxes, minority						
interest and						
extraordinary charge...	496.7	521.3	587.0	261.5	281.4	320.3
Income before						
extraordinary charge...	283.1	295.2	327.5	148.9	159.9	181.3
PER SHARE DATA						
Income before						
extraordinary charge,						
primary.....	\$ 3.74	\$ 3.32	\$ 3.33	\$ 1.93	\$ 1.77	\$ 1.82
Income before						
extraordinary charge,						
fully diluted.....	3.72	3.15	3.17	1.91	1.69	1.74
Book value per common						
share outstanding at						
period end.....				24.29	28.17	30.11
Shares outstanding at						
period end.....	65.7	78.8	88.5	66.9	80.0	89.7
Average fully diluted						
shares outstanding....	76.0	94.1	103.8	77.8	95.9	105.6
BALANCE SHEET DATA--						
PERIOD END						
Total assets.....				\$23,058.3	\$24,540.6	\$26,644.5
Notes payable for which						
Conseco is directly						
liable.....				1,198.5	1,468.9	2,183.6
Notes payable of BLH,						
not direct obligations						
of Conseco.....				437.9	437.9	--
Total liabilities.....				21,015.7	21,869.2	23,233.3
Minority interest in						
consolidated						
subsidiaries:						
Company-obligated						
mandatorily redeemable						
preferred stock.....				--	--	350.0
Preferred stock.....				93.2	93.2	93.2
Common stock.....				57.5	57.5	--
Shareholders' equity ...				1,891.9	2,520.7	2,968.0
OTHER FINANCIAL DATA (a)						
Premiums collected (b)..	\$3,671.8	\$3,945.8	\$4,418.1	\$ 1,781.7	\$ 1,968.6	\$ 2,170.8
Operating earnings (c)..	231.0	241.7	274.1	136.0	144.7	165.3
Operating earnings per						
fully diluted common						
share (c).....	3.04	2.58	2.65	1.75	1.54	1.59
Shareholders' equity						
excluding unrealized						
appreciation						
(depreciation) of fixed						
maturity securities						
(d).....				1,948.3	2,577.1	3,024.4
Book value per common						
share outstanding,						
excluding unrealized						
appreciation						
(depreciation) of fixed						

maturity securities (d).....				25.13	28.87	30.74
Ratio of debt for which Conseco is directly liable to total capital of Conseco only (e): As reported.....				.38X	.36X	.39X
Excluding unrealized appreciation (depreciation) (d)....				.37X	.35X	.39X
Excluding unrealized appreciation (depreciation) and assuming conversion of the Debentures into Conseco Common Stock (d).....					.30X	.34X
Ratio of debt for which Conseco is directly liable and Preferred Securities to total capital of Conseco only (f): As reported.....						.45X
Excluding unrealized appreciation (depreciation) (d)....						.45X
Excluding unrealized appreciation (depreciation) and assuming conversion of the Debentures into Conseco Common Stock (d).....						.41X
Adjusted statutory capital (at period end) (g).....	\$1,508.6	\$1,582.9	\$1,834.9	\$ 1,515.6	\$ 1,603.3	\$ 1,849.5
Adjusted statutory earnings (h).....	480.7	451.1	533.8	253.4	260.8	301.2
Ratio of adjusted statutory earnings to cash interest (i).....	3.36X	3.05X	3.26X	3.74X	3.61X	3.78X

(a) Amounts under this heading are included to assist the reader in analyzing Conseco's pro forma financial position and pro forma results of operations. Such amounts are not intended to, and do not, represent pro forma insurance policy income, pro forma net income, pro forma net income per share, pro forma shareholders' equity or pro forma book value per share prepared in accordance with GAAP.

(b) Includes premiums received from annuities and universal life policies, which are not reported as revenues under GAAP.

(c) Represents pro forma income before extraordinary charge, excluding net trading income (net of income taxes), net realized gains (less that portion of change in future policy benefits, amortization of cost of policies purchased and cost of policies produced and income taxes relating to such gains) and restructuring activities (net of income taxes).

(d) Excludes the effect of reporting fixed maturities at fair value and recording the unrealized gain or loss on such securities as a component of shareholders' equity, net of tax and other adjustments, which Conseco began to do in 1992. Such adjustments are in accordance with SFAS 115, as described in the notes to the consolidated financial statements included in Conseco's Annual Report which is incorporated herein by reference.

(e) Represents the ratio of pro forma notes payable for which Conseco is directly liable to the sum of pro forma shareholders' equity, pro forma notes payable for which Conseco is directly liable, the minority interest related to preferred stock issued by a subsidiary of ALH and the Preferred Securities.

(f) Represents the ratio of pro forma notes payable for which Conseco is directly liable and the Preferred Securities to the sum of pro forma shareholders' equity, pro forma notes payable for which Conseco is directly liable, the minority interest related to preferred stock issued by a subsidiary of ALH and the Preferred Securities.

(g) Includes: (1) statutory capital and surplus; (2) AVR and IMR; and (3) the portion of surplus debentures carried by the life companies as a liability to Conseco. Such statutory data reflect the combined data derived from the annual statements of Conseco's pro forma life insurance subsidiaries as filed with insurance regulatory agencies and prepared in accordance with statutory accounting practices.

(h) Represents gains from operations before interest expense (except interest on annuities and financial products) and income taxes of Conseco's pro forma life insurance subsidiaries as reported for statutory accounting purposes plus income before interest expense and income taxes of Conseco's pro forma non-life subsidiaries.

(i) Represents the pro forma ratio of adjusted statutory earnings to cash interest. Cash interest includes interest, except interest on annuities and financial products, of Conseco and its pro forma subsidiaries that is required to be paid in cash.

COMPARATIVE UNAUDITED PER SHARE DATA OF CONSECO, LPG, ATC, CAF AND THI

The following table sets forth selected historical per share data of Conseco, LPG, ATC, CAF and THI and corresponding pro forma and pro forma equivalent per share amounts for the year ended December 31, 1995, and as of and for the six months ended June 30, 1996, giving effect to the LPG Merger, the Series D Call, the ALH Transaction, the Merger, the CAF Merger, the BLH Transaction, the Preferred Securities Offering and the THI Merger. Pro forma equivalent amounts are presented assuming that the Conseco Share Price will be \$48.00, so that each share of ATC Common Stock is exchanged for .7298 shares of Conseco Common Stock in the Merger. The information presented is derived from the consolidated financial statements and related notes thereto included in Conseco's Annual Report, LPG's Annual Report, ATC's Annual Report, CAF's Annual Report, THI's Annual Report (all of which are incorporated by reference herein) and the unaudited pro forma consolidated financial statements of Conseco included elsewhere in this Joint Proxy Statement/Prospectus. The information should be read in conjunction with such materials. See "Unaudited Pro Forma Consolidated Financial Statements of Conseco." The pro forma financial information is provided for informational purposes only and is not necessarily indicative of the actual results that would have been achieved had the above transactions been consummated at the beginning of the periods presented, or of future results.

	YEAR ENDED DECEMBER 31, 1995	SIX MONTHS ENDED JUNE 30, 1996
	-----	-----
Net income (loss) before extraordinary charge per fully diluted common share:		
Historical:		
Conseco.....	\$ 4.26	\$ 1.88
LPG.....	(.49)	.56
ATC.....	1.36	.81
CAF.....	2.64	1.55
THI.....	(17.75) (a)	2.42
Pro forma:		
Conseco before the Merger.....	\$ 3.72	\$ 1.91
Adjusted for the Merger.....	3.15	1.69
Further adjusted for the CAF Merger, the THI Merger and other planned transactions.....	3.17	1.74
Equivalent for one share of ATC Common Stock..	2.31	1.27
Dividends per common share:		
Historical:		
Conseco.....	\$.093	\$.040
LPG.....	.110	.060
ATC.....	--	--
CAF.....	.360	.200
THI.....	--	--
Pro forma:		
Conseco before the Merger.....	\$.093	\$.040
Adjusted for the Merger.....	.093	.040
Further adjusted for the CAF Merger, the THI Merger and other planned transactions.....	.093	.040
Equivalent for one share of ATC Common Stock..	.068	.029
Book value per common share:		
Historical:		
Conseco.....		\$17.68
LPG.....		12.47
ATC.....		10.50
CAF.....		16.83
THI.....		61.60 (b)
Pro forma:		
Conseco before the Merger.....		\$24.29
Adjusted for the Merger.....		28.17
Further adjusted for the CAF Merger, the THI Merger and other planned transactions.....		30.11
Equivalent for one share of ATC Common Stock..		21.97

(a) Per share data for the year ended December 31, 1995 is presented as if the 1,590,461 shares outstanding after the September 29, 1995 distribution were outstanding for the entire year.

(b) Book value per common share reflects the dilution which would occur if THI's subordinated convertible notes were converted into common stock and outstanding options were exercised.

MARKET PRICE DATA

Market prices for the shares of Conseco Common Stock are reported on the NYSE, and market prices for the shares of ATC Common Stock are reported on the NASDAQ National Market. The table below sets forth for the periods indicated the high and low sale prices of Conseco Common Stock and ATC Common Stock and the dividends paid per share of Conseco Common Stock. ATC has not paid dividends on ATC Common Stock. For current price information with respect to the Conseco Common Stock and ATC Common Stock, shareholders are urged to consult publicly available sources.

	CONSECO COMMON STOCK			ATC COMMON STOCK	
	HIGH	LOW	DIVIDENDS	HIGH	LOW
1994					
First Quarter	\$32.125	\$26.563	\$0.0625	\$ 9.875	\$ 7.25
Second Quarter.....	29.063	23.188	0.0625	9.375	7.313
Third Quarter	26.188	21.625	0.0625	11.75	8.75
Fourth Quarter.....	23.125	17.938	0.0625	12	8.875
1995					
First Quarter	24.313	16.25	0.0625	13.625	\$10.563
Second Quarter.....	23.313	19.563	0.0625	13.438	10.938
Third Quarter	26.625	22.75	0.01	12.875	10.563
Fourth Quarter.....	31.563	25.438	0.01	18.75	12.125
1996					
First Quarter	36.313	29.875	0.01	20.917	\$17.417
Second Quarter.....	40.75	34.75	0.02	23.875	17.25
Third Quarter	49.375	35.25	0.02	33.375	19.50
Fourth Quarter (through October 22, 1996).....	52.375	48.875	0.0625	34.125	33.313

The information set forth in the table below presents: (1) the closing price for shares of Conseco Common Stock and ATC Common Stock on August 23, 1996, the last day on which trading occurred prior to the public announcement of the Merger Agreement and on October 22, 1996, the last full trading day for which information was available prior to the mailing of the Joint Proxy Statement/Prospectus and (2) the "Equivalent Per Share Price" (as hereinafter defined) of ATC Common Stock on August 23, 1996 and October 22, 1996. The "Equivalent Per Share Price" of ATC Common Stock represents the closing price per share of Conseco Common Stock reported on the NYSE, multiplied by .7574 and .6962 assuming consummation of the Merger had occurred on August 23, 1996 and October 22, 1996, respectively. The amount and value of the Merger Consideration to be received by holders of the ATC Common Stock can be determined only at the date the Merger is consummated. See "The Merger Agreement--Conversion of Shares; Exchange of Stock Certificates; No Fractional Amounts."

PER SHARE PRICE	ATC COMMON STOCK EQUIVALENT		
	CONSECO COMMON STOCK	ATC COMMON STOCK	PER SHARE PRICE
August 23, 1996.....	\$42.00	\$28.38	\$31.81
October 22, 1996.....	51.63	34.13	35.94

Listing on the NYSE of the shares of Conseco Common Stock issuable in connection with the Merger is a condition to consummation of the Merger.

CONSECO AND ATC SHAREHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE CONSECO COMMON STOCK AND THE ATC COMMON STOCK. NO ASSURANCE CAN BE GIVEN AS TO THE FUTURE PRICES OF, OR MARKETS FOR, CONSECO COMMON STOCK OR ATC COMMON STOCK.

INFORMATION CONCERNING CONSECO

BACKGROUND

Conseco is a financial services holding company engaged primarily in the development, marketing and administration of annuity, individual health insurance and individual life insurance products. Conseco's earnings result primarily from operating life insurance companies and other financial services businesses and providing investment management, administrative and other fee-based services to affiliated businesses as well as non-affiliates. Conseco's operating strategy is to consolidate and streamline management and administrative functions, to realize superior investment returns through active asset management and to focus resources on the development and expansion of profitable products and strong distribution channels.

On August 2, 1996, the Company completed the LPG Merger and LPG became a wholly-owned subsidiary of Conseco. 16.3 million shares of Conseco Common Stock were issued in connection with the LPG Merger, and Conseco assumed notes payable of LPG of \$249.5 million. The subsidiaries of LPG sell a diverse portfolio of universal life insurance and, to a lesser extent, annuity products to individuals.

On September 30, 1996, Conseco completed the acquisition of all of the common shares of ALH not already owned by Conseco or its affiliates for approximately \$165 million in cash. ALH is a provider of retirement savings annuities. ALH has been included in Conseco's consolidated financial statements since September 1994, when it was acquired by Conseco Capital Partners II, L.P. Conseco now holds 59.2 percent of the outstanding common shares of ALH and BLH holds the remaining 40.8 percent of such shares.

Conseco currently holds major ownership interests in the following life insurance businesses: (1) BLH, a NYSE-listed company in which Conseco currently holds a 90.5 percent ownership interest (and which is the parent company of Bankers Life and Casualty Company ("Bankers Life")); (2) ALH, formerly The Statesman Group, Inc.; (3) Great American Reserve Insurance Company ("Great American Reserve") and Beneficial Standard Life Insurance Company ("Beneficial Standard"), in which Conseco has had an ownership interest since their acquisition by Conseco Capital Partners, L.P. and which became wholly-owned subsidiaries in August 1995; (4) the subsidiaries of LPG, which are now wholly-owned subsidiaries of Conseco, including Philadelphia Life Insurance Company ("Philadelphia Life"), Massachusetts General Life Insurance Company ("Massachusetts General Life") and Lamar Life Insurance Company ("Lamar Life"); and (5) Bankers National Life Insurance Company ("Bankers National"), National Fidelity Life Insurance Company ("National Fidelity") and Lincoln American Life Insurance Company ("Lincoln American"), all of which are wholly owned by Conseco and which have profitable blocks of in-force business, although new product sales are currently not being pursued. BLH and its subsidiaries are collectively referred to hereinafter as BLH.

INSURANCE OPERATIONS

Conseco's insurance operations are conducted through three segments: (1) senior market operations, consisting of the activities of BLH; (2) annuity operations, consisting of the activities of Great American Reserve and Beneficial Standard; and (3) life insurance operations, consisting of the activities of Philadelphia Life, Massachusetts General Life and Lamar Life, as well as National Fidelity, Bankers National and Lincoln American.

SENIOR MARKET OPERATIONS. BLH, with total assets of approximately \$4.9 billion at June 30, 1996, markets health and life insurance and annuity products primarily to senior citizens through approximately 200 branch offices and approximately 3,200 career agents. Most of BLH's agents sell only BLH policies. Approximately 56 percent of the \$1,513.8 million of total premiums and annuity deposits collected by BLH in 1995 (and approximately 59 percent of \$757.9 million of total premiums and annuity deposits collected in the first six months of 1996) was from the sale of individual health insurance products, principally Medicare supplement and long-term care policies. BLH believes that its success in the individual health insurance market is attributable in large part to its career agency force, which permits one-on-one contacts with potential policyholders and builds loyalty to BLH among existing policyholders. Its efficient and highly automated claims processing system is designed to complement its personalized marketing strategy by stressing prompt payment of claims and rapid response to policyholder inquiries.

ANNUITY OPERATIONS. The annuity companies (Great American Reserve and Beneficial Standard), with total assets of approximately \$5.5 billion at June 30, 1996, market, issue and administer annuity, life and employee benefit- related insurance products through two cost-effective distribution channels:

(1) approximately 3,000 educator market specialists, who sell tax-qualified annuities and certain employee benefit-related insurance products primarily to school teachers and administrators; and (2) approximately 9,000 professional independent producers, who sell various annuity and life insurance products aimed primarily at the retirement market. Approximately 87 percent of the \$709.8 million of total premiums collected by the annuity companies in 1995 (and approximately 88 percent of the \$347.5 million of total premiums and annuity deposits collected in the first six months of 1996) was from the sale of annuity products. Effective September 30, 1996, this segment includes ALH after its acquisition by Conseco. ALH, with total assets of approximately \$6.1 billion at June 30, 1996, is engaged primarily in the development, marketing, underwriting, issuance and administration of annuity and life insurance products. ALH markets those products through a general agency and insurance brokerage system comprised of approximately 25,000 independent licensed agents. Approximately 91 percent of the \$825.6 million of total premiums and annuity deposits collected by ALH in 1995 (and approximately 91 percent of the \$358.7 million of total premiums and annuity deposits collected in the first six months of 1996) was from the sale of deferred annuities. On September 30, 1996, Conseco completed the acquisition of the shares of ALH common stock not already owned by Conseco for approximately \$165 million in cash.

LIFE INSURANCE OPERATIONS. Life insurance operations include the activities of Philadelphia Life, Massachusetts General Life and Lamar Life, beginning with their acquisition in the third quarter of 1996. These companies distribute universal life insurance products using two primary marketing systems--the client company system and the regional director system-- comprising a total of approximately 25,000 professional independent producers. Approximately 74 percent of the \$497.3 million of total insurance premiums and annuity deposits collected by LPG in 1995 (and approximately 72 percent of the \$280.1 million of total insurance premium and annuity deposits collected in the first six months of 1996) was from the sale of life insurance products, primarily universal life insurance. Segment activities also include Conseco's other wholly owned life insurance subsidiaries--Bankers National Life, National Fidelity Life and Lincoln American Life--which have profitable in- force blocks of annuity and life products, but do not currently market their products to new customers.

FEE-BASED OPERATIONS

Conseco's subsidiaries provide various services to affiliated and unaffiliated clients. Conseco Capital Management, Inc. manages approximately \$28 billion of invested assets at June 30, 1996, including \$17.2 billion of assets of affiliated companies. Marketing Distribution Systems Consulting Group, Inc. provides marketing services to financial institutions related to the distribution of insurance and investment products. Conseco Risk Management, Inc. distributes property and casualty insurance products as an independent agency. Conseco Mortgage Capital, Inc. originates and services mortgages. Total fees from affiliates and nonaffiliates were \$69.2 million and \$54.3 million for 1995 and the first six months of 1996. To the extent that these services are provided to entities that are included in the financial statements on a consolidated basis, the intercompany fees are eliminated in consolidation. Earnings in this segment increase when Conseco adds new clients (either affiliated or unaffiliated) and when Conseco increases the fee- producing activities conducted for clients. Effective January 1, 1996, Conseco's subsidiaries entered into new service agreements with its service subsidiaries. Such new agreements had the effect of increasing revenues from fee-based operations by \$21.9 million in the first six months of 1996, but had no effect on consolidated net income.

In addition to Conseco's fee-based operations, Conseco Private Capital Group, Inc. makes direct strategic investments in growing companies, providing these firms with the capital or financing they need to continue their growth, make acquisitions or realize the potential of their businesses.

OTHER PENDING ACQUISITIONS BY CONSECO

CAF. On August 25, 1996, Conseco and CAF entered into an Agreement and Plan of Merger (the "CAF Merger Agreement") pursuant to which CAF will be merged with and become a wholly-owned subsidiary of

Conseco. Under the CAF Merger Agreement, each of the approximately 17.8 million issued and outstanding shares of common stock of CAF would be converted into the right to receive (1) \$30.00 in cash plus the Time Factor (as defined below), if any, and (2) the fraction (rounded to the nearest ten-thousandth) of a share of Conseco Common Stock determined by dividing \$6.50 by the Trading Value (as hereinafter defined). The "Trading Value" shall be equal to the average of the closing prices of the Conseco Common Stock on the NYSE Composite Transactions Reporting System for the 20 consecutive trading days immediately preceding the second trading day prior to the date of the CAF Merger. The "Time Factor" will be equal to \$0.25 if the CAF Merger does not occur by December 10, 1996, which amount will increase by an additional \$0.25 on the tenth day of each month thereafter until the CAF Merger is consummated. For additional information concerning CAF, see CAF's Annual Report and other filings listed under "Incorporation of Certain Documents by Reference" and "Selected Historical Financial Information of CAF."

THI. On September 25, 1996, Conseco and THI entered into an Agreement and Plan of Merger (the "THI Merger Agreement") pursuant to which THI will be merged with and into Conseco, with Conseco being the surviving corporation. Under the THI Merger Agreement, each of the outstanding shares of common stock of THI would be converted into the right to receive the whole number and fraction (rounded to the nearest ten-thousandth) of a share of Conseco Common Stock determined by dividing \$70.00 by the Conseco/THI Share Price (as hereinafter defined). The "Conseco/THI Share Price" shall be equal to the Trading Average (as hereinafter defined); provided, however, that if the Trading Average is less than \$38.25, then the Conseco/THI Share Price shall be \$38.25, and if the Trading Average is greater than \$50.00, then the Conseco/THI Share Price shall be \$50.00. The "Trading Average" shall be equal to the average of the closing prices of the Conseco Common Stock on the NYSE Composite Transactions Reporting System for the 10 consecutive trading days immediately preceding the second trading day prior to the date of the THI Merger. For additional information concerning THI, see THI's Annual Report and other filings listed under "Incorporation of Certain Documents by Reference" and "Selected Historical Financial Information of THI."

BLH. Conseco also announced on August 26, 1996 that it intends to merge with BLH in a transaction in which each of the 4.7 million shares of BLH Common Stock not already owned by Conseco would be converted into the right to receive \$25.00 in Conseco Common Stock.

Consummation of the Merger is not conditioned upon consummation by Conseco of the other pending acquisitions. See "Unaudited Pro Forma Consolidated Financial Statements of Conseco."

GENERAL INFORMATION CONCERNING CONSECO

Conseco's executive offices are located at 11825 North Pennsylvania Street, Carmel, Indiana 46032 and the telephone number for Conseco is (317) 817-6100.

For additional information concerning Conseco, including information concerning ALH and BLH, see Conseco's Annual Report and other filings listed under "Incorporation of Certain Documents by Reference" and "Selected Historical Financial Information of Conseco." For additional information concerning LPG, see LPG's Annual Report and other filings listed under "Incorporation of Certain Documents by Reference" and "Selected Historical Financial Information of LPG."

INFORMATION CONCERNING ATC

GENERAL

ATC is an insurance holding company, the operations of which are conducted through its insurance subsidiaries, American Travellers Life Insurance Company ("ATL"), United General Life Insurance ("UGL") and American Travellers Insurance Company of New York ("ATICNY"), and through its insurance agency subsidiary, American Travellers Insurance Services Company, Inc. ("ATIS"). ATC, through its operating subsidiaries, is licensed to market its products in 46 states, the District of Columbia, and the U.S. and British Virgin Islands.

ATC is a leading marketer and underwriter of long term care insurance. ATC's long term care products consist of both nursing home and home health care policies which provide limited benefit payments primarily to senior citizens. ATC also markets and underwrites other supplemental accident and health insurance policies, as well as life insurance. As of June 30, 1996, ATC's long term care products accounted for approximately 90 percent of its annualized premiums in force of \$393.3 million. ATC has experienced substantial growth in both premiums and net income, which have increased from 1993 through 1995 at compounded annual rates of 28.3 percent and 27.3 percent, respectively. Since 1988, ATC has completed eight acquisitions of existing books of business from other companies.

PRODUCT LINES

ATC's primary focus has been, and continues to be, the sale of long term care insurance. ATC's other lines of insurance include (1) Medicare supplement, (2) hospital indemnity, (3) cancer, (4) disability income, (5) various accident and health riders, and (6) life insurance. Coverages are generally provided on an individual basis rather than on a group basis.

LONG TERM CARE INSURANCE

ATC's long term care products generally fall into one of two categories: (1) nursing home care coverage, and (2) home health care coverage. Some of ATC's products provide for a combination of both nursing home and home health care benefits. Nursing home care coverage primarily provides for a fixed indemnity benefit during periods of covered nursing home confinement. Home health care coverage primarily provides for benefit payments based on expenses incurred, subject to maximum hourly or daily limits. In addition to basic nursing home care or home health care benefits, some products also provide benefits for such expenses as prescription drugs (prescribed for use while the policyholder is confined in a nursing home or is receiving home health care), ambulance service and homemaker services. In addition, some policies include a rider, known as the "Alternative Plan of Care," that provides benefits for facilities or services other than nursing home care to the extent the insured would otherwise have required nursing home confinement.

MARKETING

Policies are marketed primarily through a network of over 22,400 independent agents and, to a lesser extent, by sponsored agents through ATIS, and by sponsored agents who market products to members of the Veterans of Foreign Wars of Pennsylvania, an organization which endorses ATC's products.

OTHER

For a more detailed description of the business of ATC, see the description set forth in ATC's Annual Report, which is incorporated herein by reference.

ATC's executive offices are located at 3220 Tillman Drive, Bensalem, Pennsylvania 19020 and its telephone number is (215) 244-1600.

SHAREHOLDER MEETINGS

GENERAL

This Joint Proxy Statement/Prospectus is being furnished to holders of shares of Consecro Stock in connection with the solicitation of proxies by the Consecro Board of Directors for use at the Consecro Special Meeting to be held on Tuesday, November 26, 1996, at 11799 College Avenue, Carmel, Indiana, commencing at 10:00 a.m., local time, and at any adjournment or postponement thereof.

This Joint Proxy Statement/Prospectus is also being furnished to holders of ATC Common Stock in connection with the solicitation of proxies by the ATC Board of Directors for use at the ATC Special Meeting to be held on Tuesday, November 26, 1996 at the Four Seasons Hotel, Washington Room, One Logan Square, Philadelphia, Pennsylvania, commencing at 10:00 a.m., local time, and at any adjournment or postponement thereof.

This Joint Proxy Statement/Prospectus also constitutes the Prospectus of Consecro filed with the Commission as part of the Registration Statement under the Securities Act relating to the shares of Consecro Common Stock issuable in connection with the Merger. This Joint Proxy Statement/Prospectus and accompanying forms of proxy are first being mailed to shareholders of Consecro and ATC on or about October 25, 1996.

MATTERS TO BE CONSIDERED AT THE MEETINGS

CONSECO. At the Consecro Special Meeting, holders of shares of Consecro Stock will consider and vote upon (1) a proposal to approve and adopt the Merger Agreement and the transactions contemplated thereby and (2) such other business as may properly come before the Consecro Special Meeting or any adjournment or postponement thereof.

THE CONSECO BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT CONSECO SHAREHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT. SEE "THE MERGER--BACKGROUND OF THE MERGER" AND "--CONSECO'S REASONS FOR THE MERGER; RECOMMENDATION OF THE CONSECO BOARD OF DIRECTORS."

Holders of shares of Consecro Stock will not be entitled to appraisal or dissenters rights as a result of the Merger.

ATC. At the ATC Special Meeting, holders of shares of ATC Common Stock will consider and vote upon (1) a proposal to approve and adopt the Merger Agreement and the transactions contemplated thereby and (2) such other business as may properly come before the ATC Special Meeting or any adjournment or postponement thereof.

THE ATC BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT ATC SHAREHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT. SEE "THE MERGER--BACKGROUND OF THE MERGER" AND "--ATC'S REASONS FOR THE MERGER; RECOMMENDATION OF THE ATC BOARD OF DIRECTORS."

Holders of shares of ATC Common Stock will be entitled to dissenters rights under the PBCL as a result of the Merger. See "The Merger--Dissenters Rights."

VOTING AT THE MEETINGS; RECORD DATE; QUORUM

CONSECO. The Consecro Board of Directors has fixed October 21, 1996 as the Consecro Record Date. Accordingly, only holders of record of shares of Consecro Common Stock and Consecro PRIDES on the Consecro Record Date will be entitled to notice of and to vote, together as a single class, at the Consecro Special Meeting. As of the Consecro Record Date, there were 66,994,809 shares of Consecro Common Stock outstanding and entitled to vote, and 4,369,700 shares of Consecro PRIDES outstanding and entitled to vote. Each holder

of record of shares of Conseco Common Stock on the Conseco Record Date is entitled to cast, either in person or by properly executed proxy, one vote per share of Conseco Common Stock on the Merger Agreement and such other matters properly submitted for the vote of the Conseco shareholders at the Conseco Special Meeting. Each holder of record of shares of Conseco PRIDES on the Conseco Record Date is entitled to cast, either in person or by properly executed proxy, four-fifths (4/5) of one vote per share of Conseco PRIDES on the Merger Agreement and such other matters properly submitted for the vote of the Conseco shareholders at the Conseco Special Meeting. The presence at the Conseco Special Meeting, in person or by properly executed proxy, of the holders of Conseco Common Stock and Conseco PRIDES entitled to cast a majority of the votes at the Conseco Special Meeting is necessary to constitute a quorum at the Conseco Special Meeting.

The affirmative vote of a majority of the votes entitled to be cast by holders of Conseco Stock is required for approval of the Merger Agreement. Shares subject to abstentions will be treated as shares that are present at the Conseco Special Meeting for purposes of determining the presence of a quorum but as unvoted for purposes of determining the number of shares voting on a particular proposal. If a broker or other nominee holder indicates on the proxy card that it does not have discretionary authority to vote the shares for which it is the holder of record on a particular proposal, those shares will not be considered as votes cast for purposes of determining the number of Conseco shareholders that have voted for or against the proposal. Accordingly, abstentions and broker non-votes will have the same practical effect as a vote against the approval and adoption of the Merger Agreement or any other matter submitted to the Conseco shareholders which requires a percentage of the total number of votes entitled to be cast for approval.

As of October 21, 1996, the executive officers and directors of Conseco (as a group, ten persons) were entitled to vote 6,710,084 shares of Conseco Common Stock and no shares of Conseco PRIDES, representing approximately 9.5 percent of the outstanding votes of Conseco Stock entitled to be cast as of such date. The executive officers of Conseco (as a group, five persons) were entitled to vote 5,753,206 shares of Conseco Common Stock and no shares of Conseco PRIDES, representing approximately 8.2 percent of the outstanding votes of Conseco Stock entitled to be cast as of such date. The executive officers are obligated pursuant to written agreements with ATC to vote such shares in favor of the approval and adoption of the Merger Agreement at the Conseco Special Meeting.

The following table sets forth information as of October 21, 1996, regarding ownership of Conseco Common Stock (excluding shares held by subsidiaries not entitled to vote) by the only persons known to own beneficially more than five percent thereof, by the directors individually, by the executive officers individually, and by all executive officers and directors of Conseco as a group. Where any footnote indicates that shares included in the table are owned by, or jointly with, family members or by an affiliate of such person, the executive officer or director may be deemed to exercise shared voting and investment power with respect to those shares, unless otherwise indicated. The amounts shown below for each of the directors and executive officers do not include (i) stock options which are not exercisable within 60 days of October 21, 1996 providing for the right to purchase an aggregate of 6,373,250 shares of Conseco Common Stock or (ii) an aggregate of 1,449,517.6 units (each representing one share of Conseco Common Stock) under Conseco's Amended and Restated Stock Bonus and Deferred Compensation Program and the Conseco 1994 Stock and Incentive Plan. The executive officers and directors do not own any shares of any other class of equity securities of Conseco.

NAME AND ADDRESS(1)	SHARES OWNED AND PERCENTAGE OF OWNERSHIP	

Five-percent Owners:		
Stephen C. Hilbert.....	3,470,360(2)	5.1%
11825 North Pennsylvania Street		
Carmel, Indiana 46032		
Alex. Brown Investment Management.....	7,115,626(3)	10.6%
135 East Baltimore Street		
Baltimore, Maryland 21201		
Directors and Executive Officers:		
Ngair E. Cuneo.....	486,566(4)	*
David R. Decatur, M.D.....	20,000	*
Rollin M. Dick.....	1,746,402(5)	2.6%
Louis P. Ferrero.....	72,667(6)	*
Donald F. Gongaware.....	1,733,172(7)	2.6%
M. Phil Hathaway.....	54,128(8)	*
Stephen C. Hilbert.....	3,470,360(2)	5.1%
Lawrence W. Inlow.....	1,467,024(9)	2.2%
James D. Massey.....	58,000(10)	*
Dennis E. Murray, Sr.....	842,750(11)	1.3%
All executive officers and directors as a group (10 persons).....	9,951,069(12)	14.2%

* less than 1%

(1) Address given for five-percent owners only.

(2) Of these shares, 660,000 are owned by irrevocable trusts as to which Mr. Hilbert has sole voting and investment power, and 1,155,370 are subject to options held by Mr. Hilbert which are exercisable within 60 days.

(3) According to a Schedule 13G dated February 21, 1996, filed with the Commission, the holder is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940. The holder has indicated that it has sole voting power with respect to 2,141,356 of such shares and sole dispositive power as to all of the shares.

(4) Of these shares, 358,998 are subject to options held by Ms. Cuneo which are exercisable within 60 days.

(5) Of these shares, 293,360 are owned by Mr. Dick's wife, 202,862 are owned by a charitable foundation as to which shares he shares voting and investment power, 400,000 are owned by a limited partnership in which Mr. Dick and his wife are the general partners, 418,650 are subject to options held by Mr. Dick which are exercisable within 60 days and 590 are attributable to Mr. Dick's account under the Consecosave Plan, a 401(k) savings plan. Mr. Dick expressly disclaims beneficial ownership of all shares owned by his wife and the charitable foundation.

- (6) All of these shares are subject to options held by Mr. Ferrero which are exercisable within 60 days.
- (7) Of these shares, 62,000 are owned by Mr. Gongaware's wife, 140,000 are owned by a charitable trust as to which shares he shares voting and investment power, 36,000 are owned by irrevocable trusts as to which Mr. Gongaware's wife has sole voting and investment power, 558,650 are subject to options held by Mr. Gongaware which are exercisable within 60 days and 460 are attributable to Mr. Gongaware's account under the Consecosave Plan. Mr. Gongaware expressly disclaims beneficial ownership for all shares owned by his wife and the trusts as to which she has sole voting and investment power.
- (8) Of these shares, 8,000 are owned by Mr. Hathaway's wife, and 6,000 are subject to options held by Mr. Hathaway which are exercisable within 60 days. Mr. Hathaway expressly disclaims beneficial ownership of all shares owned by his wife.
- (9) Of these shares, 200,000 are owned by irrevocable trusts as to which Mr. Inlow has sole voting and investment power, 658,650 are subject to options held by Mr. Inlow which are exercisable within 60 days and 508 are attributable to Mr. Inlow's account under the Consecosave Plan.
- (10) Of these shares, 6,000 are subject to options held by Mr. Massey which are exercisable within 60 days.
- (11) Of these shares, 592,000 are owned by retirement plan trusts as to which Mr. Murray shares voting and investment power, and 6,000 are subject to options held by Mr. Murray which are exercisable within 60 days.
- (12) Includes 3,240,985 shares subject to outstanding stock options which are exercisable within 60 days.

ATC. The ATC Board of Directors has fixed October 21, 1996 as the ATC Record Date. Accordingly, only holders of record of shares of ATC Common Stock on the ATC Record Date will be entitled to notice of and to vote at the ATC Special Meeting. As of the ATC Record Date, there were 16,327,791 shares of ATC Common Stock outstanding and entitled to vote. Each holder of record of shares of ATC Common Stock on the ATC Record Date is entitled to cast, either in person or by properly executed proxy, one vote per share on the Merger Agreement and the other matters, if any, properly submitted for the vote of the ATC shareholders at the ATC Special Meeting. The presence at the ATC Special Meeting, in person or by properly executed proxy, of the holders of stock representing a majority of the voting power of all outstanding shares of ATC Common Stock is necessary to constitute a quorum at the ATC Special Meeting.

The approval and adoption by ATC of the Merger Agreement will require the affirmative vote of at least a majority of the votes cast by all holders of ATC Common Stock entitled to vote thereon. Shares subject to abstentions and any shares as to which a broker or nominee indicates that it does not have discretionary authority to vote on a particular proposal will be treated as shares that are present at the ATC Special Meeting for purposes of determining the presence of a quorum but as unvoted for purposes of determining whether approval of the shareholders has been obtained on a particular proposal. Accordingly, abstentions and brokers non-votes will have the same practical effect as a vote against the approval and adoption of the Merger Agreement or on any other matter submitted to the ATC shareholders.

As of October 21, 1996, the executive officers and directors of ATC and the Trustees were entitled to vote 1,722,194 shares of ATC Common Stock, or approximately 10.5 percent of the number of shares of ATC Common Stock outstanding and entitled to vote as of such date. John A. Powell and the Trustees were entitled to vote 1,556,733 shares of ATC Common Stock, or approximately 9.5 percent of the number of shares of ATC Common Stock outstanding and entitled to vote as of such date and such persons are obligated, pursuant to written agreements with Conesco, to vote their shares at the ATC Special Meeting in favor of adoption of the Merger Agreement.

The following table sets forth information as of October 21, 1996 regarding ownership of ATC Common Stock by the only persons known to own beneficially more than five percent thereof, by the directors individually, by certain of the executive officers individually, and by all executive officers and directors of ATC as a group.

Unless otherwise indicated, each person has sole voting and investment power over the shares deemed to be beneficially owned by such person.

NAME AND ADDRESS(1) -----	SHARES OWNED AND PERCENTAGE OF OWNERSHIP -----	
John A. Powell..... 3220 Tillman Drive Bensalem, Pennsylvania 19020	2,011,540 (2)	11.3%
Brinson Partners, Inc. 209 South La Salle Street Chicago, Illinois 60604-1295	1,307,994 (3)	8.0%
Trust under Deed of Trust of Francis E. Powell, Jr. c/o Ramon R. Obod, Esquire 2000 Market Street, 10th Floor Philadelphia, Pennsylvania 19103	1,062,693 (4)	6.5%
Susan T. Mankowski.....	174,250 (2)	1.1%
Walter E. Conrad.....	81,706 (2)	*
Thomas J. Parry.....	53,500 (2)	*
Alice E. Powell.....	53,500 (2) (4)	*
Ramon R. Obod.....	52,150 (2) (4)	*
Arnold H. Keehn.....	42,150 (2)	*
Ronald J. Holmer.....	41,957 (2) (5)	*
Walter J. Diener.....	40,000 (6)	*
Benedict J. Iacovetti.....	21,750 (2)	*
Ernest Iannucci.....	13,250 (2)	*
Henry G. Hager.....	5,500 (2)	*
Directors and officers as a group (15 persons).	2,769,956 (2)	15.0%

* less than 1%

(1) Address given for five-percent owners only.

(2) John A. Powell, Susan T. Mankowski, Walter E. Conrad, Thomas J. Parry, Alice E. Powell, Ramon R. Obod, Arnold H. Keehn, Ronald J. Holmer, Walter J. Diener, Benedict J. Iacovetti, Ernest Iannucci, Henry G. Hager and the directors and officers of ATC as a group may acquire 1,517,500, 151,750, 22,000, 52,000, 52,000, 32,750, 40,500, 33,500, 1,500, 21,750, 11,750, 4,000 and 2,108,875 shares, respectively, pursuant to stock options which are currently exercisable or become exercisable within sixty (60) days, which numbers of shares are included in the respective numbers of shares beneficially owned.

(3) Brinson Partners, Inc. ("BPI") has indicated in a Schedule 13-G dated February 9, 1996 filed on behalf of itself, its wholly-owned subsidiary, Brinson Trust Company ("BTC"), its parent company, Brinson Holdings, Inc. ("BHI"), BHI's parent company, SBC Holding (USA), Inc. ("SBCUSA"), and SBCUSA's parent company, Swiss Bank Corporation ("SBC"), that BPI owns directly 956,812 of the shares, BTC owns directly 351,182 of the shares and that BHI, SBCUSA and SBC own the shares indirectly through BPI and BTC.

(4) Alice E. Powell, Debra F. Powell and Ramon R. Obod are the Trustees. Shares owned by the Trust are not included in the number of shares beneficially owned by the Trustees.

(5) Includes 3,875 shares held by Mr. Holmer's wife and 1,582 shares obtainable by Mr. Holmer's wife upon conversion of the Debentures owned by her.

(6) All shares held jointly by Mr. Diener and his wife.

PROXIES

This Joint Proxy Statement/Prospectus is being furnished to holders of Conseco Stock and ATC Common Stock in connection with the solicitation of proxies by and on behalf of the respective Boards of Directors of Conseco and ATC for use at the Conseco Special Meeting or the ATC Special Meeting, as the case may be.

Conseco Stock and ATC Common Stock represented by properly executed proxies received at or prior to the Conseco Special Meeting and the ATC Special Meeting, respectively, that have not been revoked will be voted at the Conseco Special Meeting and the ATC Special Meeting, respectively, in accordance with the instructions contained therein. The stock represented by properly executed proxies for which no instruction is given will be voted FOR approval and adoption of the Merger Agreement. Shareholders are requested to complete, sign, date and return promptly the enclosed proxy card in the postage-prepaid envelope provided for this purpose to ensure that their shares are voted. A shareholder of Conseco or ATC may revoke a proxy at any time prior to the vote on the Merger Agreement by (i) submitting a later-dated proxy with respect to the same shares, (ii) delivering written notice of revocation to the Secretary of Conseco or ATC, as the case may be, at any time prior to such vote, or (iii) attending the Conseco Special Meeting or the ATC Special Meeting, as the case may be, and voting in person. Mere attendance at the Conseco Special Meeting or the ATC Special Meeting will not, in and of itself, revoke a proxy.

If the Conseco Special Meeting or the ATC Special Meeting is postponed or adjourned for any reason, at any subsequent reconvening of the Conseco Special Meeting or the ATC Special Meeting all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Conseco Special Meeting or the ATC Special Meeting (except for any proxies that have theretofore effectively been revoked or withdrawn), notwithstanding that they may have been effectively voted on the same or any other matter at a previous meeting.

If any other matters are properly presented at the Conseco Special Meeting or the ATC Special Meeting for consideration, including among other things, consideration of a motion to adjourn the meeting to another time and/or place (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the enclosed form of proxy and acting thereunder will have discretion to vote on such matters in accordance with their best judgment.

Conseco and ATC will each bear the cost of soliciting proxies from their respective shareholders. Additionally, Conseco and ATC will each bear one-half the cost of preparing and mailing this Joint Proxy Statement/Prospectus and the preparation and filing of the Registration Statement. In addition to solicitation by mail, directors, officers and employees of Conseco and ATC may solicit proxies by telephone, telegram or otherwise. Such directors, officers and employees of Conseco and ATC will not be additionally compensated for such solicitation, but may be reimbursed for out-of-pocket expenses incurred in connection therewith. Brokerage firms, fiduciaries and other custodians who forward soliciting material to the beneficial owners of shares of Conseco Stock and shares of ATC Common Stock held of record by them will be reimbursed for their reasonable expenses incurred in forwarding such material. In addition, Conseco and ATC have retained Georgeson & Company, Inc. ("Georgeson") to assist in soliciting proxies and to provide materials to banks, brokerage firms, nominees, fiduciaries and other custodians. For such services, Conseco and ATC will pay Georgeson a fee of \$17,500 plus reimbursement of reasonable expenses.

ATC SHAREHOLDERS SHOULD NOT SEND ANY STOCK CERTIFICATES WITH THEIR PROXY

CARDS.

THE MERGER

BACKGROUND OF THE MERGER

In late July 1996, John A. Powell, the Chairman and Chief Executive Officer of ATC, consulted with representatives of DLJ to ascertain whether there existed books of business that would be potential acquisition

targets of ATC. During the ensuing discussions, Mr. Powell suggested that DLJ contact Consecro to determine if it would be interested in selling its book of long term care insurance business to ATC. DLJ made the contact with Consecro and reported back to ATC that Consecro was not interested in selling its long term care book of business but that Consecro expressed a preliminary indication of interest in the possibility of a merger with ATC. In following up on Consecro's expression of interest, on August 1, 1996, Mr. Powell met with Stephen C. Hilbert, the Chairman of the Board, President and Chief Executive Officer of Consecro, and Rollin M. Dick, the Executive Vice President and Chief Financial Officer of Consecro, during which meeting they preliminarily explored the advantages of combining the companies and discussed operating philosophies and growth potential in the long term care insurance business. In further pursuit of such preliminary discussions, Mr. Powell and Ramon R. Obod, general counsel to ATC, met with DLJ representatives on August 7, 1996 and Mr. Powell met again with Mr. Hilbert on that date.

As a result of those meetings, Consecro indicated a strong interest in merging with ATC and proposed a tax free transaction pursuant to which Consecro Common Stock would be issued in exchange for ATC Common Stock.

On August 8, 1996, at a meeting of the Board of Directors, the directors of ATC were informed by Mr. Powell of the discussions regarding a possible merger with Consecro. Mr. Powell reviewed the background events leading to the merger discussions, the proposed transaction structure, the proposed principal terms and conditions of the acquisition, the due diligence that had been accomplished to date and the probable timing of the transaction. Mr. Powell also indicated that Consecro had recently completed its acquisition of LPG and was in the process of conducting merger (or acquisition) discussions with CAF. Mr. Powell distributed to the Board a report dated August 7, 1996 prepared by DLJ which contained detailed financial information regarding Consecro, along with a summary of the anticipated effects of the merger on the financial results of Consecro and ATC. The initial proposed acquisition price and exchange ratio range were discussed with the Board along with job security and severance issues and the possibility of employment agreements for Mr. Powell and certain of ATC's officers. With respect to severance, Mr. Powell summarized Consecro's severance policy and indicated that the proposed merger agreement allowed for approximately \$2 million additional aggregate severance benefits. The provisions of the proposed merger agreement allowing ATC to consider other offers if a better proposal was made and the substantial "break up" fee payable to Consecro if such alternative was exercised by ATC were discussed. Mr. Powell noted that DLJ would be paid a fee for its services as financial advisor in connection with the Merger and that DLJ would render a fairness opinion to the Board if the transaction ensued. At the conclusion of the discussion, it was the unanimous view of the Board that the transaction, within the structure described by Mr. Powell, was in the best interest of ATC and its shareholders and that ATC was authorized to proceed with negotiations with a view to developing a definitive agreement at which time it would be considered in depth by the Board.

At the regular quarterly meeting of the Consecro Board of Directors held on August 8, 1996, Mr. Hilbert and other members of Consecro's management reviewed with the Board the discussions regarding a possible merger with ATC. Information concerning ATC had been provided to the Directors prior to the meeting. After the Board considered and discussed the proposed acquisition of ATC and the proposed acquisitions of CAF, ALH and BLH, it was agreed that management of Consecro would continue to pursue a possible acquisition of ATC, with the understanding that final approval of any transaction would be considered at a special meeting of the Consecro Board of Directors.

From August 12, 1996 through August 23, 1996 representatives of each Company met with representatives of the other and conducted a due diligence review of the business and financial condition of the other company. In addition, ATC visited Consecro's facility.

Consecro furnished ATC with an initial draft of a form of merger agreement on August 19, 1996 setting forth the terms of Consecro's offer to acquire ATC in exchange for Consecro Common Stock. From that date through August 25, 1996, members of the senior management of Consecro and ATC, together with their legal advisors, negotiated the provisions of the Merger Agreement.

The Consecos Board of Directors met on August 23, 1996 to consider the proposed merger. At the meeting, Consecos management reported on the due diligence review undertaken by Consecos and its advisors and on the results of the discussions to date with representatives of ATC and its legal and financial advisors. The Consecos Board discussed the potential benefits to Consecos of an acquisition of ATC. Management outlined for the Consecos Board the proposed terms and conditions of the Merger Agreement. After reviewing and discussing the merger proposal, the Consecos Board of Directors authorized management to execute and deliver the Merger Agreement in the form presented at the meeting, with such further changes as Consecos's management approved. See "--Consecos's Reasons for the Merger; Recommendation of the Consecos Board of Directors."

On August 24, 1996, ATC's Board of Directors held a special meeting. Prior to the meeting each of the ATC directors received, among other documents, the most recent draft of the Merger Agreement. At the meeting, ATC's senior management and its legal and financial advisors reviewed the ongoing discussions, negotiations and due diligence between ATC and Consecos. The terms of the engagement letter with DLJ dated August 15, 1996 were reviewed and unanimously approved. The ATC Board of Directors was informed by its legal advisors with regard to the Board's fiduciary duties to the shareholders of ATC in the context of considering the terms of the Merger Agreement. ATC's advisors also summarized, in detail, the material terms and conditions of the Merger Agreement. Consecos management delivered a presentation of Consecos's business and financial performance and plans and prospects for the future operation of the combined enterprise and answered questions posed by the ATC Board of Directors. DLJ's representatives made a presentation in which they summarized the terms of the proposed transaction, explained the three other concurrent acquisitions of Consecos, discussed the potential benefits of a merger and gave an overview of Consecos and its other acquisitions. DLJ then presented its analysis of the financial terms of the Merger Agreement and reviewed various public company analyses and recent merger and acquisition transactions in the insurance industry. DLJ then discussed various other financial considerations that it used in its analyses and then answered questions of the ATC Board of Directors with respect to its analyses. See "-- Opinion of ATC's Financial Advisor."

The Board of Directors of ATC held an additional meeting on August 25, 1996 after the completion of negotiations between the parties and their respective representatives with regard to the definitive terms of the Merger Agreement. After a full discussion of the proposed Merger and careful consideration by the ATC Board of Directors of the terms of the Merger Agreement and the advice rendered to the ATC Board of Directors by ATC's advisors, including the written opinion delivered by DLJ to the effect, that, as of August 25, 1996 and based upon and subject to the assumptions, limitations and qualifications set forth in such opinion, the Exchange Ratio was fair, from a financial point of view, to the holders of ATC Common Stock, the ATC Board of Directors voted unanimously to approve the Merger Agreement in the form presented to it at the August 25, 1996 meeting. See "--ATC's Reasons for the Merger; Recommendation of the ATC Board of Directors" and "--Opinion of ATC's Financial Advisor." The ATC Board of Directors simultaneously (1) approved an amendment to ATC's Rights Agreement (the "Rights Agreement") dated April 25, 1990 in order to clarify that the Merger Agreement would not trigger the Rights Agreement; (2) confirmed the termination of certain officers' employment agreements with ATC subject to the consummation of the Merger and their entering new employment agreements with Consecos; and (3) amended the ATC Stock Options in a manner consistent with applicable sections of the Merger Agreement. See "--Employment Agreements" and "The Merger Agreement--Treatment of ATC Stock Options."

CONSECO'S REASONS FOR THE MERGER; RECOMMENDATION OF THE CONSECO BOARD OF DIRECTORS

The Board of Directors of Consecos approved the Merger Agreement by a unanimous vote at its August 23, 1996 meeting. In reaching its decision, the Consecos Board considered information provided at the Board meeting, including, among other things, (1) information concerning the financial performance and condition, business operations and prospects of ATC, including an analysis of possible cost savings and synergies, and a qualitative overview of the individual business segments, (2) the potential long-term and short-term effect of the transaction on Consecos's earnings per share, (3) the structure of the proposed transaction, (4) the terms of the Merger Agreement and (5) the presentation and recommendation made by the management of Consecos.

A principal strategic objective of Consecos since it commenced operations in 1982 has been to acquire life and health insurance companies and to increase their value by implementing management strategies to reduce costs and improve administrative efficiency, centralize asset management, improve marketing and distribution, eliminate unprofitable products and focus resources on the development and expansion of profitable products. In furtherance of this strategy, Consecos has completed 13 acquisitions of insurance companies and related businesses since it commenced operations. Consecos believes that the value and profitability of its existing insurance subsidiaries can be enhanced as a result of the cross-selling opportunities presented by a company which complements Consecos's existing product lines and distribution channels.

Consecos's operating strategy is to target selected markets which provide significant growth potential and to focus its sales efforts on profitable products which will provide predictable and diversified earnings regardless of interest rate changes or other changes in the economic environment. Consecos also seeks to be a major competitor in each of its targeted markets and to develop strong, complementary distribution channels. Consecos intends to make strategic acquisitions which are consistent with this strategy and which enable Consecos to maintain its targeted ratio of debt to total capital.

The Consecos Board of Directors believes that the Merger and Consecos's other pending acquisitions will enable Consecos to be a major competitor in the senior market, with more than 90,000 agents selling long term care insurance, Medicare supplement insurance, cancer insurance and other supplemental health insurance, universal life insurance and retirement annuity products. After it consummates the Merger and BLH Transaction, Consecos believes it will be the leading seller of long term care insurance.

The Consecos Board of Directors also believes that the Merger offers Consecos and ATC the opportunity to improve their profitability and capitalization through the achievement of economies of scale, the elimination of redundancies and the enhancement of market position. By consolidating certain operations and eliminating expenses, Consecos expects to achieve, over time, significant savings of operating costs. See "Conduct of the Business of Consecos and ATC After the Merger." In addition, the issuance of additional shares of Consecos Common Stock in the Merger would result in a substantial increase in Consecos's equity.

ACCORDINGLY, THE BOARD OF DIRECTORS OF CONSECO RECOMMENDS THAT THE SHAREHOLDERS OF CONSECO VOTE FOR THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT SET FORTH AS ITEM 1 ON THE CONSECO PROXY CARD.

ATC'S REASONS FOR THE MERGER; RECOMMENDATION OF THE ATC BOARD OF DIRECTORS

During the past few years, ATC recognized, and participated in, the trend toward consolidation within the insurance industry where larger companies were continuing to grow through the acquisition of smaller companies. A significant portion of ATC's growth in premiums in force, revenues and earnings is attributable to its historical acquisitions of books of business. However, senior management of ATC noted recently that the number and quality of available books of business for future acquisitions had diminished. Without a continuing supply of such acquisitions, senior management believed that ATC may encounter difficulty in sustaining its historical rate of growth to the satisfaction of the investment community. Additionally, ATC's management was aware of the probable need for additional capital required to consummate additional acquisitions and maintain an appropriate statutory capitalization, and the likely dilutive effect to ATC's shareholders of obtaining such capital.

ATC's senior management considered the acquisition proposal made by Consecos in August 1996 in order to participate further in the industry consolidation with the intention of enhancing shareholder value. After careful consideration by the members of the ATC Board of Directors of the terms of the Merger Agreement and the advice rendered to the ATC Board of Directors by ATC's advisors, the ATC Board of Directors voted unanimously to approve the Merger Agreement in the form presented to it at the Board of Directors meeting on August 25, 1996. In voting to approve the Merger Agreement, the ATC Board of Directors considered and relied upon many different factors including: (1) the substantial premium over the market price of the ATC Common

Stock at the time of the commencement of the Merger negotiations offered by Consecro; (2) the financial condition and results of operations of Consecro and the Board of Directors' perceptions of the more favorable business prospects of Consecro and ATC on a combined basis as compared to the prospect of ATC as a separate entity; (3) the tax deferred nature of the transaction to the extent that the shareholders of ATC receive shares of Consecro Common Stock in exchange for their shares of ATC Common Stock; (4) the potential future performance of Consecro and the Consecro Common Stock, including potential dividend payments, after the Merger and Consecro's strength in the insurance industry; (5) the written opinion rendered by DLJ to the extent that, as of August 25, 1996 and based upon and subject to the assumptions, limitations and qualifications set forth in such opinion, the Exchange Ratio was fair, from a financial point of view, to the holders of ATC Common Stock (See "--Opinion of ATC's Financial Advisor"); and (6) the likelihood of continued employment for the immediate future of a substantial number of the employees of ATC. Based on these factors, as well as the dilutive nature of issuing additional equity, the ATC Board of Directors believed that the Consecro offer represented the maximum value that could reasonably be expected to be achieved for ATC's shareholders in the foreseeable future. After careful consideration of these factors, as well as consideration of the terms of the offer of Consecro, the ATC Board of Directors determined that it was in the best interests of ATC and its shareholders to accept the Consecro offer.

THE BOARD OF DIRECTORS OF ATC UNANIMOUSLY APPROVED THE TERMS OF THE MERGER AGREEMENT AND RECOMMENDS THAT THE SHAREHOLDERS OF ATC VOTE FOR THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT SET FORTH AS ITEM 1 ON THE ATC PROXY CARD.

OPINION OF ATC'S FINANCIAL ADVISOR

In its role as financial advisor to ATC, DLJ was asked by ATC to render its opinion to the ATC Board as to the fairness, from a financial point of view, to the holders of ATC Common Stock of the consideration to be received by the shareholders of ATC pursuant to the terms of the Merger Agreement. On August 25, 1996, DLJ delivered its written opinion (the "DLJ Opinion") to the effect that as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth in such opinion, the Exchange Ratio was fair, from a financial point of view, to the holders of ATC Common Stock.

A copy of the DLJ Opinion is attached hereto as Annex B. ATC shareholders are urged to read the opinion in its entirety for assumptions made, procedures followed, other matters considered and limits of the review by DLJ.

The DLJ Opinion was prepared for the ATC Board and is directed only to the fairness, from a financial point of view, to the holders of ATC Common Stock, and does not constitute a recommendation to any shareholder as to how to vote at the ATC Special Meeting.

The DLJ Opinion does not constitute an opinion as to the price at which Consecro Common Stock will actually trade at any time. The Merger Consideration was determined in arm's length negotiations between ATC and Consecro, in which negotiations DLJ advised ATC. No restrictions or limitations were imposed by the ATC Board upon DLJ with respect to the investigations made or the procedures followed by DLJ in rendering its opinion. DLJ was not requested to, nor did it, solicit the interests of any other party in acquiring ATC.

In arriving at its opinion, DLJ reviewed the Merger Agreement and exhibits thereto. DLJ also reviewed financial and other information that was publicly available or furnished to it by ATC and Consecro, including information provided during discussions with their respective managements. Included in the information provided during discussions with the respective managements were certain financial projections of ATC for the years ending December 31, 1996 and December 31, 1997 prepared by the management of ATC, and certain pro forma financial statements of Consecro for the year ended December 31, 1995 and the six months ended June 30, 1996 and certain financial projections of Consecro for the years ending December 31, 1996 through December 31, 2005 and pro forma financial projections for Consecro and ATC and other potential acquisitions being

considered by Conseco prepared by the management of Conseco. In addition, DLJ compared certain financial and securities data of ATC and Conseco with various other companies whose securities are traded in public markets, reviewed the historical stock prices and trading volumes of ATC Common Stock and Conseco Common Stock, reviewed prices and premiums paid in other business combinations and conducted such other financial studies, analyses and investigations as DLJ deemed appropriate for purposes of rendering its opinion.

In rendering its opinion, DLJ relied upon and assumed the accuracy, completeness and fairness of all of the financial and other information that was available to it from public sources, that was provided to it by ATC and Conseco or its representatives, or that was otherwise reviewed by it. With respect to the financial projections of ATC supplied to it, DLJ assumed that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of ATC as to the future operating and financial performance of ATC. With respect to the pro forma financial statements and pro forma financial projections of Conseco supplied to it, DLJ assumed that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Conseco as to the pro forma and future operating and financial performance of ATC and Conseco. DLJ did not assume any responsibility for making an independent evaluation of ATC's and Conseco's assets or liabilities or for making any independent verification of any of the information reviewed by it.

The DLJ Opinion is necessarily based on economic, market, financial and other conditions as they existed on, and on the information made available to it as of, August 25, 1996. It should be understood that, although subsequent developments may affect its opinion, DLJ does not have any obligation to update, revise or reaffirm its opinion. However, the receipt of an update to the DLJ Opinion as of the Mailing Date (as defined below) which does not materially modify, rescind or revoke the DLJ Opinion is a condition to the obligation of ATC to effect the merger. See "The Merger Agreement--Conditions to the Merger."

DLJ assumed an Exchange Ratio such that each holder of ATC Common Stock will receive \$32.00 per share in its analysis based on the price of Conseco Common Stock at the time DLJ performed its analysis. Such amount also represented the lowest value per share that could be received by holders of ATC Common Stock pursuant to the terms of the Merger Agreement. Such use should in no way be viewed by ATC shareholders as an opinion as to the value of Conseco Common Stock that may actually be received in the Merger. Such amount is merely for illustrative and analytical purposes.

The following is a summary of the presentation made by DLJ to the ATC Board at its August 25, 1996 meeting.

TRANSACTION ANALYSIS. DLJ reviewed publicly available information for selected transactions involving the acquisition of life insurance and accident and health insurance companies since January 1, 1993 (the "Selected Life and Health Transactions") and for selected transactions involving the acquisition only of accident and health insurance companies since January 1, 1993 (the "Selected Health Transactions") (together, the "Selected Transactions"). In reviewing these transactions, several factors were considered, including: (i) the lack of publicly available information for subsidiary and private company transactions which represent a significant portion of the merger and acquisition activity; and (ii) the lack of directly comparable transactions. The Selected Transactions were not intended to represent the complete list of life insurance and accident and health insurance company transactions which have occurred. Rather, such transactions included only selected recent transactions involving life insurance and accident and health insurance companies. Such transactions were used in this analysis because the companies involved were deemed by DLJ to operate in similar businesses or have similar financial characteristics to ATC and Conseco.

DLJ reviewed the consideration paid in such transactions in terms of the price paid for the common stock plus the amount of debt and preferred stock assumed repaid or redeemed in such transactions (the "Transaction Value") as a multiple of statutory capital and surplus as of the end of the last fiscal quarter ("LFQ") or last fiscal year ("LFY") ended prior to the announcement of such transactions. In analyzing acquisitions of life insurance and accident and health insurance companies, the purchase price paid may be described in terms of

multiples of the Transaction Value to statutory capital and surplus. Variances in multiples for different transactions may reflect such considerations as the consistency, quality and growth of earnings and the company's capitalization, asset quality and return on surplus. Since statutory capital and surplus does not reflect the cost of a company's debt or preferred stock financing, which are usually at the holding company level rather than the insurance company level, analysis of a multiple of statutory capital and surplus is usually based on a Transaction Value which includes the cost of assuming, repaying or redeeming such debt or preferred stock financing. Comparing the multiple of Transaction Value to be paid for ATC by Consec to the statutory capital and surplus of ATC with the multiples paid in other transactions indicates whether the valuation being placed on ATC is within the range of values paid for other life insurance and accident and health insurance companies.

The low, average and high multiples of Transaction Value to statutory capital and surplus as of the end of the LFQ or LFY ended prior to the announcement of the transaction were 1.2x, 1.9x and 3.4x, respectively, for the Selected Life and Health Companies and 1.3x, 2.1x and 5.3x, respectively, for the Selected Health Companies. Based on the Merger Consideration, the implied multiple of Transaction Value to ATC's statutory capital and surplus as of December 31, 1995 was 10.8x. This multiple is greater than the high multiple of both the Selected Life and Health Transactions and the Selected Health Transactions.

Additionally, DLJ reviewed the consideration paid in the Selected Transactions in terms of the price paid for the common stock in the Selected Life and Health Transactions and the Selected Health Transactions as a multiple of GAAP operating earnings for the latest twelve months ("LTM") ended prior to the announcement of such transactions and as a multiple of shareholders' equity as of the end of the LFQ ended prior to the announcement of such transactions. In analyzing acquisitions of life insurance and accident and health insurance companies, the purchase price paid may be described in terms of multiples of the price paid for common stock to GAAP operating earnings and to shareholders' equity. Variances in multiples for different transactions may reflect such considerations as the consistency, quality and growth of earnings and the company's capitalization, asset quality and return on capital. Since GAAP operating earnings and shareholders' equity already reflect the cost of a company's debt or preferred stock financing, analyses of multiples of GAAP operating earnings or shareholders' equity are usually based on the price paid for the company's common stock, which excludes the cost of assuming, repaying or redeeming such debt or preferred stock financing. Comparing the multiples of the price offered to be paid for ATC Common Stock by Consec to the GAAP operating earnings and shareholders' equity of ATC with multiples paid by acquirers in other transactions indicates whether the valuation being placed on ATC is within the range of values paid for other life insurance and accident and health insurance companies.

The low, average and high multiples of price paid for common stock to LTM GAAP operating earnings were 5.2x, 16.0x and 35.1x, respectively, for the Selected Life and Health Transactions and 10.8x, 13.0x and 16.9x, respectively, for the Selected Health Transactions. Based on an offer price of \$32.00 per share, the implied multiple of price paid for common stock to ATC's GAAP operating earnings for the LTM ended June 30, 1996 was 21.9x. This multiple is greater than the average multiple of the Selected Life and Health Transactions and greater than the high multiple of the Selected Health Transactions. The low, average and high multiples of price paid for common stock to shareholders' equity as of the end of the LFQ ended prior to the announcement of the transaction were 0.8x, 1.4x and 2.8x, respectively, for the Selected Life and Health Transactions and 1.8x, 2.1x and 2.8x, respectively, for the Selected Health Transactions. Based on an offer price of \$32.00 per share, the implied multiple of price paid for common stock to ATC's shareholders' equity as of June 30, 1996 was 2.7x. This multiple is greater than the average multiples of both the Selected Life and Health Transactions and the Selected Health Transactions.

DLJ also determined the percentage premium of the offer prices (represented by the purchase price per share in cash transactions and the price of the constituent securities times the Merger Consideration in the case of stock-for-stock mergers) over the public market trading prices one day, one week and one month prior to the announcement date of selected life, accident and health insurance company transactions since January 1, 1993 where the acquired company's stock was publicly traded (the "Selected Public Transactions"). The average premiums of offer prices to public market trading prices one day, one week and one month prior to the

announcement date for the Selected Public Transactions were 12.2%, 16.5% and 22.3%, respectively. An offer price of \$32.00 per share represents premiums to the trading prices of ATC Common Stock one day, one week and one month prior to August 20, 1996 of 18.3%, 21.3% and 53.4%, respectively. These premiums are greater than the corresponding average premiums of the Selected Public Transactions.

PUBLIC COMPANY ANALYSIS. To provide comparative market information, DLJ compared selected historical and projected operating and financial ratios of ATC to the corresponding data and ratios of selected accident and health insurance companies whose securities are publicly traded. Such companies included AFLAC, Inc., BLH, CAF, Delphi Financial Group, Inc., Penn Treaty American Corp., Pioneer Financial Services, Inc. and UNUM Corp. (the "Selected Companies"). See "Information Concerning Conseco--Other Pending Acquisitions by Conseco" for a discussion of the relationships of BLH and CAF to Conseco.

Such analysis included, among other things, the ratios of stock price to GAAP operating earnings per share ("EPS") for the LTM ended June 30, 1996, estimated GAAP operating EPS for 1996 and 1997 (as estimated by research analysts and compiled by Institutional Brokers Estimating Service for the Selected Companies and management's projections for ATC) and shareholders' equity per share as of June 30, 1996, as well as the ratios of the aggregate equity market capitalization plus the amount of debt and preferred stock outstanding (the "Enterprise Value") to statutory operating earnings for the LTM or LFY and statutory capital and surplus as of the end of the LFQ or LFY. Closing prices as of August 20, 1996 were used in this analysis. The ratios described in this paragraph have been designed to reflect the value attributable in the public equity markets to various valuation measures of accident and health insurance companies. Measures utilized in the public marketplace to value the stock of publicly traded companies in the accident and health insurance industry are based on, among other things, a company's historical and projected GAAP operating earnings, historical statutory operating earnings, shareholders' equity and statutory capital and surplus. The multiples of stock price to GAAP operating EPS and Enterprise Value to statutory operating earnings reflect the value attributed to a company by public equity market investors based on the company's historical and projected earnings. The multiples of stock price to shareholders' equity per share and Enterprise Value to statutory capital and surplus reflect the values attributed to a company by public equity market investors based on the company's net worth. Variances in multiples for different companies may reflect such considerations as the consistency, quality and growth of earnings and the company's capitalization, asset quality and return on capital. Since GAAP operating earnings and shareholders' equity already reflect the cost of a company's debt or preferred stock financing, analyses of multiples of GAAP operating earnings or shareholders' equity are usually based on public stock price, which excludes debt or preferred stock financing. Since statutory operating earnings and statutory capital and surplus do not reflect the cost of a company's debt or preferred stock financing, which are usually at the holding company level rather than the insurance company level, analyses of multiples of statutory operating earnings and statutory capital and surplus are usually based on Enterprise Value, which includes debt or preferred stock financing. Comparing the multiples of price offered to be paid by Conseco to the GAAP operating EPS, shareholders' equity, statutory operating earnings and statutory capital and surplus of ATC with the multiples at which the Selected Companies trade indicates whether the valuation being placed on ATC is within the range of values at which the Selected Companies trade.

The low, average and high multiples of public stock price to GAAP operating EPS for the LTM ended June 30, 1996 were 7.8x, 10.6x and 28.8x, respectively, for the Selected Companies. Based on an offer price of \$32.00 per share, the implied multiple of offer price to ATC's GAAP operating EPS for the LTM ended June 30, 1996 was 21.9x. This multiple is greater than the average multiple of the Selected Companies. The low, average and high multiples of public stock price to estimated 1996 GAAP operating EPS were 7.5x, 10.2x and 15.1x, respectively, for the Selected Companies. Based on the same offer price, the implied multiple of offer price to ATC's estimated 1996 GAAP operating EPS was 19.3x. This multiple is greater than the high multiple of the Selected Companies. The low, average and high multiples of public stock price to estimated 1997 GAAP operating EPS were 6.1x, 8.9x and 12.9x, respectively, for the Selected Companies. Based on the same offer price, the implied multiple of offer price to ATC's estimated 1997 GAAP operating EPS was 16.3x. This multiple is greater than the high multiple of the Selected Companies. The low, average and high multiples of public stock

price to shareholders' equity per share as of June 30, 1996 were 1.1x, 1.5x and 2.4x, respectively, for the Selected Companies. Based on the same offer price, the implied multiple of offer price to ATC's shareholders' equity per share as of June 30, 1996 was 2.7x. This multiple is greater than the high multiple of the Selected Companies. The low, average and high multiples of Enterprise Value to statutory capital and surplus as of the end of the LFQ or the LFY were 2.1x, 3.7x and 5.3x, respectively, for the Selected Companies. Based on the same offer price, the implied multiple of Transaction Value to ATC's statutory capital and surplus as of December 31, 1995 was 10.8x. This multiple is greater than the high multiple of the Selected Companies.

Since the Merger Consideration will be in the form of Conseco Common Stock, to provide comparative market information, DLJ compared selected historical and projected operating and financial ratios of Conseco to the corresponding data and ratios of Equitable of Iowa Cos., Liberty Financial Companies, Inc., Presidential Life Corp., SunAmerica Inc. and Western National Corp. (the "Selected Annuity Companies") and of AFLAC, Inc., PennCorp Financial Group, Inc., Provident Companies and UNUM Corp. (the "Selected Large Capitalization Companies").

Such analysis included, among other things, the multiples of stock price to GAAP operating EPS for the LTM ended June 30, 1996, estimated GAAP operating EPS for 1996 and 1997 (as estimated by research analysts and compiled by Institutional Brokers Estimating Service for the Selected Annuity Companies and the Selected Large Capitalization Companies and management's projections for Conseco) and shareholders' equity per share as of June 30, 1996, as well as the multiples of Enterprise Value to statutory operating earnings for the LTM or the LFY and statutory capital and surplus as of the end of the LFQ or the LFY. Closing prices as of August 20, 1996 were used in this analysis. Comparing the multiples of Conseco's stock price to GAAP operating EPS, shareholders' equity per share, statutory operating earnings and statutory capital and surplus with the multiples at which the Selected Annuity Companies and the Selected Large Capitalization Companies trade indicates whether Conseco's stock price is within the range of values at which the Selected Annuity Companies and the Selected Large Capitalization Companies trade. Conseco's GAAP operating EPS, shareholders' equity per share, statutory operating earnings and statutory capital and surplus used in this analysis were adjusted to give pro forma effect to the LPG Merger and certain other matters.

The low, average and high multiples of public stock price to GAAP operating EPS for the LTM ended June 30, 1996 were 8.5x, 12.6x and 17.1x, respectively, for the Selected Annuity Companies and 10.3x, 13.2x and 14.8x, respectively, for the Selected Large Capitalization Companies. The multiple of price to Conseco's GAAP operating EPS for the LTM ended June 30, 1996 was 13.6x. This multiple is greater than the average multiples of both the Selected Annuity Companies and the Selected Large Capitalization Companies. The low, average and high multiples of public stock price to estimated 1996 GAAP operating EPS were 9.4x, 11.7x and 16.4x, respectively, for the Selected Annuity Companies and 10.4x, 13.1x and 15.1x, respectively, for the Selected Large Capitalization Companies. The multiple of price to Conseco's estimated 1996 GAAP operating EPS was 12.8x. This multiple is greater than the average multiple of the Selected Annuity Companies and greater than the low multiple of the Selected Large Capitalization Companies. The low, average and high multiples of public stock price to estimated 1997 GAAP operating EPS were 8.4x, 10.5x and 14.3x, respectively, for the Selected Annuity Companies and 9.0x, 11.2x and 12.9x, respectively, for the Selected Large Capitalization Companies. The multiple of price to Conseco's estimated 1997 GAAP operating EPS was 9.5x. This multiple is greater than the low multiples of both the Selected Annuity Companies and the Selected Large Capitalization Companies. The low, average and high multiples of public stock price to shareholders' equity per share as of June 30, 1996 were 0.9x, 1.7x and 3.4x, respectively, for the Selected Annuity Companies and 1.2x, 1.9x and 2.8x, respectively, for the Selected Large Capitalization Companies. The multiple of price to Conseco's shareholders' equity per share as of June 30, 1996 was 1.7x. This multiple is equal to the average multiple of the Selected Annuity Companies and greater than the low multiple of the Selected Large Capitalization Companies. The low, average and high multiples of Enterprise Value to statutory operating earnings for the LTM or the LFY were 9.7x, 23.8x and 42.9x, respectively, for the Selected Annuity Companies and 27.1x, 31.6x and 37.1x, respectively, for the Selected Large Capitalization Companies. The multiple of Enterprise Value to Conseco's 1995 statutory operating earnings was 21.3x. This multiple is greater than the low multiple of the Selected Annuity Companies.

and less than the low multiple of the Selected Large Capitalization Companies. The low, average and high multiples of Enterprise Value to statutory capital and surplus as of the end of the LFQ or the LFY were 1.2x, 1.8x and 2.2x, respectively, for the Selected Annuity Companies and 3.6x, 4.5x and 5.6x, respectively, for the Selected Large Capitalization Companies. The multiple of Enterprise Value to Consecos statutory capital and surplus as of December 31, 1995 was 3.5x. This multiple is greater than the high multiple of the Selected Annuity Companies and less than the low multiple of the Selected Large Capitalization Companies.

No company or transaction used in the Transaction Analysis or the Public Company Analysis described above was directly comparable to ATC, Consecos or the proposed Merger. Accordingly, an analysis of the results of the foregoing was not simply mathematical nor necessarily precise; rather, it involved complex considerations and judgments concerning differences in financial and operating characteristics of companies and other factors that could affect the transaction values and trading prices. For example, many qualitative factors are involved in valuing a company or analyzing a transaction in the life, accident and health insurance and annuity industries, including assessments of the quality of management, the attractiveness of the company's target market, the economics of the products being sold and the company's market position relative to its competitors. Other factors that could affect the transaction values or trading prices include differences in distribution, products, geographic or demographic customer concentration, size, accounting practices, asset portfolio quality, interest rate sensitivity and other factors. These factors may affect the transaction values or trading prices in each case by affecting in varying degrees investors' expectations of such factors as the company's risk and future operating profitability.

STOCK TRADING HISTORY. To provide contextual data and comparative market data, DLJ examined the history of the trading prices and their relative relationships for both ATC Common Stock and Consecos Common Stock for various periods ended August 20, 1996. DLJ also reviewed the daily closing prices of ATC Common Stock and Consecos Common Stock and compared the ATC and Consecos closing stock prices with the S&P 500 Index and indices of selected publicly traded companies. DLJ reviewed the trading history since January 1, 1994 of the ATC Common Stock and the Consecos Common Stock to determine whether trading levels immediately prior to August 20, 1996 were reflective of longer term trading levels or were affected by recent unusual or event specific trading activity. In addition, DLJ reviewed the trading history of ATC Common Stock and Consecos Common Stock relative to indices of selected companies in order to assess the relative stock price performance of ATC, Consecos and such indices.

PRO FORMA MERGER ANALYSIS. DLJ analyzed certain pro forma financial effects resulting from the Merger. In conducting its analysis, DLJ relied upon certain assumptions described above and financial projections provided by the management of ATC and pro forma financial statements and pro forma financial projections provided by the management of Consecos. DLJ analyzed the pro forma effect of the Merger and of completing the ALH Transaction and the BLH Transaction on the EPS, stockholders' equity per share and leverage ratios of the combined companies. Consecos management has indicated that it believes that the Merger will offer consolidation opportunities which will result in revenue enhancements and expense savings relative to the stand-alone projected revenues and expenses of ATC and Consecos. DLJ has incorporated estimates of such revenue enhancements and expense savings, determined in conjunction with the managements of ATC and Consecos, in its analysis, although DLJ does not express any opinion as to the likelihood of such revenue enhancements or expense savings being realized. The results of the pro forma merger analysis are not necessarily indicative of future operating results or financial position. Based on this analysis and assuming the Merger, the ALH Transaction and the BLH Transaction are completed and that the cash portion of the consideration paid in such transactions is financed with debt, Consecos's shareholders would realize EPS dilution of 8.1%, 8.3% and 8.4%, respectively, in 1996, 1997 and 1998 versus assuming only the ALH Transaction and the BLH Transaction are completed and that the cash portion of the consideration paid in such transactions is financed with debt. Based on this analysis and assuming the Merger, the ALH Transaction and the BLH Transaction are completed and that the cash portion of the consideration paid in such transactions is financed with debt, Consecos's ratios of debt to total capitalization and debt and preferred stock to total capitalization as of June 30, 1996 would be 33.5% and 35.8%, respectively, versus 40.9% and 43.8%, respectively, assuming only the ALH Transaction and the BLH Transaction are completed and that the cash portion of the consideration paid in such transactions is financed with debt. There can be no assurance as to whether the assumptions regarding financing sources set forth in this paragraph will occur, and such assumptions are used only for purposes of illustration.

CONTRIBUTION ANALYSIS. DLJ analyzed ATC's and Conseco's relative contributions to the combined company with respect to GAAP operating revenues, GAAP operating earnings, shareholders' equity and total assets and compared this with the relative ownership of ATC shareholders in the combined company after the Merger. Such analysis was considered on a percentage contribution basis and was made, where appropriate, (i) for 1995 and for the LTM ended June 30, 1996 based on Conseco's and ATC's historical and pro forma (in the case of Conseco, pro forma for the acquisition of LPG and certain other matters) financial results and (ii) with respect to estimated GAAP operating earnings for 1996 and 1997, as projected by ATC's and Conseco's managements.

ATC's relative contribution to the combined company with respect to 1995 GAAP operating revenues was 8.4% of the total. ATC's relative contribution to the combined company with respect to GAAP operating earnings for 1995 and the LTM ended June 30, 1996 were 12.0% and 11.3%, respectively, of the total. ATC's relative contribution to the combined company with respect to estimated GAAP operating earnings for 1996 and 1997 were 12.7% and 12.1%, respectively, of the total. ATC's relative contribution to the combined company with respect to total assets was 3.6% of the total. Including the PRIDES for Conseco as common equity, ATC's relative contribution to shareholders' equity as of June 30, 1996 was 14.7% of the total.

Assuming a price for Conseco Common Stock of \$41.25 (the closing market price as of August 20, 1996), ATC shareholders would own approximately 19.5% of the combined company after the Merger. The results of these contribution analyses are not necessarily indicative of the contributions that the respective businesses may actually make in the future.

The summary set forth above does not purport to be a complete description of the analyses performed by DLJ in rendering the DLJ Opinion. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to summary description. Each of the analyses conducted by DLJ was carried out in order to provide a different perspective on the Merger and add to the total mix of information available. DLJ did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to fairness, from a financial point of view. Rather, in reaching its conclusion, DLJ considered the results of the analyses in light of each other and did not place particular reliance or weight on any individual analysis and ultimately reached its opinion based on the results of all analyses taken as a whole. Accordingly, notwithstanding the separate factors summarized above, DLJ believes that its analyses must be considered as a whole and that selected portions of its analyses and the factors considered by it, without considering all analyses and factors, may create an incomplete view of the evaluation process underlying the DLJ Opinion. In performing its analyses, DLJ made numerous assumptions with respect to industry performance, business and economic conditions and other matters. The analyses performed by DLJ are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses.

The ATC Board selected DLJ as its financial advisor because it is a nationally recognized investment banking firm that has substantial experience in transactions similar to the Merger and is familiar with ATC, its business and the life, accident and health insurance and annuity industries. Pursuant to the terms of an engagement letter dated August 15, 1996 between ATC and DLJ, ATC paid DLJ a \$50,000 retainer fee and an additional \$350,000 upon rendering of the DLJ Opinion. Pursuant to the terms of the engagement letter, ATC will pay DLJ, on the Closing Date, cash compensation equal to five-eighths of one percent (0.625%) of the Transaction Value, less the \$400,000 paid to date. Based on an assumed Transaction Value, ATC will pay DLJ, on the Closing Date, cash consideration of approximately \$4.9 million, less the \$400,000 paid to date. ATC also agreed to reimburse DLJ for all out-of-pocket expenses (including the reasonable fees and out-of-pocket expenses of counsel) incurred by DLJ in connection with its engagement and to indemnify DLJ and certain related persons against certain liabilities in connection with its engagement, including liabilities under the federal securities laws. The terms of the fee arrangement with DLJ, which DLJ and ATC believe are customary in transactions of this nature, were negotiated at arm's length between ATC and DLJ and the ATC Board was aware of such arrangement, including the fact that a significant portion of the aggregate fee payable to DLJ is contingent upon consummation of the Merger.

In the ordinary course of business, DLJ may actively trade the securities of both ATC and Conseco for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. DLJ, as part of its investment banking services, is regularly engaged in the valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. DLJ has performed investment banking and other services for ATC and Conseco in the past and has received usual and customary compensation for such services. In addition, DLJ acted as financial advisor to CAF in connection with the CAF Merger and to THI in connection with the THI Merger.

CERTAIN CONSEQUENCES OF THE MERGER

As a result of the Merger, the shareholders of ATC will become shareholders of Conseco, and thereby will continue to have an interest in the business of ATC through Conseco. See "Comparison of Shareholders' Rights." Upon the consummation of the Merger, each outstanding share of ATC Common Stock (other than shares of ATC Common Stock held by ATC as treasury stock or Dissenting Shares) will be canceled and converted into the right to receive the Merger Consideration. Conseco will apply to have the additional shares of Conseco Common Stock issued pursuant to the Merger listed on the NYSE.

ATC Stock Options held at the Effective Time will be converted automatically into options to purchase, for the same aggregate consideration payable to exercise such ATC Stock Options, the number of shares of Conseco Common Stock which the holder would have been entitled to receive at the Effective Time if such ATC Stock Options had been exercised for shares of ATC Common Stock prior to the Effective Time. Except for ATC Stock Options held by non-employee directors, each ATC Stock Option, if not then vested, will vest in full at the earlier of (1) the expiration of three months after the Effective Time or (2) termination by Conseco of the employment of the holder of such options. Each ATC Stock Option held by a non-employee director of ATC will vest in full at the Effective Time. Conseco has agreed to take all corporate action necessary to reserve for issuance a sufficient number of shares of Conseco Common Stock for delivery upon exercise of ATC Stock Options assumed in accordance with the Merger Agreement.

Upon consummation of the Merger, pursuant to a supplemental indenture, Conseco will be substituted for, and assume all of the rights and obligations of, ATC under the Indenture and the Debentures. Conseco will become the obligor with respect to the Debentures and holders of the Debentures will become creditors of Conseco. All rights and obligations of ATC under the Indenture and Debentures will cease.

The Debentures that remain outstanding immediately prior to the Effective Time will be converted automatically into debentures of Conseco, the holders of which will have the same rights as they did under the Debentures and the Indenture including the right to receive interest payments and the right to convert the Debentures into the number of shares of Conseco Common Stock which the holder would have been entitled to receive at the Effective Time if such Debentures had been converted into shares of ATC Common Stock prior to the Effective Time, subject to future adjustments for, among other things, changes in the capitalization of Conseco, as contemplated by the Indenture.

CONDUCT OF THE BUSINESS OF CONSECO AND ATC AFTER THE MERGER

Following the Merger, Conseco expects to achieve operating cost savings through the consolidation of certain Conseco and ATC operations and the elimination of redundant expenses. Such savings would be realized, over time, primarily through reductions in staff, the combination, elimination or relocation of certain office facilities and the consolidation of certain operations. There can be no assurance that such cost savings will be realized as anticipated by Conseco.

Conseco's Board of Directors and management will not be affected by the Merger. See "Management of Conseco Upon Consummation of the Merger."

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary description of the material United States federal income tax consequences of the Merger to ATC and its shareholders. This summary is not a complete description of all of the tax consequences of the Merger and, in particular, does not address tax considerations which may affect the treatment of certain special status taxpayers such as financial institutions, broker-dealers, insurance companies, tax-exempt organizations, investment companies, foreign persons, holders of options, warrants or similar rights with respect to ATC Common Stock, or persons who acquired ATC Common Stock pursuant to the exercise of stock options, warrants or similar rights. In addition, no information is provided herein with respect to the tax consequences of the Merger under any foreign, state or local tax laws.

The following discussion is based on the Code, as in effect on the date of this Joint Proxy Statement/Prospectus, without consideration of the particular facts or circumstances of any particular holder of ATC Common Stock. Neither ATC nor Consecoco has sought or will seek any rulings from the Internal Revenue Service with respect to any of the matters discussed herein.

The obligation of ATC to effect the Merger is conditioned on delivery to ATC of an opinion dated the Closing Date (as defined in the Merger Agreement) from Fox, Rothschild, O'Brien & Frankel, counsel to ATC, based on certain representations to be made by ATC, Consecoco and certain shareholders of ATC and on assumptions set forth in the opinion, that for federal income tax purposes the Merger will constitute a reorganization within the meaning of Section 368(a)(1)(A) of the Code and that no gain or loss will be recognized by the ATC shareholders with respect to the shares of Consecoco Common Stock received by the ATC shareholders in the Merger.

Based on such opinion, the material federal income tax consequences of the Merger to ATC and its shareholders will be as follows:

(i) No gain or loss will be recognized by ATC shareholders upon their exchange of ATC Common Stock for Consecoco Common Stock, except that: (A) any ATC shareholder who receives cash proceeds in lieu of a fractional share interest in Consecoco Common Stock will recognize gain or loss equal to the difference between such proceeds and the tax basis allocated to the fractional share interest, and such gain or loss will constitute capital gain or loss (short or long term, depending on such shareholder's holding period for his ATC Common Stock) if such shareholder's ATC Common Stock is held as a capital asset at the Effective Time; and (B) similarly, any ATC shareholder who exercises dissenters rights will recognize gain or loss with respect to the disposition of his ATC Common Stock equal to the difference between such shareholder's tax basis in his ATC Common Stock and the total cash received upon exercise of his or her dissenters rights;

(ii) No gain or loss will be recognized by ATC as a result of the Merger;

(iii) The tax basis of the Consecoco Common Stock (including any fractional share interest deemed received and exchanged for a cash payment) received by an ATC shareholder in exchange for ATC Common Stock will be the same as such shareholder's tax basis in the ATC Common Stock surrendered in exchange therefor; and

(iv) The holding period of the Consecoco Common Stock (including any fractional share interest deemed received and exchanged for a cash payment) received by an ATC shareholder will include the period during which the ATC Common Stock surrendered in exchange therefor was held (provided that such ATC Common Stock was held by such ATC shareholder as a capital asset at the Effective Time).

THE FOREGOING IS A GENERAL DISCUSSION OF CERTAIN POTENTIAL MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO ATC AND ATC SHAREHOLDERS AND IS INCLUDED FOR GENERAL INFORMATION ONLY. THE FOREGOING DISCUSSION DOES NOT TAKE INTO ACCOUNT THE PARTICULAR FACTS AND CIRCUMSTANCES OR TAX STATUS OR ATTRIBUTES OF EACH ATC SHAREHOLDER. AS A RESULT, THE FEDERAL INCOME TAX CONSEQUENCES ADDRESSED IN THE FOREGOING DISCUSSION MAY NOT APPLY TO EACH ATC

SHAREHOLDER. ACCORDINGLY, EACH ATC SHAREHOLDER SHOULD CONSULT HIS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE MERGER, INCLUDING, BUT NOT LIMITED TO, THE APPLICATION AND EFFECT OF FEDERAL, STATE, LOCAL AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN SUCH LAWS.

REGULATORY APPROVALS

ANTITRUST. Under the HSR Act and the rules promulgated thereunder by the Federal Trade Commission (the "FTC"), the Merger may not be consummated until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the Department of Justice (the "Antitrust Division") and specified waiting period requirements have been satisfied. Consecro and ATC filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on October 8, 1996. The FTC orally confirmed early termination of the HSR Act waiting period on October 22, 1996. At any time before or after the consummation of the Merger, and notwithstanding that the HSR Act waiting period has been terminated, the Antitrust Division of the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the Merger or seeking divestiture of substantial assets of Consecro and ATC. At any time before or after the consummation of the Merger, and notwithstanding that the HSR Act waiting period has been terminated, any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the Merger or seeking divestiture of ATC or businesses of Consecro or ATC. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

Consecro and ATC believe that the Merger can be effected in compliance with federal and state antitrust laws. However, there can be no assurance that a challenge to the consummation of the Merger on antitrust grounds will not be made or that, if such a challenge were made, Consecro and ATC would prevail or would not be required to accept certain conditions, possibly including certain divestitures, in order to consummate the Merger.

INSURANCE. The consummation of the Merger will require the approvals or exemptive orders of the insurance commissioners, directors of insurance or superintendents of insurance (the "Insurance Regulators") under the state insurance codes (the "Insurance Codes") of New York, Pennsylvania and Texas, which are jurisdictions in which insurance companies owned by ATC are domiciled. The Insurance Codes generally contain provisions applicable to the acquisition of control of a domestic insurer, including a presumption of control that arises from the ownership of 10 percent or more of the voting securities of a domestic insurer or a person that controls a domestic insurer. The filing of an application for acquisition of control of a domestic insurer gives rise to mandatory or, in some states, discretionary public hearing requirements and/or statutory periods (ranging from 30 to 90 days, which may be extended in certain circumstances) within which decisions must be rendered approving or disapproving the acquisition of control. Appropriate filings with the relevant Insurance Regulators are being made and it is anticipated, although there can be no assurance, that approvals of such Insurance Regulators will be obtained.

NYSE LISTING OF CONSECO COMMON STOCK

Pursuant to the Merger Agreement, Consecro is required to use its best efforts to obtain listing on the NYSE of the shares of Consecro Common Stock to be issued in connection with the Merger. Approval of the listing on the NYSE of the shares of Consecro Common Stock to be issued in the Merger is a condition to the respective obligations of ATC and Consecro to consummate the Merger.

FEDERAL SECURITIES LAW CONSEQUENCES

All shares of Consecro Common Stock issued in connection with the Merger will be freely transferable, except that any shares of Consecro Common Stock received by persons who are deemed to be "affiliates" (as

such term is defined under the Securities Act) of ATC prior to the Merger which may be resold by them only in transactions registered under the Securities Act, permitted by the resale provisions of Rule 145 promulgated under the Securities Act (or Rule 144 if such persons are or become affiliates of Consecro), or otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of ATC generally include individuals or entities that control, are controlled by, or are under common control with, such party and may include certain officers and directors of such party as well as principal shareholders of such party.

DISSENTERS RIGHTS

ATC. Pursuant to the Merger Agreement and the PBCL, holders of ATC Common Stock have dissenters rights in connection with the Merger under Subchapter 15D of the PBCL, a copy of which is attached as Annex C to this Joint Proxy Statement/Prospectus, and may object to the Merger Agreement and demand in writing that ATC pay them the fair value of their ATC Common Stock.

Failure by any dissenting shareholder to comply with any procedure required by Subchapter 15D may result in termination of such shareholders' dissenters rights. ATC will not give any notice of the following requirements other than as described in this Joint Proxy Statement/Prospectus and as required by the PBCL.

A holder of record of ATC Common Stock may assert dissenters rights as to fewer than all of the shares of ATC Common Stock registered in such holder's name only if the holder dissents with respect to all of the ATC Common Stock beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf the holder dissents. In that event, the holder's rights shall be determined as if the shares as to which the holder has dissented and the other shares are registered in the names of different holders. A beneficial owner of shares of ATC Common Stock who is not also the record holder of such shares may assert dissenters rights with respect to shares held on such owner's behalf and shall be treated as a dissenting shareholder under the terms of Subchapter 15D if the beneficial owner submits to ATC, not later than the time of filing the Notice of Intention to Dissent (as defined below), a written consent of the record holder. Such beneficial owner may not dissent with respect to less than all shares of ATC Common Stock beneficially owned by such beneficial owner.

Holders of ATC Common Stock (or beneficial owners thereof as provided above) who follow the procedures of Subchapter 15D as outlined below will be entitled to receive from ATC the fair value of their shares of ATC Common Stock immediately before the Effective Time, taking into account all relevant factors but excluding any appreciation or depreciation in anticipation of the effectuation of the Merger Agreement. Holders of ATC Common Stock (or beneficial owners thereof) who elect to exercise their dissenters rights must comply with all of the following procedures to reserve those rights.

Holders of ATC Common Stock (or beneficial owners thereof) who wish to exercise dissenters rights must file a written notice of intention to demand the fair value of their shares of ATC Common Stock if the Merger is effectuated (the "Notice of Intention to Dissent"). Such dissenters must file the Notice of Intention to Dissent with the Secretary of ATC prior to the vote by ATC shareholders on the Merger Agreement; they must make no change in their beneficial ownership of ATC Common Stock from the date of filing until the Effective Time; and they must refrain from voting their ATC Common Stock for the approval and adoption of the Merger Agreement. The Notice of Intention to Dissent must be in addition to and separate from any proxy or vote against the Merger Agreement.

If the Merger Agreement is approved and adopted by the required vote at the ATC Special Meeting, Consecro will mail a notice (the "Notice of Approval") to all dissenters who filed a Notice of Intention to Dissent prior to the vote on the Merger Agreement and who refrained from voting for the approval and adoption of the Merger Agreement. Consecro expects to mail the Notice of Approval promptly after effectuation of the Merger. The Notice of Approval will state where and when (the "Demand Deadline") a demand for payment must be sent and certificates for shares of ATC Common Stock must be deposited in order to obtain payment; it will supply a form for demanding payment (the "Demand Form") which includes a request for certification of the

date on which the holder, or the person on whose behalf the holder dissents, acquired beneficial ownership of the shares of ATC Common Stock; and it will be accompanied by a copy of Subchapter 15D. Dissenters must ensure that the Demand Form and their certificates for shares of ATC Common Stock are received by Consecos on or before the Demand Deadline. All mailings to Consecos are at the risk of the dissenter. However, it is recommended that the Notice of Intention to Dissent, the Demand Form and the holder's share certificates be sent by certified mail.

Any holder (or beneficial owner) of ATC Common Stock who fails to file a Notice of Intention to Dissent, fails to complete and return the Demand Form, or fails to deposit share certificates with Consecos, each within the time periods provided above, will lose the holder's (or beneficial owner's) dissenters rights under Subchapter 15D. A dissenter will retain all rights of a shareholder, or beneficial owner, as the case may be, until those rights are modified by effectuation of the Merger.

Upon timely receipt of the completed Demand Form, Consecos is required by the PBCL either to remit to dissenters who have returned the Notice of Intention to Dissent and the completed Demand Form and have deposited their certificates, the amount Consecos estimates to be the fair value for their shares or to give written notice that no such remittance will be made. Consecos does not intend to make payment of any part of the amounts payable to dissenters until the fair value of the ATC Common Stock affected by the Merger has been finally determined. The remittance or notice will be accompanied by:

- (1) the closing balance sheet and statement of income of ATC for the fiscal year ended December 31, 1995, together with the latest available interim financial statements;
- (2) a statement of Consecos's estimate of the fair value of the ATC Common Stock ("Consecos's Estimate"); and
- (3) A notice of the right of the dissenter to demand payment or supplemental payment, as the case bay be, accompanied by a copy of Subchapter 15D.

If Consecos does not remit the amount of its estimate of fair value of the ATC Common Stock, it will return any certificates that have been deposited, and may make a notation on any such certificates that a demand for payment in accordance with Subchapter 15D has been make. If shares carrying such notation are thereafter transferred, each new certificate issued therefor may bear a similar notation, together with the name of the original dissenting holder or owner of such shares. A transferee of such shares will not acquire by such transfer any rights in ATC other than those which the original dissenter had after making demand for payment of their fair value.

After Consecos gives notice of Consecos's Estimate, without remitting that amount, and if the dissenter believes that Consecos's Estimate is less than the fair value of the shares, the dissenter may send to Consecos the dissenter's own estimate (the "Holder's Estimate") of the fair value of the shares as contemplated by PBCL Section 1578, which will be deemed a demand for payment of the amount of the Holder's Estimate. If a dissenter does not file a Holder's Estimate within 30 days after the mailing by Consecos of its remittance or notice, the dissenter will be entitled to no more than Consecos's Estimate.

If, within 60 days after the Effective Time or after the timely receipt by Consecos of any Holder's Estimate, whichever is later, any demands for payment remain unsettled, Consecos may file in the Court of Common Pleas of Bucks County, Pennsylvania an application for relief requesting that the fair value of the ATC Common Stock be determined by the court. There is no assurance that Consecos will file such an application. All dissenters, wherever residing, whose demands have not been settled will be made parties to any such appraisal proceeding. The court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. Each dissenter who is made a party will be entitled to recover the amount by which the fair value of the dissenters ATC Common Stock is found to exceed the amount, if any, previously remitted, plus interest. Interest shall be payable from the Effective Time until the date of payment at such rate as is fair and equitable under all the circumstances, taking into account all relevant factors, including the average rate currently paid by Consecos

on its principal line of credit. If Consecoco fails to file an application for relief, any dissenter who has made a demand and who has not already settled the dissenter's claim against Consecoco may do so in the name of Consecoco at any time within 30 days after the expiration of the 60-day period. If a dissenter does not file an application within the 30-day period, each dissenter entitled to file an application shall be paid Consecoco's Estimate and no more, and may bring an action to recover any amount thereof not previously remitted.

The costs and expenses of such court proceedings, including the reasonable compensation and expenses of the appraiser appointed by the court, will be determined by the court and assessed against Consecoco, except that any part of the costs and expenses may be apportioned and assessed as the court deems appropriate against all or some of the dissenters who are parties and whose action in demanding supplemental payment the court finds to be dilatory, arbitrary or in bad faith. Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against Consecoco, and in favor of any or all dissenters, if Consecoco fails to comply substantially with the requirements of subchapter 15D. Such fees and expenses may be assessed against either Consecoco or a dissenter, if the court finds that the party against whom the fees and expenses are assessed acted in bad faith, arbitrarily, or in a dilatory manner. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against Consecoco, it may award such counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefitted.

Under the PBCL, a shareholder of ATC has no right to obtain, in the absence of fraud or fundamental unfairness, an injunction against the Merger, nor any right to valuation and payment of the fair value of the holder's shares because of the Merger, except to the extent provided by the dissenters rights provisions of Subchapter 15D. The PBCL also provides that, absent fraud or fundamental unfairness, the rights and remedies provided by Subchapter 15D are exclusive.

The foregoing description of the rights of dissenters under Subchapter 15D is qualified in its entirety by the provision of Subchapter 15D and should be read in conjunction with Annex C to this Joint Proxy Statement/Prospectus.

CONSECO. Holders of Consecoco Stock will not be entitled to appraisal or dissenters rights under the IBCL in connection with the Merger because the Consecoco Common Stock is traded on the NYSE.

ACCOUNTING TREATMENT

Consecoco intends to account for the Merger under the purchase method of accounting in accordance with Accounting Principles Board Opinion No. 16 ("APB No. 16"). Under this method of accounting, the cost of acquiring all outstanding shares of ATC Common Stock and the assumption of all outstanding ATC Stock Options will be determined by the cost of shares of ATC Common Stock currently owned by Consecoco and the value at the Effective Time of Consecoco Common Stock (and cash in lieu of fractional shares) to be issued to holders of ATC Common Stock and ATC Stock Options, plus the direct costs associated with the Merger. Consecoco will allocate such cost in establishing new accounting and reporting bases for the underlying acquired assets and liabilities based on their estimated fair values at the Effective Time.

Consecoco believes the Merger will not qualify for the pooling of interest method of accounting in accordance with APB No. 16, because an affiliate of ATC intends to sell a portion of the Consecoco Common Stock it receives in the Merger shortly after the Effective Time.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

INDEMNIFICATION OF DIRECTORS AND OFFICERS. Pursuant to the Merger Agreement, the Articles of Incorporation and Bylaws of ATC's subsidiaries shall contain the provisions with respect to indemnification set forth therein on the date of the Merger Agreement, and such provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights of Indemnified Parties in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by the Merger Agreement), unless such modification is required by law. Consecoco has agreed to indemnify the Indemnified Parties, but only to the extent that ATC would have been obligated to do so had it been the Surviving Corporation. The foregoing provisions are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party, his heirs and his personal representatives and shall be binding on all successors and assigns of Consecoco.

SEVERANCE PAYMENTS. The Merger Agreement provides for a payment to Ronald J. Holmer, Benedict J. Iacovetti, Ernest Iannucci and Wayne G. Vosik up to a maximum of \$120,000 each, if necessary, intended to reimburse such individuals for any excise tax imposed under section 4999 of the Code with respect to any payment that such individuals may receive under their employment agreements with ATC as described below.

Each of Ronald J. Holmer, Benedict J. Iacovetti, Ernest Iannucci, Susan T. Mankowski and Wayne G. Vosik have "at-will" employment agreements with ATC which have a change of control provision. The change of control provision provides that upon the occurrence of the Merger, ATC is required to deposit in an escrow account an amount equal to 200 percent of the executive's then current annual salary. If within three years of the Merger, the executive's employment is terminated for a reason other than death, normal retirement for age, disability or termination for cause, the executive may demand that the escrowed funds be paid to him or her.

EMPLOYMENT AGREEMENTS. Conseco Services will enter into employment agreements with John A. Powell, Thomas J. Parry, Kevin Shields and Denise Powell, all of which will be effective as of the Effective Time. The legal fees incurred by John A. Powell, Thomas J. Parry, Kevin Shields and Denise Powell in connection with the employment agreements were paid by ATC.

John A. Powell. John A. Powell's employment agreement with Conseco Services provides for an employment term of five years and an initial position of President of ATLIC. Mr. Powell will be entitled to an initial annual salary of \$1,000,000 plus such bonuses or incentive compensation as the boards of directors of Conseco and its subsidiaries (the "Boards") shall deem appropriate. In addition, Mr. Powell shall be entitled to a cash bonus in 1996 pursuant to his current employment agreement with ATC and a minimum cash bonus of \$250,000 in 1997. Mr. Powell may receive annual salary increases in the discretion of the Boards.

Pursuant to his employment agreement, Mr. Powell is entitled to participate in such employee benefit plans and insurance programs currently offered by Conseco Services for its executive management or supervisory personnel.

At the Effective Time, Mr. Powell will receive a grant of options to purchase 100,000 shares of Conseco Common Stock at a purchase price per share equal to the average sale price of Conseco Common Stock on the date of grant. Twenty-five percent of such options will vest upon receipt and twenty-five percent will vest on each of the first three anniversaries of the Effective Time. In addition, Mr. Powell shall be eligible to receive such other stock option grants in accordance with the policy of Conseco Services applicable to similarly situated executives.

The employment agreement provides that Conseco Services shall assume all rights and obligations of ATC to pay for a split-dollar life insurance policy on the life of Mr. Powell. An insurance policy presently maintained by ATC on the life of Mr. Powell to fund the payment of certain deferred compensation benefits shall be transferred to Mr. Powell without any payment by or other cost to Mr. Powell and the obligation to make such deferred compensation benefits shall be terminated.

Mr. Powell's employment agreement with Conseco Services will prevent him from disclosing confidential information obtained pursuant to his employment by Conseco Services and contains limited non-solicitation and non-compete provisions. The employment agreement provides that either Mr. Powell or Conseco Services may terminate it any time for any reason. However, if the employment agreement is terminated by Conseco Services for other than "just cause" (as defined in the employment agreement) or by Mr. Powell for "good reason" (as defined in the employment agreement) during the initial employment term, Mr. Powell will be entitled to receive his base salary, for the greater of one year from the date of notice of termination or the remainder of the initial employment term, plus the pro rata share of any bonuses and all other unpaid amounts accrued as of the date of termination to which he would otherwise be entitled. In the event of termination resulting from a "change of control" (as defined in the employment agreement), Mr. Powell may elect to be paid a lump sum severance allowance in lieu of the termination payments provided in the preceding sentence. If the term of employment is not renewed at the end of the initial employment term, then, thereafter, upon Mr. Powell's termination of employment by Conseco Services without just cause or Mr. Powell's termination of employment with Conseco Services for good reason, Mr. Powell will be entitled to receive an amount equal to his base salary for a period

of one year from the earlier of the date Conesco Services gives Mr. Powell notice of its intent to terminate his employment or the date of such termination of employment.

In the event of Mr. Powell's disability during the initial employment term, he shall be entitled to his base salary for six months and, thereafter, 50 percent of his base salary and a pro rata share of his bonus. In the event of Mr. Powell's death during the initial employment term, his beneficiary shall be entitled to his pro rata share of his bonus and all other unpaid amounts accrued as of the date of death.

Other Employment Agreements. The employment agreements with Thomas J. Parry, Kevin Shields and Denise Powell each provide for a three-year initial employment term and their respective positions and base salaries are: Vice President--Marketing of ATLIC--\$175,000; Vice President--Sales of ATLIC-- \$125,000; and Vice President--Sales of ATLIC--\$120,000.

Each of the executives will be entitled to (1) an annual cash bonus in 1996 as determined under the current ATC arrangement; (2) in 1997, a minimum cash bonus of \$20,000; and (3) such other bonus or incentive compensation as the Boards may approve from time to time.

All of the executives are entitled to participate in such employee benefit plans and insurance programs currently offered by Conesco Services. At the Effective Time, each of the executives shall receive a grant of options to purchase 20,000 shares of Conesco Common Stock at a purchase price per share equal to the average sale price of stock on the date of grant. Such options shall vest in equal annual installments over three years. In addition, such executives shall be eligible to receive such other stock option grants in accordance with the policy of Conesco Services applicable to similarly situated executives.

The executives' employment agreements prevent them from disclosing confidential information obtained pursuant to their employment by Conesco Services and contain certain limited non-solicitation and non-compete provisions. Each of the employment agreements provides that either the executive or Conesco Services may terminate it any time for any reason. However, if the employment agreement is terminated by Conesco Services for other than "just cause" (as defined in the employment agreement) during the initial employment term, the executive shall be entitled to receive his or her base salary for the greater of two years from the termination or the remainder of the initial employment term, plus the pro rata share of any bonuses he or she is otherwise entitled to and all other unpaid amounts accrued as of the date of termination.

In the event of the executive's disability during the initial employment term, the executive shall be entitled to his or her pro rata share of bonus and all other unpaid amounts accrued as of the date of disability and such benefits as are provided under Conesco Service's salary continuation and disability plans. In the event of the executive's death during the initial employment term, the executive's beneficiary shall be entitled to receive a pro rata share of bonuses and all other unpaid amounts accrued as of the date of the executive's death.

THE MERGER AGREEMENT

The following is a brief summary of certain provisions of the Merger Agreement, which is attached as Annex A to this Joint Proxy Statement/Prospectus and is incorporated herein by reference. This summary is qualified in its entirety by reference to the Merger Agreement. All shareholders are urged to read the Merger Agreement in its entirety.

THE MERGER

The Merger Agreement provides that, subject to satisfaction or waiver of the terms and conditions contained in the Merger Agreement, including the approval of the Merger Agreement and the transactions contemplated thereby by the shareholders of ATC and approval of the Merger Consideration Stock Issuance by the shareholders of Conesco, ATC will be merged with and into Conesco, with Conesco being the Surviving Corporation.

EFFECTIVE TIME

The Merger Agreement provides that, subject to the satisfaction or waiver of certain conditions and the requisite approval of the shareholders of Conseco and ATC, the Merger will be consummated by, and will become effective on the date of, the filing of a Certificate of Merger with the Secretary of State of Indiana and the Secretary of State of Pennsylvania or at such time thereafter as is provided in the Certificate of Merger. The Merger Agreement may be terminated by either Conseco or ATC if, among other reasons, the Merger has not been consummated on or before December 31, 1996; provided, however, such date may be extended to March 31, 1997 if certain conditions are satisfied. See "--Conditions to the Merger" and "--Termination."

CONVERSION OF SHARES; EXCHANGE OF STOCK CERTIFICATES; NO FRACTIONAL AMOUNTS

At the Effective Time, pursuant to the Merger Agreement, each share of ATC Common Stock issued and outstanding immediately prior to the Effective Time (other than shares held as treasury shares by ATC or Dissenting Shares), shall be converted into the right to receive (i) if the Conseco Share Price is greater than or equal to \$42.25 per share, and less than or equal to \$46.25 per share, .7574 of a share of Conseco Common Stock; (ii) if the Conseco Share Price is less than \$42.25 per share, the fraction (rounded to the nearest ten-thousandth) a share (or such fraction and whole number as the case may be) 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 (rounded to the nearest ten-thousandth) of a share of Conseco Common Stock determined by dividing \$35.03 by the Conseco Share Price. The "Conseco Share Price" shall be equal to the average of the closing prices of the Conseco Common Stock on the NYSE Composite Transactions Reporting System for the 10 trading days immediately preceding the second trading day prior to the Effective Time. Thus, holders of shares of ATC Common Stock will receive Conseco Common Stock with a value (based on the average closing price during such 10 day period) of not less than \$32.00 per share and up to \$35.03 per share. The Conseco Common Stock to be issued to holders of ATC Common Stock pursuant to the Merger and any cash to be paid in lieu of fractional shares of Conseco Common Stock are referred to collectively as the "Merger Consideration."

In the event of any change in Conseco Common Stock between the date of the Merger Agreement and the Effective Time of the Merger by reason of any stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares or the like, the number and class of shares of Conseco Common Stock to be issued and delivered in the Merger in exchange for each outstanding share of ATC Common Stock as provided in the Merger Agreement shall be proportionately adjusted.

The structure of the Merger was the result of arm's length negotiations between ATC and Conseco and economic considerations and was intended to qualify as a tax-free reorganization under Sections 368(a)(1)(A) of the Code. On October 22, 1996, the last full trading day for which information was available prior to the mailing of this Joint Proxy Statement/Prospectus, the closing price reported for shares of Conseco Common Stock on the NYSE was \$51.625 per share and the closing price reported for shares of ATC Common Stock on the NASDAQ National Market was \$34.125 per share. There can be no assurance or prediction, and neither Conseco nor ATC hereby make any assurance or prediction, as to the future price of the Conseco Common Stock or ATC Common Stock.

At the Effective Time, each share of ATC Common Stock issued and outstanding immediately prior to the Effective Time which is then held as a treasury share by ATC or any of its subsidiaries immediately prior to the Effective Time, shall, by virtue of the Merger and without any action on the part of ATC, be canceled and retired and cease to exist, without any conversion thereof.

No fractional shares of Conseco Common Stock will be issued in connection with the Merger. Each ATC shareholder who otherwise would have been entitled to a fraction of a share of Conseco Common Stock (after taking into account all certificates delivered by such holder) shall receive in lieu thereof cash (without interest) in an amount equal to such fractional part of a share of Conseco Common Stock multiplied by the Conseco Share Price.

Promptly after the Effective Time, the designated exchange agent will mail to each record holder of Certificates a form of letter of transmittal and instructions for use in surrendering such Certificates and receiving the consideration to which such holder shall be entitled. After receipt of such transmittal form, each holder of Certificates should surrender such Certificates to the exchange agent together with such letter of transmittal duly executed and completed in accordance with the instructions thereto, and each such holder will be entitled to receive in exchange therefor certificates for shares of Conseco Common Stock and/or a check for any cash which may be payable in lieu of a fractional share of Conseco Common Stock.

ATC SHAREHOLDERS SHOULD NOT FORWARD THEIR CERTIFICATES TO THE EXCHANGE AGENT

UNTIL THEY HAVE RECEIVED A TRANSMITTAL LETTER AND INSTRUCTIONS.

After the Effective Time, each Certificate, until so surrendered and exchanged, will be deemed, for all purposes, to evidence only the right to receive the number of shares of Conseco Common Stock that the holder of such certificate is entitled to receive pursuant to the terms of the Merger Agreement and the right to receive any cash payment in lieu of a fractional share of Conseco Common Stock.

TREATMENT OF ATC STOCK OPTIONS

At the Effective Time, each ATC Stock Option shall be deemed disposed to ATC and then converted automatically into an option to purchase, for the same aggregate consideration payable to exercise such ATC Stock Options, the number of shares of Conseco Common Stock which the holder would have been entitled to receive at the Effective Time if such ATC Stock Options had been fully vested and exercised for shares prior to the Effective Time, but otherwise on the same terms and conditions as were applicable under the ATC stock option plan and the underlying stock option agreement except as provided in the next two sentences. Each ATC Stock Option held by anyone other than a non-employee director of ATC, if not then vested, will vest in full at the earlier of (1) the expiration of three months after the Effective Time or (2) the termination by Conseco of the employment of the holder of such ATC Stock Option. Each ATC Stock Option held by a non-employee director of ATC, if not then vested, will vest in full at the Effective Time.

Conseco has agreed to take all corporate action necessary to reserve for issuance a sufficient number of shares of Conseco Common Stock for delivery upon exercise of ATC Stock Options assumed in accordance with the Merger Agreement and to register such shares of Conseco Common Stock with the Commission pursuant to a Registration Statement on Form S-8.

DISSENTING SHARES

ATC Common Stock which is held by shareholders of ATC who shall have effectively dissented from the Merger and perfected their dissenters rights in accordance with the provisions of Subchapter 15D of the PBCL (the "Dissenting Shares") shall not be converted into or be exchangeable for the right to receive the Merger Consideration, but the holders thereof shall be entitled to payment from Conseco of the appraised value of such Dissenting Shares in accordance with the provisions of Subchapter 15D. See "The Merger--Dissenters Rights."

REPRESENTATIONS AND WARRANTIES

The Merger Agreement contains certain customary representations and warranties relating to, among other things, (1) each of Conseco's and ATC's organization and similar corporate matters; (2) each of Conseco's and ATC's capital structure; (3) the authorization, execution, delivery, performance and enforceability of the Merger Agreement with respect to Conseco and ATC and related matters; (4) documents filed by each of Conseco and ATC with the Commission and the accuracy of information contained therein; (5) the absence of material changes with respect to the business of Conseco and ATC; and (6) compliance with applicable laws.

CERTAIN COVENANTS

The Merger Agreement contains certain customary covenants and agreements, including, without limitation, the following:

CONDUCT OF BUSINESS. Pursuant to the Merger Agreement, and except as set forth in the disclosure schedules thereto, Consecro has agreed that during the period from the date of the Merger Agreement to the Effective Time, Consecro shall, and shall cause its subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course and will not, among other things, (1)(A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any outstanding capital stock of Consecro (other than regular quarterly cash dividends of \$.0625 per share of Consecro Common Stock and regular cash dividends on the Consecro Series D Preferred Stock and the Consecro PRIDES, in each case with usual record and payment dates and in accordance with Consecro's Articles of Incorporation and its present dividend policy) or (B) split, combine or reclassify any of its outstanding capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of Consecro's outstanding capital stock (other than under the Consecro stock option plans); (2) issue, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, in each case if any such action could reasonably be expected (A) to delay materially the date of mailing of this Joint Proxy Statement/Prospectus or, (B) if it were to occur after such date of mailing, to require an amendment of this Joint Proxy Statement/Prospectus; or (3) to acquire any business or any corporation, partnership, joint venture, association or other business organization or division thereof, in each case if any such action could reasonably be expected (A) to delay materially the date of mailing of this Joint Proxy Statement/Prospectus or, (B) if it were to occur after such date of mailing, to require an amendment of this Joint Proxy Statement/Prospectus.

Pursuant to the Merger Agreement, ATC has agreed that, during the period from the date of the Merger Agreement until the Effective Time, except as permitted by the Merger Agreement or as set forth on the disclosure schedules thereto, ATC will, and will cause its subsidiaries to, act and carry on their respective businesses in the ordinary course of business and will not (without the prior consent of Consecro), among other things (1)(A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of ATC's outstanding capital stock, (B) split, combine or reclassify any of ATC's outstanding capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of ATC's outstanding capital stock, or (C) purchase, redeem or otherwise acquire any shares of ATC's outstanding capital stock or any rights, warrants or options to acquire such shares; (2) issue, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, other than upon the exercise of ATC Stock Options outstanding on the date of the Merger Agreement; (3) amend its articles of incorporation or bylaws; (4) acquire any business or any corporation, partnership, joint venture, association or other business organization or division thereof; (5) sell, mortgage or otherwise encumber or dispose of any of its properties or assets that are material to ATC and its subsidiaries taken as a whole, except in the ordinary course of business; (6)(A) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, other than certain specified limitations, or (B) make any loans or advances to any other person, other than to ATC or any wholly-owned subsidiary of ATC and other than routine advances to employees; (7) make any tax election or settle or compromise any income tax liability that would reasonably be expected to be material to ATC and its subsidiaries taken as a whole; (8) pay, discharge, settle or satisfy any claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements of ATC or incurred since the date of such financial statements in the ordinary course of business consistent with past practice; (9) invest its future cash flow, any cash from matured and maturing investments, any cash proceeds from the sale of its assets and properties, and any cash funds currently held by it, in any investments other than cash equivalent

assets or in short-term investments, except (A) as otherwise required by law, (B) as required to provide cash (in the ordinary course of business and consistent with past practice) to meet its actual or anticipated obligations, (C) in publicly traded corporate bonds that are rated investment grade by at least two nationally recognized statistical rating organizations, (D) as may be otherwise required in ATC's contractual undertakings with Transport Life Insurance Company, or (E) as may be otherwise provided in the investment guidelines contained in the investment advisory agreements with Consec Capital Management, Inc., a wholly-owned subsidiary of Consec ("CCM"); (10) except as may be required by law, (A) make any representation or promise to any employee or former director, officer or employee of ATC or any subsidiary which is inconsistent with the terms of any existing ATC benefit plan, (B) make any change to the contracts, salaries, wages, or other compensation of any employee or any agent or consultant of ATC or any subsidiary other than

(i) routine changes or amendments that are required under existing contracts, or (ii) individual, routine changes or amendments that are made in the ordinary course of business and consistent with past practice and do not exceed 8 percent, (C) adopt, enter into, amend, alter or terminate any benefit plan or any election made pursuant to the provisions of any existing ATC benefit plan, to accelerate any payments, obligations or vesting schedules under any existing ATC benefit plan, or (D) approve any general or company-wide pay increases for employees; (11) except in the ordinary course of business, modify, amend or terminate any material agreement, permit, concession, franchise, license or similar instrument to which ATC or any subsidiary is a party or waive, release or assign any material rights or claims thereunder; and (12) hold any meeting of the board of directors of ATC or any subsidiary or any committee of any such board, or take any action by written consent of any such board or committee, without providing (A) written notice five days in advance of any such meeting or date of any proposed action by written consent, and (B) an agenda of the specific matters intended to be considered at such meeting or a copy of the proposed written consent.

CCM ADVISORY AGREEMENT. Pursuant to the Merger Agreement, ATC has agreed to enter into, and cause each of its subsidiaries to enter into, an investment advisory agreement with CCM. The investment advisory agreements shall be effective as of the date this Joint Proxy Statement/Prospectus is first mailed to ATC's shareholders (the "Mailing Date").

NO SOLICITATION. Pursuant to the Merger Agreement, ATC shall not, nor shall it permit any of its subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative of, ATC or any of its subsidiaries to, directly or indirectly, (1) solicit, initiate or encourage the submission of any bona fide proposal with respect to a merger, consolidation, share exchange or similar transaction involving ATC, ATL or UGL (each a "Significant Subsidiary"), or any purchase of all or any significant portion of the assets of ATC or any Significant Subsidiary, or any equity interest in ATC or any Significant Subsidiary, other than the transactions contemplated by the Merger Agreement (each an "Acquisition Proposal") or (2) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal. The foregoing shall not prohibit the Board of Directors of ATC from furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited Acquisition Proposal if, and only to the extent that (1) the Board of Directors of ATC, after consultation with and based upon the advice of outside counsel, determines in good faith that such action is necessary for the Board of Directors of ATC to comply with its fiduciary duties to shareholders under applicable law and (2) prior to taking such action, ATC (A) provides reasonable notice to Consec to the effect that it is taking such action and (B) receives from such person or entity an executed confidentiality agreement in reasonably customary form.

INDEMNIFICATION OF DIRECTORS AND OFFICERS. Pursuant to the Merger Agreement, Consec has agreed that the articles of incorporation and bylaws of ATC's subsidiaries shall contain the provisions with respect to indemnification set forth therein on the date of the Merger Agreement, and such provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights of individuals who at any time prior to the Effective Time were directors or officers of ATC or any of its subsidiaries (the "Indemnified Parties") in respect of actions or omissions occurring at or

prior to the Effective Time unless such modification is required by law. Consecro has agreed to indemnify the Indemnified Parties, but only to the extent that ATC would have been obligated to do so had it been the surviving corporation of the Merger.

CONDITIONS TO THE MERGER

The respective obligations of Consecro and ATC to effect the Merger are subject to the following conditions, among others: (1) the Merger Agreement and the Merger shall have been approved and adopted by the shareholders of ATC and the holders of Consecro Stock shall have approved and adopted the Merger Consideration Stock Issuance; (2) all required consents, approvals, permits and authorizations to the consummation of the transactions contemplated hereby by ATC and Consecro shall be obtained from (A) the Insurance Regulators in Pennsylvania, New York and Texas, and (B) any other governmental entity whose consent, approval, permission or authorization is required by reason of a change in law after the date of the Merger Agreement, unless the failure to obtain such consent, approval, permission or authorization (i) would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of ATC and its subsidiaries, taken as a whole, or on the validity or enforceability of the Merger Agreement or (ii) is the failure to obtain the approval of the Insurance Regulator of any life insurance subsidiary of ATC, which does not constitute a "significant subsidiary" (within the meaning of Rule 1-02 of Regulation S-X of the Commission) of ATC (a "Non-Significant Life Subsidiary") to the transfer of control of such Non-Significant Life Subsidiary, then such non-approval can be waived at the option of Consecro if certain specified actions are taken; (3) the waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have otherwise expired; (4) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect; (5) the shares of Consecro Common Stock issuable to ATC's shareholders pursuant to the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance; and (6) the Registration Statement shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order.

The obligation of Consecro to effect the Merger is subject to, among other things, the following additional conditions: (1) the representations and warranties of ATC contained in the Merger Agreement shall have been true and correct on the date of the Merger Agreement and as of the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of ATC and its subsidiaries taken as a whole; (2) ATC shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the Closing Date; and (3) no more than 20 percent of the shares of ATC Common Stock shall have become Dissenting Shares.

The obligation of ATC to effect the Merger is subject to, among other things, the following additional conditions: (1) the representations and warranties of Consecro contained in the Merger Agreement shall have been true and correct on the date of the Merger Agreement and as of the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of Consecro and its subsidiaries taken as a whole; (2) Consecro shall have performed in all material respects all obligations required to be performed by it under the Merger Agreement at or prior to the Closing Date; (3) ATC shall have received an opinion of counsel to the effect that the Merger will be treated as a reorganization under Section 368(a)(1) of the Code and that shareholders of ATC will not be subject to federal income tax on the receipt of shares of Consecro Common Stock in the Merger; and (4) ATC shall have received from DLJ, immediately prior to or on the Mailing Date, an update of its fairness opinion which was rendered as of the date of the Merger Agreement.

TERMINATION

The Merger Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time: (1) by the mutual written consent of Consecos and ATC; (2) by Consecos or ATC at any time if, (A) upon a vote at a duly held meeting of ATC or Consecos's shareholders or any adjournment thereof, any required approval of the holders of ATC Common Stock or Consecos Stock shall not be obtained, (B) the Merger shall not have been consummated on or before December 31, 1996, unless the failure to consummate the Merger is the result of a willful and material breach of the Merger Agreement by the party seeking to terminate the Merger Agreement; provided, however, that either party may by notice to the other party extend such date to March 31, 1997 if the only conditions to closing not satisfied as of December 31, 1996 are those relating to stockholder approval, governmental and regulatory consents and HSR Act, (C) any governmental entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable, or (D) the Board of Directors of ATC shall have exercised its rights set forth in Section 4.9 of the Merger Agreement; (See "--Right of ATC Board of Directors to Withdraw its Recommendation"); (3) by Consecos if ATC does not deliver a certificate signed by ATC's Chief Executive Officer and Chief Financial Officer certifying that, as of the Mailing Date, the representations and warranties of ATC in the Merger Agreement are true and correct, subject to certain limitations; or (4) by ATC if Consecos does not deliver a certificate signed by Consecos's Chief Executive Officer and Chief Financial Officer certifying that, as of the Mailing Date, the representatives and warranties of Consecos in the Merger Agreement are true and correct, subject to certain limitations.

If the Merger Agreement is validly terminated as described above, the Merger Agreement shall become void and have no effect, except for certain covenants regarding confidentiality, brokers and, as described herein, payment of certain fees and expenses, and except that no party thereto will be relieved of any liability for damages that such party may have to the other party by reason of such party's breach of the Merger Agreement.

RIGHT OF ATC BOARD OF DIRECTORS TO WITHDRAW ITS RECOMMENDATION

Under the Merger Agreement, the Board of Directors of ATC shall not (1) withdraw or modify, in a manner materially adverse to Consecos, the approval or recommendation by the Board of Directors of the Merger Agreement or the Merger, (2) approve or recommend an Acquisition Proposal or (3) enter into any agreement with respect to any Acquisition Proposal, unless ATC receives an Acquisition Proposal and the Board of Directors of ATC determines in good faith, following consultation with outside counsel, that in order to comply with its fiduciary duties to shareholders under applicable law it is necessary for the Board of Directors to withdraw or modify, in a manner materially adverse to Consecos, its approval or recommendation of the Merger Agreement or the Merger, approve or recommend such Acquisition Proposal, enter into an agreement with respect to such Acquisition Proposal or terminate the Merger Agreement. In the event the Board of Directors of ATC takes any of the foregoing actions, ATC shall, concurrently with the taking of any such action, pay to Consecos the fee described in "--Fees--Acquisition Proposal Fees."

FEES

ACQUISITION PROPOSAL FEES. ATC has agreed to pay to Consecos upon demand \$20 million (an "Acquisition Proposal Fee"), payable in same-day funds, if a bona fide Acquisition Proposal is commenced, publicly proposed, publicly disclosed or communicated to ATC (or the willingness of any person to make such an Acquisition Proposal is publicly disclosed or communicated to ATC) and the Board of Directors of ATC, in accordance with its fiduciary duties, withdraws or modifies in a manner materially adverse to Consecos its approval or recommendation of the Merger Agreement or the Merger, approves or recommends such Acquisition Proposal, enters into an agreement with respect to such Acquisition Proposal, or terminates the Merger Agreement.

OTHER FEES. In the absence of a requirement to pay an Acquisition Proposal Fee, unless Consecos is materially in breach of the Merger Agreement or is unable to satisfy certain closing conditions in the Merger

Agreement, ATC has agreed to pay to Consecro upon demand an amount not to exceed \$2 million to reimburse Consecro for its out-of-pocket fees and expenses in connection with the Merger or the consummation of the transactions contemplated by the Merger Agreement, payable in same-day funds, if the requisite approval of ATC's shareholders for the Merger is not obtained and all other closing conditions contained in the Merger Agreement have been satisfied or waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before March 31, 1997, through the exercise of best efforts to procure the satisfaction thereof.

In the absence of a requirement to pay an Acquisition Proposal Fee, unless ATC is materially in breach of the Merger Agreement or is unable to satisfy certain closing conditions in the Merger Agreement, Consecro has agreed to pay to ATC upon demand an amount not to exceed \$2 million to reimburse ATC for its out-of-pocket fees and expenses in connection with the Merger or the consummation of the transactions contemplated by the Merger, payable in same-day funds, if the requisite approval of holders of Consecro Stock of the Merger Consideration Stock Issuance is not obtained and all other closing conditions contained in the Merger Agreement have been satisfied or waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before March 31, 1997, through the exercise of best efforts to procure the satisfaction thereof.

EXPENSES

Except as otherwise expressly provided in the Merger Agreement, whether or not the Merger is consummated, each of ATC and Consecro will pay its own costs and expenses incident to preparing for, entering into and carrying out the Merger Agreement and the consummation of the transactions contemplated thereby except that the expenses incurred in connection with the printing, mailing and distribution of this Joint Proxy Statement/Prospectus and the preparation and filing of the Registration Statement shall be borne equally by Consecro and ATC.

MODIFICATION OR AMENDMENT

Subject to the applicable provisions of the IBCL and the PBCL, at any time prior to the Effective Time, ATC and Consecro may modify or amend the Merger Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties; provided, however, that after approval of the Merger by the shareholders of ATC, no amendment may be made which reduces the consideration payable in the Merger or adversely affects the rights of the ATC's shareholders under the Merger Agreement without the approval of such shareholders.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF CONSECO

The unaudited pro forma consolidated statements of operations of Consecos for the year ended December 31, 1995, and for the six months ended June 30, 1996, present the consolidated operating results for Consecos as if the following planned transactions had occurred on January 1, 1995: (1) the Merger; (2) the BLH Transaction; (3) the CAF Merger; (4) the Preferred Securities Offering; and (5) the THI Merger.

The pro forma consolidated statement of operations data for Consecos for the year ended December 31, 1995, set forth in the unaudited pro forma consolidated statement of operations under the column "Pro forma Consecos 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: (1) the Series D Call; (2) the ALH Transaction; (3) the LPG Merger; (4) the acquisition of all of the outstanding common stock of CCP not previously owned by Consecos and related transactions (including the repayment of the existing \$250.0 million revolving credit agreement); (5) the increase of Consecos's ownership in BLH to 90.5 percent, as a result of purchases of common shares of BLH by Consecos and BLH during 1995 and the first three months of 1996; (6) the issuance of 4.37 million shares of Consecos PRIDES in January 1996; (7) the BLH Tender Offer; and (8) the debt restructuring of ALH in the fourth quarter of 1995. Such pro forma adjustments are set forth in: (1) Exhibit 99.2 included in Consecos's Current Report on Form 8-K dated September 25, 1996; (2) Consecos's Current Report on Form 8-K dated August 2, 1996; and (3) Exhibit 99.1 included in Consecos's Current Report on Form 8-K dated April 10, 1996.

The pro forma consolidated statement of operations data for Consecos for the six months ended June 30, 1996, set forth in the unaudited pro forma consolidated statement of operations under the column "Pro forma Consecos 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: (1) the Series D Call; (2) the ALH Transaction; (3) the LPG Merger; (4) the issuance of 4.37 million shares of Consecos PRIDES in January 1996; and (5) the BLH Tender Offer. Such pro forma adjustments are set forth in: (1) Exhibit 99.2 included in Consecos's Current Report on Form 8-K dated September 25, 1996; (2) Consecos's Current Report on Form 8-K dated August 2, 1996; and (3) Exhibit 99.1 included in Consecos's Form 10-Q for the quarterly period ended June 30, 1996.

The unaudited pro forma consolidated balance sheet as of June 30, 1996, gives effect to the following planned transactions as if each had occurred on June 30, 1996: (1) the Merger; (2) the BLH Transaction; (3) the CAF Merger; (4) the Preferred Securities Offering; and (5) the THI Merger.

The unaudited pro forma consolidated balance sheet data as of June 30, 1996, set forth in the unaudited pro forma consolidated balance under the column "Pro forma Consecos 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 June 30, 1996: (1) the Series D Call; (2) the ALH Transaction; and (3) the LPG Merger. Such pro forma adjustments are set forth in: (1) Exhibit 99.2 included in Consecos's Current Report on Form 8-K dated September 25, 1996; and (2) Consecos's Current Report on Form 8-K dated August 2, 1996.

The pro forma consolidated financial statements are based on the historical financial statements of Consecos, LPG, ATC, CAF and THI and should be read in conjunction with their respective financial statements and notes. The pro forma data are not necessarily indicative of the results of operations or financial condition of Consecos had these transactions occurred on January 1, 1995 or June 30, 1996, nor the results of future operations. Consecos 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, the Merger, the BLH Transaction, the CAF Merger and the THI Merger using estimated values of the assets and liabilities of LPG, ATC, ALH, BLH, CAF and THI 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, the Merger, the BLH Transaction, the CAF Merger and the THI Merger had occurred on the assumed merger dates.

CONSECO

**PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 1996
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)**

(UNAUDITED)

	PRO FORMA CONSECO BEFORE THE MERGER	ATC HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA ADJUSTMENTS RELATING TO THE BLH TRANSACTION	PRO FORMA CONSECO SUBTOTAL (A)
Revenues:						
Insurance policy income.....	\$ 897.2	\$186.9	\$ --	\$1,084.1	\$ --	\$1,084.1
Investment activity:						
Net investment income.....	719.4	21.3	0.7 (1)	741.4	0.1(16)	741.5
Net trading losses...	(7.3)			(7.3)		(7.3)
Net realized gains...	15.4	1.3	2.3 (1)	19.0		19.0
Fee revenue.....	20.1			20.1		20.1
Restructuring income...	30.4			30.4		30.4
Other income.....	10.2			10.2		10.2
Total revenues.....	1,685.4	209.5	3.0	1,897.9	0.1	1,898.0
Benefits and expenses:						
Insurance policy benefits and change in future policy benefits.....	626.0	127.3		753.3	(1.0)(16)	752.3
Interest expense on annuities and financial products....	378.3			378.3		378.3
Interest expense on notes payable.....	67.6	4.0	1.0 (2) (2.5)(3)	70.1		70.1
Interest expense on investment borrowings.....	10.7			10.7		10.7
Amortization related to operations.....	168.3	10.9	(10.9)(4) 13.2 (4) 7.2 (5)	188.7	0.1(16)	188.8
Amortization related to realized gains.....	15.1			15.1	0.1(16)	15.2
Other operating costs and expenses.....	157.9	42.4		200.3	1.1(16)	201.4
Total benefits and expenses.....	1,423.9	184.6	8.0	1,616.5	0.3	1,616.8
Income (loss) before income taxes, minority interest and extraordinary charge.....	261.5	24.9	(5.0)	281.4	(0.2)	281.2
Income tax expense (benefit).....	100.3	8.1	0.8 (6)	109.2	0.1(17)	109.3
Income (loss) before minority interest and extraordinary charge.....	161.2	16.8	(5.8)	172.2	(0.3)	171.9
Minority interest in consolidated subsidiaries:						
Dividends on redeemable preferred stock.....	--			--		--
Dividends on preferred stock.....	4.4			4.4		4.4
Equity in earnings.....	7.9			7.9	(7.9)(18)	--
Income (loss) before						

extraordinary charge.....	\$ 148.9 =====	\$ 16.8 =====	\$ (5.8) =====	\$ 159.9 =====	\$ 7.6 =====	\$ 167.5 =====
Earnings per common share and common equivalent share: Primary:						
Weighted average shares outstanding..	77.0 =====		13.1 (7) =====	90.1 =====	2.6(19) =====	92.7 =====
Income before extraordinary charge.....	\$ 1.93 =====			\$ 1.77 =====		\$ 1.81 =====
Fully diluted:						
Weighted average shares outstanding..	77.8 =====		18.1 (7) =====	95.9 =====	2.6(19) =====	98.5 =====
Income before extraordinary charge.....	\$ 1.91 =====			\$ 1.69 =====		\$ 1.73 =====

(a) Amounts have been carried forward to page 65.

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

CONSECO

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 1996
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	PRO FORMA CONSECO	CAF	PRO FORMA ADJUSTMENTS RELATING TO THE CAF	PRO FORMA CONSECO	PRO FORMA ADJUSTMENTS RELATING TO THE PREFERRED SECURITIES	PRO FORMA CONSECO
	SUBTOTAL (A)	HISTORICAL	MERGER	SUBTOTAL	OFFERING	SUBTOTAL (B)
Revenues:						
Insurance policy income.....	\$1,084.1	\$146.6	\$ --	\$1,230.7	\$ --	\$1,230.7
Investment activity:						
Net investment income.....	741.5	27.3	(1.7) (22)	767.1		767.1
Net trading losses...	(7.3)			(7.3)		(7.3)
Net realized gains...	19.0	0.1	(0.1) (22)	19.0		19.0
Fee revenue.....	20.1			20.1		20.1
Restructuring income...	30.4			30.4		30.4
Other income.....	10.2			10.2		10.2
	-----	-----	-----	-----	-----	-----
Total revenues.....	1,898.0	174.0	(1.8)	2,070.2	--	2,070.2
	-----	-----	-----	-----	-----	-----
Benefits and expenses:						
Insurance policy benefits and change in future policy benefits.....	752.3	80.9	(1.5) (23)	831.7		831.7
Interest expense on annuities and financial products....	378.3			378.3		378.3
Interest expense on notes payable.....	70.1	1.0	(1.0) (24) 18.6 (25)	88.7	(10.8) (41)	77.9
Interest expense on investment borrowings.....	10.7			10.7		10.7
Amortization related to operations.....	188.8	12.3	(12.3) (26) 16.2 (26) 2.9 (27)	207.9		207.9
Amortization related to realized gains.....	15.2			15.2		15.2
Other operating costs and expenses.....	201.4	38.2		239.6		239.6
	-----	-----	-----	-----	-----	-----
Total benefits and expenses.....	1,616.8	132.4	22.9	1,772.1	(10.8)	1,761.3
	-----	-----	-----	-----	-----	-----
Income (loss) before income taxes, minority interest and extraordinary charge.....	281.2	41.6	(24.7)	298.1	10.8	308.9
Income tax expense (benefit).....	109.3	14.5	(7.6) (28)	116.2	3.8 (42)	120.0
	-----	-----	-----	-----	-----	-----
Income (loss) before minority interest and extraordinary charge.....	171.9	27.1	(17.1)	181.9	7.0	188.9
Minority interest in consolidated subsidiaries:						
Dividends on redeemable preferred stock.....	--			--	10.6 (43)	10.6

Dividends on preferred stock.....	4.4			4.4		4.4
Equity in earnings.....	--			--		--
	-----	-----	-----	-----	-----	-----
Income (loss) before extraordinary charge.....	\$ 167.5	\$ 27.1	\$ (17.1)	\$ 177.5	\$ (3.6)	\$ 173.9
	=====	=====	=====	=====	=====	=====
Earnings per common share and common equivalent share:						
Primary:						
Weighted average shares outstanding..	92.7		2.4 (29)	95.1		95.1
	=====		=====	=====		=====
Income before extraordinary charge.....	\$ 1.81			\$ 1.87		\$ 1.83
	=====			=====		=====
Fully diluted:						
Weighted average shares outstanding..	98.5		2.4 (29)	100.9		100.9
	=====		=====	=====		=====
Income before extraordinary charge.....	\$ 1.73			\$ 1.78		\$ 1.75
	=====			=====		=====

(a) Amounts have been carried forward from page 64.

(b) Amounts have been carried forward to page 66.

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

CONSECO

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED) FOR THE SIX MONTHS ENDED JUNE 30, 1996 (AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL	THI HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE THI MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS
	(A)			
Revenues:				
Insurance policy income....	\$1,230.7	\$55.6	\$ --	\$1,286.3
Net investment income....	767.1	19.9	(3.3) (46)	783.7
Net trading losses.....	(7.3)			(7.3)
Net realized gains.....	19.0	0.3	(0.3) (46)	19.0
Fee revenue.....	20.1			20.1
Restructuring income.....	30.4			30.4
Other income.....	10.2	0.6		10.8
	-----	-----	-----	-----
Total revenues.....	2,070.2	76.4	(3.6)	2,143.0
	-----	-----	-----	-----
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits.....	831.7	37.1		868.8
Interest expense on annuities and financial products.....	378.3			378.3
Interest expense on notes payable.....	77.9	4.5	(4.5) (47) 0.6 (47)	78.5
Interest expense on investment borrowings....	10.7			10.7
Amortization related to operations.....	207.9	4.2	(4.2) (48) 7.0 (48)	214.9
Amortization related to realized gains.....	15.2			15.2
Other operating costs and expenses.....	239.6	16.7		256.3
	-----	-----	-----	-----
Total benefits and expenses.....	1,761.3	62.5	(1.1)	1,822.7
	-----	-----	-----	-----
Income (loss) before income taxes, minority interest and extraordinary charge..	308.9	13.9	(2.5)	320.3
Income tax expense (benefit).....	120.0	4.9	(0.9) (49)	124.0
	-----	-----	-----	-----
Income (loss) before minority interest and extraordinary charge..	188.9	9.0	(1.6)	196.3
Minority interest in consolidated subsidiaries:				
Dividends on redeemable preferred stock.....	10.6			10.6
Dividends on preferred stock.....	4.4			4.4
Equity in earnings.....	--			--
	-----	-----	-----	-----
Income (loss) before extraordinary charge..	\$ 173.9	\$ 9.0	\$(1.6)	\$ 181.3
	=====	=====	=====	=====
Earnings per common share and common equivalent share:				
Primary:				
Weighted average shares outstanding.....	95.1		4.7 (50)	99.8
	=====		=====	=====
Income before extraordinary charge....	\$ 1.83			\$ 1.82
	=====			=====
Fully diluted:				

Weighted average shares outstanding.....	100.9	4.7 (50)	105.6
	=====	=====	=====
Income before extraordinary charge....	\$ 1.75		\$ 1.74
	=====		=====

(a) Amounts have been carried forward from page 65.

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

CONSECO

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 MERGER	ATC HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA ADJUSTMENTS RELATING TO THE BLH TRANSACTION	PRO FORMA CONSECO SUBTOTAL(A)
	-----	-----	-----	-----	-----	-----
Revenues:						
Insurance policy income.....	\$1,752.8	\$273.9	\$ --	\$2,026.7	\$(0.3)(16)	\$2,026.4
Investment activity:						
Net investment income.....	1,461.1	23.2	1.8 (1)	1,486.1	(0.1)(16)	1,486.0
Net trading income...	2.5			2.5		2.5
Net realized gains...	220.3	0.2	2.0 (1)	222.5	(0.4)(16)	222.1
Fee revenue.....	33.9			33.9		33.9
Restructuring income...	15.2			15.2		15.2
Other income.....	12.6			12.6	(0.1)(16)	12.5
	-----	-----	-----	-----	-----	-----
Total revenues.....	3,498.4	297.3	3.8	3,799.5	(0.9)	3,798.6
	-----	-----	-----	-----	-----	-----
Benefits and expenses:						
Insurance policy benefits and change in future policy benefits.....	1,261.4	172.9		1,434.3	(1.7)(16)	1,432.6
Interest expense on annuities and financial products....	758.5			758.5	0.3 (16)	758.8
Interest expense on notes payable.....	143.5	3.3	1.9 (2) (3.2)(3)	145.5	(0.4)(16)	145.1
Interest expense on investment borrowings.....	30.2			30.2		30.2
Amortization related to operations.....	307.3	22.7	(22.7)(4) 23.5 (4) 14.4 (5)	345.2	(2.8)(16)	342.4
Amortization related to realized gains.....	144.4			144.4	(0.6)(16)	143.8
Loss on sale of long-term care business....	--					--
Expenses of spin-off and related transactions.....	--					--
Other operating costs and expenses.....	356.4	63.7		420.1	5.9 (16)	426.0
	-----	-----	-----	-----	-----	-----
Total benefits and expenses.....	3,001.7	262.6	13.9	3,278.2	0.7	3,278.9
	-----	-----	-----	-----	-----	-----
Income (loss) before income taxes, minority interest and extraordinary charge.....	496.7	34.7	(10.1)	521.3	(1.6)	519.7
Income tax expense (benefit).....	192.3	11.0	1.5 (6)	204.8	(0.6)(17)	204.2
	-----	-----	-----	-----	-----	-----
Income (loss) before minority interest and extraordinary charge.....	304.4	23.7	(11.6)	316.5	(1.0)	315.5
Minority interest in consolidated subsidiaries:						
Dividends on redeemable preferred stock.....	--			--		--
Dividends on preferred						

stock.....	8.7			8.7		8.7
Equity in earnings.....	12.6			12.6	(12.6) (18)	--
	-----	-----	-----	-----	-----	-----
Income (loss)						
before						
extraordinary						
charge.....	\$ 283.1	\$ 23.7	\$(11.6)	\$ 295.2	\$11.6	\$ 306.8
	=====	=====	=====	=====	=====	=====
Earnings per common						
share and common						
equivalent share:						
Primary:						
Weighted average						
shares outstanding..	75.7		13.1 (7)	88.8	2.6 (19)	91.4
	=====		=====	=====	=====	=====
Income before						
extraordinary						
charge.....	\$ 3.74			\$ 3.32		\$ 3.36
	=====			=====		=====
Fully diluted:						
Weighted average						
shares outstanding..	76.0		18.1 (7)	94.1	2.6 (19)	96.7
	=====		=====	=====	=====	=====
Income before						
extraordinary						
charge.....	\$ 3.72			\$ 3.15		\$ 3.19
	=====			=====		=====

(a) Amounts have been carried forward to page 68.

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

CONSECO

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1995
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL (A)	CAF HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE CAF MERGER	PRO FORMA CONSECO SUBTOTAL	PRO FORMA ADJUSTMENTS RELATING TO THE PREFERRED SECURITIES OFFERING	PRO FORMA CONSECO SUBTOTAL (B)
	-----	-----	-----	-----	-----	-----
Revenues:						
Insurance policy income.....	\$2,026.4	\$282.1	\$ --	\$2,308.5	\$ --	\$2,308.5
Investment activity:						
Net investment income.....	1,486.0	48.6	(3.4) (22)	1,531.2		1,531.2
Net trading income...	2.5			2.5		2.5
Net realized gains...	222.1		(0.1) (22)	222.0		222.0
Fee revenue.....	33.9			33.9		33.9
Restructuring income...	15.2			15.2		15.2
Other income.....	12.5	0.1		12.6		12.6
	-----	-----	-----	-----	-----	-----
Total revenues.....	3,798.6	330.8	(3.5)	4,125.9	--	4,125.9
	-----	-----	-----	-----	-----	-----
Benefits and expenses:						
Insurance policy benefits and change in future policy benefits.....	1,432.6	155.3	(3.0) (23)	1,584.9		1,584.9
Interest expense on annuities and financial products....	758.8			758.8		758.8
Interest expense on notes payable.....	145.1	2.4	(2.4) (24) 37.1 (25)	182.2	(21.5) (41)	160.7
Interest expense on investment borrowings.....	30.2			30.2		30.2
Amortization related to operations.....	342.4	21.5	(21.5) (26) 32.0 (26) 5.8 (27)	380.2		380.2
Amortization related to realized gains.....	143.8			143.8		143.8
Loss on sale of long- term care business....	--					--
Expenses of spin-off and related transactions.....	--					--
Other operating costs and expenses.....	426.0	80.0		506.0		506.0
	-----	-----	-----	-----	-----	-----
Total benefits and expenses.....	3,278.9	259.2	48.0	3,586.1	(21.5)	3,564.6
	-----	-----	-----	-----	-----	-----
Income (loss) before income taxes, minority interest and extraordinary charge.....	519.7	71.6	(51.5)	539.8	21.5	561.3
Income tax expense (benefit).....	204.2	25.6	(16.0) (28)	213.8	7.5 (42)	221.3
	-----	-----	-----	-----	-----	-----
Income (loss) before minority interest and extraordinary charge.....	315.5	46.0	(35.5)	326.0	14.0	340.0
Minority interest in consolidated subsidiaries: Dividends on						

redeemable preferred stock.....	--			--	21.1(43)	21.1
Dividends on preferred stock.....	8.7			8.7		8.7
Equity in earnings.....	--			--		--
	-----	-----	-----	-----	-----	-----
Income (loss) before extraordinary charge.....	\$ 306.8	\$ 46.0	\$(35.5)	\$ 317.3	\$ (7.1)	\$ 310.2
	=====	=====	=====	=====	=====	=====
Earnings per common share and common equivalent share: Primary:						
Weighted average shares outstanding..	91.4		2.4 (29)	93.8		93.8
	=====		=====	=====		=====
Income before extraordinary charge.....	\$ 3.36			\$ 3.38		\$ 3.31
	=====			=====		=====
Fully diluted:						
Weighted average shares outstanding..	96.7		2.4 (29)	99.1		99.1
	=====		=====	=====		=====
Income before extraordinary charge.....	\$ 3.19			\$ 3.22		\$ 3.14
	=====			=====		=====

(a) Amounts have been carried forward from page 67.

(b) Amounts have been carried forward to page 69.

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

CONSECO

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1995
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL(A)	THI HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE THI MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS
Revenues:				
Insurance policy income.....	\$2,308.5	\$190.2	\$ --	\$2,498.7
Investment activity:				
Net investment income..	1,531.2	49.7	(6.9) (46)	1,574.0
Net trading income....	2.5			2.5
Net realized gains....	222.0	6.7	(6.7) (46)	222.0
Fee revenue.....	33.9			33.9
Restructuring income....	15.2			15.2
Other income.....	12.6			12.6
	-----	-----	-----	-----
Total revenues.....	4,125.9	246.6	(13.6)	4,358.9
	-----	-----	-----	-----
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits.....	1,584.9	131.9		1,716.8
Interest expense on annuities and financial products.....	758.8			758.8
Interest expense on notes payable.....	160.7	2.3	(2.3) (47) 1.2 (47)	161.9
Interest expense on investment borrowings..	30.2			30.2
Amortization related to operations.....	380.2	24.5	(24.5) (48) 15.9 (48)	396.1
Amortization related to realized gains.....	143.8			143.8
Loss on sale of long-term care business.....	--	68.5	(68.5) (51)	--
Expenses of spin-off and related transactions.....	--	2.2	(2.2) (51)	--
Other operating costs and expenses.....	506.0	58.3		564.3
	-----	-----	-----	-----
Total benefits and expenses.....	3,564.6	287.7	(80.4)	3,771.9
	-----	-----	-----	-----
Income (loss) before income taxes, minority interest and extraordinary charge.....	561.3	(41.1)	66.8	587.0
Income tax expense (benefit).....	221.3	(14.3)	22.7 (49)	229.7
	-----	-----	-----	-----
Income (loss) before minority interest and extraordinary charge.....	340.0	(26.8)	44.1	357.3
Minority interest in consolidated subsidiaries:				
Dividends on redeemable preferred stock.....	21.1			21.1
Dividends on preferred stock.....	8.7			8.7
Equity in earnings.....	--			--
	-----	-----	-----	-----
Income (loss) before extraordinary charge.....	\$ 310.2	\$ (26.8)	\$ 44.1	\$ 327.5
	=====	=====	=====	=====

Earnings per common share
and common equivalent
share:

Primary:

Weighted average shares outstanding...	93.8	4.7 (50)	98.5
	=====	=====	=====
Income before extraordinary charge.	\$ 3.31		\$ 3.33
	=====		=====

Fully diluted:

Weighted average shares outstanding...	99.1	4.7 (50)	103.8
	=====	=====	=====
Income before extraordinary charge.	\$ 3.14		\$ 3.17
	=====		=====

(a) Amounts have been carried forward from page 68.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO BEFORE THE MERGER	ATC HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA ADJUSTMENTS RELATING TO THE BLH TRANSACTION	PRO FORMA CONSECO SUBTOTAL (A)
	-----	-----	-----	-----	-----	-----
ASSETS						
Investments:						
Actively managed fixed maturity securities at fair value.....	\$15,872.3	\$651.8	\$ --	\$16,524.1	\$ --	\$16,524.1
Held-to-maturity fixed maturity securities..	--					--
Equity securities at fair value.....	99.6			99.6		99.6
Mortgage loans.....	404.2	0.4		404.6		404.6
Credit-tenant loans...	309.7			309.7		309.7
Policy loans.....	528.7			528.7		528.7
Other invested assets.	191.0			191.0		191.0
Trading account securities.....	0.7			0.7		0.7
Short-term investments.....	204.6	17.5	(30.4) (8) 30.4 (9)	222.1		222.1
Assets held in separate accounts....	271.6			271.6		271.6
Total investments...	17,882.4	669.7	--	18,552.1	--	18,552.1
Accrued investment income.....	284.1	7.4		291.5		291.5
Cost of policies purchased.....	1,893.6	11.2	256.2 (10) (11.2) (10)	2,149.8	65.0 (16)	2,214.8
Cost of policies produced.....	483.2	160.8	(160.8) (11)	483.2	(50.0) (16)	433.2
Reinsurance receivables.	374.6			374.6		374.6
Income taxes.....	209.7		(25.6) (12) (21.0) (12)	163.1	(5.3) (17)	157.8
Goodwill.....	1,566.8		577.3 (13)	2,144.1	55.3 (16)	2,199.4
Property and equipment..	89.0	4.0		93.0		93.0
Securities segregated for future redemption of redeemable preferred stock of a Partnership II entity.....	40.7			40.7		40.7
Other assets.....	234.2	14.3		248.5		248.5
Total assets.....	\$23,058.3	\$867.4	\$ 614.9	\$24,540.6	\$65.0	\$24,605.6
	=====	=====	=====	=====	=====	=====

(a) Amounts have been carried forward to page 71.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET (CONTINUED)

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL (A)	CAF HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE CAF MERGER	PRO FORMA CONSECO SUBTOTAL	PRO FORMA ADJUSTMENTS RELATING TO THE PREFERRED SECURITIES OFFERING	PRO FORMA CONSECO SUBTOTAL (B)
	-----	-----	-----	-----	-----	-----
ASSETS						
Investments:						
Actively managed fixed maturity securities at fair value.....	\$16,524.1	\$318.1	\$ 351.8 (30) 97.1 (31)	\$17,291.1	\$ --	\$17,291.1
Held-to-maturity fixed maturity securities..	--	351.8	(351.8) (30)	--		--
Equity securities at fair value.....	99.6			99.6		99.6
Mortgage loans.....	404.6			404.6		404.6
Credit-tenant loans...	309.7			309.7		309.7
Policy loans.....	528.7			528.7		528.7
Other invested assets.	191.0			191.0		191.0
Trading account securities.....	0.7			0.7		0.7
Short-term investments.....	222.1	2.2	(534.0) (32) (26.0) (32) (29.5) (32) 589.5 (33)	224.3	331.2 (44) (331.2) (44)	224.3
Assets held in separate accounts....	271.6			271.6		271.6
Total investments...	18,552.1	672.1	97.1	19,321.3	--	19,321.3
Accrued investment income.....	291.5	8.3		299.8		299.8
Cost of policies purchased.....	2,214.8		483.3 (34)	2,698.1		2,698.1
Cost of policies produced.....	433.2	266.4	(266.4) (35)	433.2		433.2
Reinsurance receivables.	374.6			374.6		374.6
Income taxes.....	157.8		(80.1) (36) (51.8) (36)	25.9		25.9
Goodwill.....	2,199.4		232.5 (37)	2,431.9		2,431.9
Property and equipment..	93.0	4.8		97.8		97.8
Securities segregated for future redemption of redeemable preferred stock of a Partnership II entity.....	40.7			40.7		40.7
Other assets.....	248.5	28.8		277.3		277.3
Total assets.....	\$24,605.6 =====	\$980.4 =====	\$ 414.6 =====	\$26,000.6 =====	\$ -- =====	\$26,000.6 =====

(a) Amounts have been carried forward from page 70.

(b) Amounts have been carried forward to page 72.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET (CONTINUED)

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL(A)	THI HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE THI MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS
<hr/>				
ASSETS				
Investments:				
Actively managed fixed maturity securities at fair value.....	\$17,291.1	\$480.5	\$ (83.1) (52)	\$17,688.5
Held-to-maturity fixed maturity securities...	--			--
Equity securities at fair value.....	99.6	0.9		100.5
Mortgage loans.....	404.6	8.6		413.2
Credit-tenant loans....	309.7			309.7
Policy loans.....	528.7	17.8		546.5
Other invested assets..	191.0	5.1		196.1
Trading account securities.....	0.7			0.7
Short-term investments.	224.3	21.0	83.1 (52) 18.5 (53) (18.5) (53) (58.3) (53) (24.8) (53)	245.3
Assets held in separate accounts.....	271.6			271.6
Total investments....	19,321.3	533.9	(83.1)	19,772.1
Accrued investment income.....	299.8	6.4		306.2
Cost of policies purchased.....	2,698.1	11.3	121.9 (54) (11.3) (54)	2,820.0
Cost of policies produced.....	433.2	28.8	(28.8) (55)	433.2
Reinsurance receivables..	374.6	319.7	(253.4) (57)	440.9
Income taxes.....	25.9		(25.9) (56)	--
Goodwill.....	2,431.9			2,431.9
Property and equipment...	97.8			97.8
Securities segregated for future redemption of redeemable preferred stock of a Partnership II entity.....	40.7			40.7
Other assets.....	277.3	24.4		301.7
Total assets.....	\$26,000.6	\$924.5	\$ (280.6)	\$26,644.5
	=====	=====	=====	=====

(a) Amounts have been carried forward from page 71.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET (CONTINUED)

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO BEFORE THE MERGER	ATC HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE MERGER	PRO FORMA FOR THE MERGER	PRO FORMA ADJUSTMENTS RELATING TO THE BLH TRANSACTION	PRO FORMA CONSECO SUBTOTAL (A)
Liabilities:						
Insurance liabilities.	\$18,133.2	\$563.9	\$ --	\$18,697.1	\$ --	\$18,697.1
Income tax liabilities.....	--	21.0	(21.0) (12)	--	--	--
Investment borrowings.	516.6			516.6		516.6
Other liabilities.....	457.9	8.0	11.2 (14)	477.1		477.1
Liabilities related to separate accounts....	271.6			271.6		271.6
Notes payable of Consecos.....	1,198.5	103.5	30.4 (9) 136.5 (14)	1,468.9	437.9 (20)	1,906.8
Notes payable of Bankers Life Holding Corporation, not direct obligations of Consecos.....	437.9			437.9	(437.9) (20)	--
Total liabilities...	21,015.7	696.4	157.1	21,869.2	--	21,869.2
Minority interest in consolidated subsidiaries:						
Company-obligated mandatorily redeemable preferred stock	--			--		--
Preferred stock.....	93.2			93.2		93.2
Common stock.....	57.5			57.5	(57.5) (18)	--
Shareholders' equity:						
Preferred stock.....	267.1			267.1		267.1
Common stock and additional paid-in capital.....	1,040.9	63.8	(63.8) (15) 628.8 (15)	1,669.7	122.5 (21)	1,792.2
Unrealized appreciation (depreciation) of securities.....	(56.1)	(10.8)	10.8 (15)	(56.1)		(56.1)
Retained earnings.....	640.0	118.0	(118.0) (15)	640.0		640.0
Total shareholders' equity.....	1,891.9	171.0	457.8	2,520.7	122.5	2,643.2
Total liabilities and shareholders' equity.....	\$23,058.3	\$867.4	\$614.9	\$24,540.6	\$ 65.0	\$24,605.6

(a) Amounts have been carried forward to page 74.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET (CONTINUED)

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL (A)	CAF HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE CAF MERGER	PRO FORMA CONSECO SUBTOTAL	PRO FORMA ADJUSTMENTS RELATING TO THE PREFERRED SECURITIES OFFERING	PRO FORMA CONSECO SUBTOTAL (B)
Liabilities:						
Insurance liabilities.....	\$18,697.1	\$587.9	\$ 85.0 (38)	\$19,370.0	\$ --	\$19,370.0
Income tax liabilities.....	--	51.8	(51.8) (36)	--		--
Investment borrowings.....	516.6			516.6		516.6
Other liabilities.....	477.1	16.9		494.0		494.0
Liabilities related to separate accounts.....	271.6			271.6		271.6
Notes payable of Conseco....	1,906.8	29.5	(29.5) (39) 589.5 (33)	2,496.3	(331.2) (44)	2,165.1
Notes payable of Bankers Life Holding Corporation, not direct obligations of Conseco.....	--					--
Total liabilities.....	21,869.2	686.1	593.2	23,148.5	(331.2)	22,817.3
Minority interest in consolidated subsidiaries:						
Company-obligated mandatorily redeemable preferred stock.	--			--	350.0 (45)	350.0
Preferred stock.....	93.2			93.2		93.2
Common stock.....	--			--		--
Shareholders' equity:						
Preferred stock.....	267.1			267.1		267.1
Common stock and additional paid-in capital.....	1,792.2	35.5	(35.5) (40) 115.7 (40)	1,907.9	(18.8) (45)	1,889.1
Unrealized appreciation (depreciation) of securities.....	(56.1)	(2.1)	2.1 (40)	(56.1)		(56.1)
Retained earnings.....	640.0	260.9	(260.9) (40)	640.0		640.0
Total shareholders' equity.....	2,643.2	294.3	(178.6)	2,758.9	(18.8)	2,740.1
Total liabilities and shareholders' equity.....	\$24,605.6	\$980.4	\$414.6	\$26,000.6	\$ --	\$26,000.6

(a) Amounts have been carried forward from page 73.

(b) Amounts have been carried forward to page 75.

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

CONSECO

PRO FORMA CONSOLIDATED BALANCE SHEET (CONTINUED)

JUNE 30, 1996

(DOLLARS IN MILLIONS)

(UNAUDITED)

	PRO FORMA CONSECO SUBTOTAL (A)	THI HISTORICAL	PRO FORMA ADJUSTMENTS RELATING TO THE THI MERGER	PRO FORMA FOR THE MERGER AND OTHER PLANNED TRANSACTIONS
Liabilities:				
Insurance liabilities.....	\$19,370.0	\$612.7	\$(253.4) (57)	\$19,729.3
Income tax liabilities....	--	18.4	2.8 (56)	21.2
Investment borrowings.....	516.6			516.6
Other liabilities.....	494.0	17.0		511.0
Liabilities related to separate accounts.....	271.6			271.6
Notes payable of Consecos..	2,165.1	108.3	(58.3) (58) (50.0) (58) 18.5 (58)	2,183.6
Notes payable of Bankers Life Holding Corporation, not direct obligations of Conseco.....	--			--
Total liabilities.....	22,817.3	756.4	(340.4)	23,233.3
Minority interest in consolidated subsidiaries:				
Company-obligated mandatorily redeemable preferred stock.....	350.0			350.0
Preferred stock.....	93.2			93.2
Common stock.....	--			--
Shareholders' equity:				
Preferred stock.....	267.1	22.8	(22.8) (59)	267.1
Common stock and additional paid-in capital.....	1,889.1	169.7	(169.7) (59) 121.7 (59) 106.2 (59)	2,117.0
Unrealized appreciation (depreciation) of securities.....	(56.1)	4.0	(4.0) (59)	(56.1)
Retained earnings.....	640.0	(28.4)	28.4 (59)	640.0
Total shareholders' equity.....	2,740.1	168.1	59.8	2,968.0
Total liabilities and shareholders' equity...	\$26,000.6	\$924.5	\$(280.6)	\$26,644.5

(a) Amounts have been carried forward from page 74.

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 Merger

The Merger will be accounted for under the purchase method of accounting. Under this method, the total cost to acquire ATC will be allocated to the assets and liabilities acquired based on their fair values as of the date of the 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. Consecro believes the Merger will not qualify to be accounted for under the pooling of interests method in accordance with APB No. 16 because an affiliate of ATC intends to sell a portion of the Consecro Common Stock it receives in the Merger shortly after the Effective Time. In the Merger, each outstanding share of ATC Common Stock is assumed to be exchanged for a fraction of a share of Consecro Common Stock to be determined based on an average price of Consecro's Common Stock prior to its closing (it is assumed the Consecro Share Price will be \$48.00, resulting in an exchange ratio of .7298 shares valued at \$35.03). Consecro will issue an assumed 13.1 million shares of Consecro Common Stock with a value of approximately \$628.8 million to acquire the ATC Common Stock. In addition, Consecro will assume the Debentures, which will be convertible into an assumed 5.0 million shares of Consecro Common Stock with a value of approximately \$240 million. In addition, Consecro is expected to incur costs related to the 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 Merger (June 30, 1996).....	\$ 171.0
Debentures assumed by Consecro at the assumed date of the Merger.....	103.5
Increase (decrease) in ATC's net asset value to reflect estimated fair value and asset reclassifications at the assumed date of the Merger:	
Cost of policies purchased (related to the Merger).....	256.2
Cost of policies produced and cost of policies purchased (historical).....	(172.0)
Goodwill (related to the Merger).....	577.3
Income taxes.....	(25.6)
Other liabilities.....	(11.2)

Total estimated fair value adjustments.....	624.7

Total cost to acquire ATC.....	\$ 899.2
	=====

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

(1) 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.

(2) Interest expense is increased to reflect the increase in borrowings under Consecro's revolving credit facility used to complete the Merger.

A change in interest rates of .5 percent on the additional borrowings under Consecro's revolving credit facility used to complete the 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 six months ended June 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.

(3) Interest expense is reduced to reflect the amortization of the liability established at the assumed date of the Merger representing the present value of the interest payable on the Debentures to October 1, 1998 (the earliest call date), less the present value of the dividends that would be paid on the Consecro Common Stock that the Debentures would be convertible into during the same period.

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

(4) Amortization of the cost of policies produced and the cost of policies purchased prior to the 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).

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

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

(7) Common shares outstanding are increased to reflect the Consecos shares issued in the Merger. Fully diluted shares also include Consecos shares which will be issued when the Debentures are converted.

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

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

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

(10) ATC's historical cost of policies purchased is eliminated and replaced with the cost of policies purchased recognized in the 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 June 30, 2001, are as follows (dollars in millions):

YEAR ENDING JUNE 30,	BEGINNING BALANCE	GROSS AMORTIZATION	ACCRETION OF INTEREST	NET AMORTIZATION	ENDING BALANCE
1997	\$256.2	\$33.7	\$13.5	\$20.2	\$236.0
1998	236.0	30.8	12.3	18.5	217.5
1999	217.5	28.2	11.4	16.8	200.7
2000	200.7	26.0	10.4	15.6	185.1
2001	185.1	24.0	9.6	14.4	170.7

(11) 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--(CONTINUED)

(12) 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.

(13) Goodwill acquired in the Merger is recognized.

(14) Notes payable are increased to reflect the fair value of the Debentures at the date of the Merger. Such fair value represents the value of the Conseco Common Stock which the Debentures will be convertible into after the Merger. It is assumed that the holders of the Debentures do not convert into Conseco Common Stock at the time of the Merger.

In addition, a liability is established representing the present value of the interest payable on the 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 the Debentures would be convertible into during the same period.

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

OTHER PLANNED TRANSACTIONS

Transactions relating to the BLH Transaction

Conseco has proposed to acquire all of the common stock of BLH, not previously owned by Conseco. In the BLH Transaction, each share of BLH common stock would be converted into the right to receive a fraction of a share of Conseco Common Stock to be determined based on the average price of Conseco Common Stock prior to closing (it is assumed that such price per share of Conseco Common Stock will be \$48.00, resulting in an exchange ratio of .5208 shares valued at \$25.00). Conseco will issue an assumed 2.6 million shares of Conseco Common Stock with a value of approximately \$122.5 million.

The pro forma adjustments are applied to the historical consolidated financial statements of Conseco using the step acquisition method of accounting. Under this method, the total purchase cost of the common stock of BLH, not already owned by Conseco, is allocated to the assets and liabilities acquired based on their relative fair values as of the date of acquisition, 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 values of the assets and liabilities of BLH included in Conseco's pro forma consolidated financial statements represent the combination of the following values: (1) the portion of BLH's net assets acquired by Conseco in the initial acquisition made by Conseco Capital Partners, L.P. on October 31, 1992, is valued as of that acquisition date; (2) the portion of BLH's net assets acquired by Conseco on September 30, 1993, is valued as of that acquisition date; (3) the portion of BLH's net assets acquired during 1995 and the first quarter of 1996 is valued as of its assumed date of acquisition; and (4) the portion of BLH's net assets acquired in the BLH Transaction is valued at the assumed dates of acquisition.

Adjustments to give effect to the BLH Transaction are summarized below:

(16) As described above, the BLH Transaction is accounted for as a step acquisition. The accounts of BLH are adjusted to reflect the step basis method of accounting as if the BLH Transaction was completed on the assumed dates of acquisition.

(17) All pro forma adjustments are tax affected based on the appropriate rate for the specific item.

(18) Minority interest is reduced to eliminate the ownership interest of the former shareholders of BLH.

(19) Common shares outstanding are increased to reflect the shares of Conseco Common Stock issued in the acquisition of additional shares of BLH common stock.

(20) Notes payable of BLH are reclassified as notes payable of Conseco, since BLH is now wholly owned by Conseco.

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

(21) Common stock and additional paid-in capital is increased by the value of Consecos Common Stock issued in the acquisition of additional shares of BLH common stock.

Transactions relating to the CAF Merger

The CAF Merger will be accounted for under the purchase method of accounting. Under this method, the total cost to acquire CAF will be allocated to the assets and liabilities acquired based on their fair values as of the date of the CAF 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. In the CAF Merger, each outstanding share of CAF common stock is assumed to be exchanged for \$30 in cash and the right to receive a fraction of a share of Consecos Common Stock to be determined based on the average price of Consecos Common Stock prior to its closing (it is assumed that such average price per share of Consecos Common Stock will be \$48.00, resulting in an exchange ratio of .1354). Consecos will pay approximately \$534 million in cash and issue an assumed 2.4 million shares of Consecos Common Stock with a value of approximately \$115.7 million to acquire the CAF common stock. In addition, Consecos is expected to assume a note payable of CAF of \$29.5 million and incur costs related to the CAF Merger (including contract termination, relocation, legal, accounting and other costs) of approximately \$26 million.

The cost to acquire CAF is allocated as follows (dollars in millions):	
Book value of assets acquired based on the assumed date of the CAF Merger (June 30, 1996)	\$ 294.3
Notes payable of CAF assumed by Consecos at the assumed date of the CAF Merger.....	29.5
Increase (decrease) in CAF's net asset value to reflect estimated fair value and asset reclassifications at the assumed date of the CAF Merger:	
Actively managed fixed maturity securities.....	448.9
Held-to-maturity fixed maturity securities.....	(351.8)
Cost of policies purchased (related to the CAF Merger).....	483.3
Cost of policies produced.....	(266.4)
Goodwill (related to the CAF Merger).....	232.5
Insurance liabilities	(85.0)
Income taxes.....	(80.1)

Total estimated fair value adjustments.....	381.4

Total cost to acquire CAF.....	\$ 705.2
	=====

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

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

(23) Change in policy benefits is reduced to reflect the purchase accounting adjustments made at the assumed date of the CAF Merger. Such adjustment reflects the lower discount rate used to discount amounts of expected future benefit payments to correspond to the adjustments to restate the amortized cost of fixed maturity investments to their estimated fair value.

(24) Interest expense is reduced to reflect the repayment of notes payable of CAF by Consecos at the assumed date of the CAF Merger.

(25) Interest expense is increased to reflect the increase in borrowings under Consecos's revolving credit facility used to complete the CAF Merger.

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

A change in interest rates of .5 percent on the additional borrowings under Consecos revolving credit facility used to complete the CAF Merger would result in: (1) an increase (or decrease) in pro forma interest expense of \$2.9 million and \$1.5 million for the year ended December 31, 1995, and the six months ended June 30, 1996, respectively; and (2) a decrease (or increase) in pro forma net income of \$1.9 million and \$1.0 million for the same respective periods.

(26) Amortization of the cost of policies produced for policies sold by CAF prior to January 1, 1995, 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).

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

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

(29) Common shares outstanding are increased to reflect the shares issued in the CAF Merger.

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

(30) After the CAF Merger, all held-to-maturity securities are classified as actively managed fixed maturity securities consistent with the intention of the new management.

(31) CAF's fixed maturity securities are restated to estimated fair value.

(32) Cash is reduced for payments made to complete the CAF Merger.

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

(34) Cost of policies purchased reflects the estimated fair value of CAF's business in force and represents the portion of the cost to acquire CAF 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 June 30, 2001, are as follows (dollars in millions):

YEAR ENDING JUNE 30,	BEGINNING BALANCE	GROSS AMORTIZATION	ACCRETION OF INTEREST	NET AMORTIZATION	ENDING BALANCE
1997	\$483.3	\$59.3	\$26.6	\$32.7	\$450.6
1998	450.6	54.2	24.7	29.5	421.1
1999	421.1	51.3	23.2	28.1	393.0
2000	393.0	48.6	21.7	26.9	366.1
2001	366.1	46.1	20.1	26.0	340.1

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

- (35) CAF's cost of policies produced is eliminated since such amounts are reflected in the determination of the cost of policies purchased.
- (36) All of the applicable pro forma balance sheet adjustments are tax affected at the appropriate rate. In addition, deferred tax liabilities of CAF are netted against deferred tax assets of Conseco.
- (37) Goodwill acquired in the CAF Merger is recognized.
- (38) Additional insurance liabilities are recognized to reflect the lower discount rates used to determine the present value of future obligations, consistent with the lower yields to be earned on invested assets as a result of recognizing the fair value of fixed maturity securities.
- (39) Notes payable are reduced to reflect the repayment of notes payable of CAF by Conseco at the assumed date of the CAF Merger.
- (40) The prior shareholders' equity of CAF is eliminated in conjunction with the CAF Merger. Common stock and additional paid-in capital is increased by the value of Conseco Common Stock issued in the CAF Merger.

Transactions relating to the Preferred Securities Offering

A subsidiary of Conseco intends to issue \$350 million par value of 9.25 percent tax deductible Preferred Securities. The Conseco subsidiary will purchase \$350 million subordinated notes from Conseco. Conseco will use the proceeds to reduce borrowings under the Conseco Credit Agreement.

- (41) Interest expense is reduced to reflect the repayment of borrowings under the Conseco Credit Agreement.

A change in interest rates of .5 percent on the borrowings under the Conseco Credit Agreement to be repaid from the Preferred Securities Offering would result in: (1) a decrease (or increase) in pro forma interest expense of \$1.7 million and \$.8 million for the year ended December 31, 1995, and the six months ended June 30, 1996, respectively; and (2) an increase (or decrease) in pro forma net income of \$1.1 million and \$.5 million for the same respective periods.

- (42) The pro forma adjustment is tax affected, based on Conseco's effective tax rate of 35 percent.

- (43) Minority interest is adjusted to reflect the dividends (net of the related tax benefit) on the Preferred Securities.

- (44) Notes payable are reduced to reflect the repayment of borrowings under the Conseco Credit Agreement using the net proceeds from the Preferred Securities.

- (45) Conseco's minority interest in consolidated subsidiaries is increased by the total par value of the Preferred Securities. Issuance and other transaction costs related to the Preferred Securities are charged to paid-in capital.

Transactions relating to the THI Merger

The THI Merger will be accounted for under the purchase method of accounting. Under this method, the total cost to acquire THI will be allocated to the assets and liabilities acquired based on their fair values as of the date of the THI 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. Conseco believes the THI Merger will not qualify to be accounted for under the pooling of interests method in accordance with APB No. 16 because THI was a subsidiary of another corporation within two years of the contemplated transaction. In the THI Merger, each outstanding share of THI common stock (or its equivalent) is assumed to be exchanged for a fraction of a share of Conseco Common Stock to be determined based on the price of Conseco Common Stock prior to its closing (it is assumed such average price per share of Conseco Common Stock will be \$48.00, resulting in an exchange ratio of 1.4583 shares valued at \$70.00). Conseco will issue an assumed 2.5 million shares of Conseco Common

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Stock with a value of approximately \$121.7 million to acquire the THI Common Stock (or equivalents). In addition, THI's convertible subordinated notes (the "THI Convertible Notes") will be exchanged for Consecos convertible subordinated notes (the "Conseco Convertible Notes") which will be convertible into shares of Conseco Common Stock based on the price of Conseco Common Stock prior to the THI Merger (such fully converted value being the same as the THI Convertible Notes). Using the same assumption that each share of THI will be convertible into 1.4583 shares of Conseco Common Stock with a value of \$70.00, in aggregate, the Conseco Convertible Notes will be convertible into 2.2 million shares of Conseco Common Stock with a value of approximately \$106.2 million. Immediately after the THI Merger, Conseco plans to cause the Conseco Convertible Notes to be converted by payment of a premium of \$8.5 million. Conseco is expected to incur costs related to the THI Merger (including contract termination, relocation, legal, accounting and other costs) of approximately \$10 million.

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

Book value of assets acquired based on assumed date of the THI Merger (June 30, 1996)	\$168.1
THI Convertible Notes exchanged into Conseco Convertible Notes and converted to Conseco Common Stock at the assumed date of the THI Merger.....	50.0
Less book value of THI preferred stock.....	(22.8)
Increase (decrease) in THI's net asset value to reflect estimated fair value and asset reclassifications at the assumed date of the THI Merger:	
Cost of policies purchased (related to the THI Merger).....	121.9
Cost of policies produced and cost of policies purchased (historical).....	(40.1)
Income taxes.....	(28.7)
Premium incurred to cause the conversion of the Conseco Convertible Notes.....	(8.5)
Premium incurred to retire THI preferred stock.....	(2.0)

Total estimated fair value adjustments.....	42.6

Total cost to acquire THI.....	\$237.9
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Adjustments to the pro forma consolidated statement of operations to give effect to the THI Merger as of January 1, 1995, are summarized below.

(46) Net investment income and net realized gains of THI are adjusted to include the effect of adjustments to restate the amortized cost basis of fixed maturity securities to their estimated fair value and the effect of the assumed sale of \$83.1 million fixed maturity investments, with the proceeds used to repay \$58.3 million of bank debt and redeem preferred stock with a redemption value of \$24.8 million.

(47) Interest expense is reduced to reflect the repayment of bank debt of \$58.3 million and the conversion of the Conseco Convertible Notes (which were issued in exchange for the THI Convertible Notes) into Conseco Common Stock. Interest expense is increased to reflect borrowings by Conseco to:

(i) pay the estimated cost of the THI Merger; and (ii) pay the \$8.5 million premium to cause Conseco's Convertible Notes to be converted.

(48) Amortization of the cost of policies produced and the cost of policies purchased prior to the THI 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).

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

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

(50) Common shares outstanding are increased to reflect the Consecos shares issued in the THI Merger and the conversion of the Consecos Convertible Notes.

(51) Effective October 1, 1995, THI sold its long term care business to ATC. An adjustment is made to remove the loss on the sale of the long term care business. However, the revenues, benefits and expenses related to this business prior to its sale are not eliminated, since the business is retained within the Consecos consolidated group after the Merger (and previous pro forma adjustments for the Merger did not include adjustments related to THI's long term care business prior to its purchase by ATC). In addition, expenses related to THI's spin-off from its parent are eliminated. Such costs include certain legal, accounting, actuarial and advisory fees.

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

(52) Actively managed fixed maturity securities with a carrying value of \$83.1 million are assumed to be sold at the date of the THI Merger.

(53) Short-term investments are reduced for: (i) payments made to complete the THI Merger; (ii) the repayment of bank debt with a balance of \$58.3 million; (iii) the redemption of preferred stock with a redemption value of \$24.8 million; and (iv) the payment of the \$8.5 million premium to cause the Consecos Convertible Notes to be converted to Consecos Common Stock. Short-term investments are increased by additional borrowings by Consecos of \$18.5 million to complete the THI Merger and related transactions.

(54) THI's historical cost of policies purchased is eliminated and replaced with the cost of policies purchased recognized in the THI Merger. Cost of policies purchased reflects the estimated fair value of THI's business in force and represents the portion of the cost to acquire THI 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 June 30, 2001, are as follows (dollars in millions):

YEAR ENDING JUNE 30,	BEGINNING BALANCE	GROSS AMORTIZATION	ACCRETION OF INTEREST	NET AMORTIZATION	ENDING BALANCE
1997	\$121.9	\$20.7	\$6.8	\$13.9	\$108.0
1998	108.0	17.2	6.0	11.2	96.8
1999	96.8	15.7	5.4	10.3	86.5
2000	86.5	14.4	4.8	9.6	76.9
2001	76.9	13.8	4.3	9.5	67.4

CONSECO AND SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS--(CONCLUDED)

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

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

(57) Reinsurance receivables and insurance liabilities related to business of THI ceded to ATC are eliminated in consolidation.

(58) Notes payable are decreased to reflect: (i) the repayment of bank debt of \$58.3 million; and (ii) the conversion of the Consecro Convertible Notes (which were issued in exchange for the THI Convertible Notes) into Consecro Common Stock. In addition, notes payable are increased to reflect additional borrowings by Consecro used to complete the THI Merger and related transactions.

(59) The prior shareholders' equity of THI is eliminated in conjunction with the THI Merger. Common stock and additional paid-in capital is increased by the value of Consecro common stock issued in the THI Merger. The value of the Consecro Convertible Notes represents the value of the Consecro common stock which the Consecro Convertible Notes are convertible into. Preferred stock of THI is eliminated to reflect its redemption.

COMPARISON OF SHAREHOLDERS' RIGHTS

The following is a summary of material differences between the rights of holders of ATC Common Stock and the rights of holders of Conseco Common Stock.

The rights of the shareholders of ATC, a Pennsylvania corporation, are currently governed primarily by Pennsylvania law, the ATC Articles of Incorporation (the "ATC Articles") and the ATC Bylaws (the "ATC Bylaws"). Upon consummation of the Merger, ATC shareholders who have not exercised their statutory dissenters rights will become holders of Conseco Common Stock. Because Conseco is an Indiana corporation, the rights of the former ATC shareholders will be governed primarily by Indiana law and Conseco's Amended and Restated Articles of Incorporation ("Conseco Articles of Incorporation") and Amended and Restated Code of By-laws ("Conseco By-Laws"). The summary set forth is a list of material differences in shareholders' rights under Pennsylvania and Indiana law, the ATC Articles, the ATC Bylaws, the Conseco Articles of Incorporation and the Conseco By-Laws. This discussion, however, is not and does not purport to be an exhaustive list or to identify all differences that may, under any given fact situation, be material to ATC shareholders. Moreover, this discussion is qualified in its entirety by reference to the ATC Articles, the ATC Bylaws, the PBCL, the Conseco Articles of Incorporation, the Conseco By-Laws and the IBCL.

BYLAWS

Under the IBCL, only a corporation's board of directors may amend or repeal the corporation's bylaws, unless the articles of incorporation provide otherwise. The Conseco By-Laws provide that they may be amended by a majority vote of the Board of Directors.

Under the PBCL, the power to adopt, amend or repeal bylaws may be vested by the bylaws in the directors, with statutory exceptions for certain actions and subject to the power of shareholders to change such actions. Pennsylvania law provides that, unless the articles of incorporation otherwise provide, shareholders may change the bylaws without the consent of the directors. The ATC Bylaws provide that the ATC Bylaws may be amended or repealed by a majority vote of the Board of Directors subject to the right of its shareholders to amend or repeal such action by majority vote at any regular or special meeting of the shareholders, duly convened after notice to the shareholders of such purpose at which a quorum is present, except that any repeal or modification to Article XIII (dealing with limitation of directors' liability) shall be prospective only and any repeal or modification to Article X, Section 8 (dealing with indemnification of directors and officers) may not reduce, terminate or otherwise adversely affect the right of a person who is or was a director or officer to obtain indemnification or advancement of expenses with respect to a proceeding relating to actions or omissions occurring prior to the effective date of such repeal or modification.

DISTRIBUTIONS TO SHAREHOLDERS

Under the IBCL, a corporation may make distributions to its shareholders as long as the corporation's net assets are greater than zero, debts may be paid as they come due, and the payment of these distributions is consistent with the corporation's articles of incorporation. The Conseco Articles of Incorporation provide that the directors may from time to time distribute to shareholders out of capital surplus a portion of Conseco's assets as provided in the IBCL.

Under the PBCL, a corporation has the power, subject to restrictions in its bylaws, to make distributions to its shareholders unless after giving effect thereto (1) the corporation would not be able to pay its debts as they become due in the usual course of business, or (2) the corporation's assets would be less than the sum of its total liabilities plus the amount that would be needed upon the dissolution of the corporation to satisfy the preferential rights, if any, of shareholders having superior preferential rights to those shareholders receiving the distribution. The ATC Bylaws do not contain any limitations on such powers.

CLASS OF DIRECTORS

Under the IBCL, a corporation's articles of incorporation may provide that directors be elected in two or three classes whose terms expire at different times provided that at least one director must be elected at each annual meeting. The Consecro Articles of Incorporation provide for the classification of directors into three classes, each class serving for staggered three-year terms.

Under the PBCL, the articles of incorporation may provide that directors be elected in two or more classes whose terms expire at different times provided that no single term shall exceed four years. The ATC Articles provide for the classification of directors into three classes, each class serving for staggered three-year terms.

REMOVAL OF DIRECTORS

Under the IBCL, directors may be removed in any manner provided in a corporation's articles of incorporation and, in addition, the shareholders or directors may remove a director with or without cause unless the articles of incorporation provide otherwise. The Consecro Articles of Incorporation refer to the Consecro By-Laws for provisions relating to removal of directors. The Consecro By-Laws provide that a director may be removed, either for or without cause, at any special meeting of the shareholders called for that purpose, by the affirmative vote of a majority in number of shares present in person or by proxy and entitled to vote for the election of such director.

Under the PBCL, unless a corporation's articles of incorporation or bylaws provide otherwise, directors may be removed by the shareholders of a corporation for or without cause, and by the board of directors for any proper cause specified in the bylaws. The ATC Articles provide for removal of directors only for cause by the affirmative vote of holders of at least 80 percent of the outstanding shares entitled to vote at an election of directors, voting together as a single class.

MEETINGS OF SHAREHOLDERS

Under the IBCL, a corporation with more than fifty shareholders must hold a special meeting of shareholders called by its board of directors or the person or persons specifically authorized to do so by the articles of incorporation or bylaws. The Consecro By-Laws provide that a special meeting of the shareholders may be called by the President, by the Board of Directors or by shareholders holding not less than one-fourth of all shares of Consecro Common Stock outstanding and entitled to vote.

Under the PBCL, special meetings of shareholders may be called by the board of directors, by shareholders entitled to cast at least 20 percent of the votes which all shareholders are entitled to cast at the particular meeting unless otherwise provided in the articles of incorporation, and by such officers or other persons as may be provided in the bylaws. The ATC Articles and ATC Bylaws permit the President, the Chairman of the Board and shareholders entitled to cast 50 percent of the votes which all shareholders are entitled to cast to call a special meeting.

ACTION BY SHAREHOLDERS WITHOUT MEETING

Under the IBCL, action required or permitted to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action and the action is evidenced by a written consent describing the action and signed by all shareholders entitled to vote on the action. The Consecro By-Laws specifically authorize shareholder action by written consent of all the shareholders entitled to vote on such action.

Under the PBCL, the bylaws may provide that any action which may be taken at a meeting of the shareholders may be taken without a meeting if there is written consent of shareholders who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all the shareholders were present and voting. The ATC Bylaws permit all actions to be taken by unanimous consent in writing signed by all shareholders who would be entitled to vote at a meeting for such purpose.

DISSENTERS RIGHTS

Under both the IBCL and the PBCL, shareholders may perfect dissenters rights with regard to corporate actions involving certain mergers, consolidations or the sale, lease or exchange of substantially all the assets of another corporation (under limited circumstances). In addition, under both the IBCL and the PBCL, dissenters rights are generally denied when a corporation's shares are listed on a national securities exchange, or in the case of the PBCL, held of record by more than 2,000 persons.

CERTAIN STATUTORY AND CHARTER PROVISIONS

Under both the IBCL and the PBCL, the articles of incorporation may provide for a higher shareholder vote requirement than that required by law in order to approve certain proposed actions or transactions of the corporation. The Consecro Articles of Incorporation require the approval of 80 percent of the votes which shareholders are entitled to cast, to alter, amend or repeal Article IX, Section 5 (minimum price provisions for certain business combinations). The ATC Articles require the approval of 80 percent of the votes which shareholders are entitled to cast to alter, amend or repeal Article 10 of the ATC Articles (removal of directors) or Article 12 of the ATC Articles (business combinations with related persons).

SHAREHOLDER RIGHTS AGREEMENT

On April 25, 1990, the ATC Board of Directors declared a dividend distribution of one right (a "Right") for each outstanding share of ATC Common Stock to shareholders of record at the close of business on May 15, 1990 pursuant to the Rights Agreement. Each Right entitles the registered holder to purchase from ATC one one-hundredth of a share of Series A Preferred Stock at a purchase price of \$50.00, subject to further adjustment. The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire ATC without conditioning the offer on a substantial number of Rights being acquired. The Rights will not interfere with any merger or other business combination approved by the ATC Board of Directors since the ATC Board of Directors may, at its option, at any time until ten days following the Stock Acquisition Date (as defined in the Rights Agreement) redeem all but not less than all the then outstanding Rights at the Redemption Price (as defined in the Rights Agreement). Notwithstanding the foregoing, the ATC Board of Directors may not redeem the outstanding Rights if it has previously declared any person to be an Adverse Person (as defined in the Rights Agreement). In such event, the Rights could interfere with any merger or other business combination approved by the Board of Directors. On August 25, 1996, the ATC Board of Directors amended the Rights Agreement in order to clarify that the Merger Agreement would not trigger the Rights Agreement.

Consecro is not a party to any similar arrangement, and no Rights attach to any Consecro Common Stock.

INTERESTED SHAREHOLDER TRANSACTIONS

The Consecro Articles of Incorporation provide that Consecro may not enter into a Special Business Combination Transaction (hereinafter defined) unless

(1) the consideration to be received per share by holders of Consecro Common Stock in such transaction is at least equal to the highest per share price paid in order to acquire any shares of Consecro Common Stock beneficially owned by the Related Person (hereinafter defined) or (2) the transaction shall have been approved by two-thirds of the Continuing Directors (hereinafter defined).

The term "Special Business Combination Transaction" shall mean:

(1) any merger or consolidation of Consecro or any subsidiary with (A) any Related Person or (B) any other corporation or entity (whether or not itself a Related Person) which is, or after each merger or consolidation would be, an affiliate of a Related Person; or

(2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or in a series of transactions) to or with any Related Person or any affiliate of any Related Person of all or a substantial part of the assets of Consecro (including, without limitation, any securities of a subsidiary) or any subsidiary; or

(3) the adoption of any plan or proposal for the liquidation or dissolution of Conseco proposed by or on behalf of a Related Person or any affiliate of a Related Person; or

(4) the issuance or transfer by Conseco or any subsidiary (in one transaction or in a series of related transactions) of any securities of Conseco or any subsidiary to a Related Person, or any affiliate of a Related Person, in exchange for cash, securities or other property (or a combination thereof); or

(5) any reclassification of securities (including any reverse stock split), or recapitalization or reorganization of Conseco or any merger or consolidation of Conseco with any of its subsidiaries, or any self tender offer for or repurchase of securities of Conseco or any subsidiary by Conseco or any subsidiary, or any other transaction (whether or not with or into or otherwise involving a Related Person) which in any such case has the effect, directly or indirectly, of increasing the proportionate shares of the outstanding shares of any class or series of stock or securities convertible into stock of Conseco or any subsidiary which is directly or indirectly beneficially owned by any Related Person or any affiliate of any Related Person.

The term "Related Person" shall mean any person (other than Conseco or subsidiary or any employee benefit plan of Conseco or any subsidiary) who or which, as of the date on which such determination is made:

(1) is the beneficial owner, directly or indirectly, of more than 10 percent of the combined voting power of the then outstanding shares of voting stock; or

(2) is an affiliate of Conseco and at any time within the two-year period immediately prior thereto was the beneficial owner, directly or indirectly, of 10 percent or more of the combined voting power of the then outstanding shares of voting stock; or

(3) which is an assignee of or has otherwise succeeded to the beneficial ownership of any shares of voting stock that were at any time within the two-year period immediately prior thereto beneficially owned by a Related Person, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not utilizing the facilities of a national securities exchange, occurring in the national over-the-counter market or involving a public distribution.

The term "Continuing Director" under the Conseco Articles of Incorporation shall mean any director who:

(1) was a member of Conseco's Board of Directors on April 23, 1986; or

(2) was designated (before such person's initial election as a Director) by a Continuing Director; or

(3) with respect to a Special Business Combination Transaction, was a member of the Board of Directors immediately prior to the date on which any Related Person involved, either directly or through an affiliate or associate, in such Special Business Combination Transaction first became a Related Person.

The ATC Articles require the affirmative vote of holders of at least 80 percent of the votes that all shareholders would be entitled to vote generally for the election of directors, voting together as a single class, to approve the authorization of any Business Combination (hereinafter defined) involving a Related Person (hereinafter defined), unless (1) the Continuing Directors (hereinafter defined) of ATC by a two-thirds vote have expressly approved the Business Combination either in advance of or subsequent to the acquisition of outstanding shares of ATC Common Stock that caused the Related Person to become the Related Person; or (2)(A) the aggregate amount of the cash and the fair market value, as determined by two-thirds of the Continuing Directors, of the property, securities or other consideration to be received per share of ATC Common Stock, is not less than the highest price determined to have been paid by the Related Person for any share or shares of ATC Common Stock in acquiring its holdings of ATC Common Stock, and (B) a proxy or information statement complying with the requirements of the Exchange Act, and the rules and regulations thereunder shall have been mailed to all shareholders of ATC at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act).

The term "Business Combination" shall mean (1) any merger or consolidation of ATC or a subsidiary of ATC into or with a Related Person, in each case irrespective of which corporation or company is the surviving entity; (2) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with a Related Person

(in a single transaction or a series of related transactions) of more than 20 percent of the total consolidated assets of ATC and its subsidiaries taken as a whole, as of the end of its most recent fiscal year ending prior to the time the determination is being made; (3) any sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with ATC or to or with a subsidiary of ATC (in a single transaction or a series of related transactions) of more than 20 percent of the assets of a Related Person; (4) the issuance of any securities of ATC or a subsidiary of ATC to a Related Person (other than an issuance of securities which is effected on a pro rata basis to all shareholders); (5) any recapitalization or reclassification of securities (including a reverse stock split) of ATC which would have the effect, directly or indirectly, of increasing the proportionate share of the outstanding stock of ATC owned by a Related Person; (6) the adoption of any plan or proposal for the liquidation or dissolution of ATC proposed by or on behalf of a Related Person; and (7) the acquisition by ATC or by a subsidiary of ATC of any securities of a Related Person.

The term "Related Person" shall mean any individual, corporation, partnership or other person or entity (other than any subsidiary of ATC and other than any profit-sharing, employee stock ownership or other employee benefit plan of ATC) which, as of the record date for the determination of shareholders entitled to notice of and to vote on any Business Combination, or immediately prior to the consummation of such transaction, together with its "Affiliates" and "Associates" (as each is defined in Rule 12b-2 under the Exchange Act) are "Beneficial Owners" (as defined in Rule 13d-3 under the Exchange Act) in the aggregate of 10 percent or more of the outstanding shares of stock of ATC.

The term "Continuing Director" under the ATC Articles shall mean a director who was a member of the Board of Directors of ATC at the date of the adoption of Article 12 of the ATC Articles by the shareholders of ATC, together with each director who either (1) was a member of the Board of Directors immediately prior to the time that the Related Person involved in a Business Combination became the Beneficial Owner of 10 percent of the stock of ATC, or (2) was designated (before his or her initial election as director) as a Continuing Director by a majority of the then Continuing Directors.

FIDUCIARY DUTY AND LIMITATIONS OF LIABILITY

Under the IBCL, in discharging his duties to the corporation and in determining what he believes to be in the best interests of the corporation, a director or officer may, in addition to considering the effects of any action on shareholders, consider the effects of the action on employees, suppliers, customers, the communities in which the corporation operates and any other factors that the director or officer considers pertinent.

Under the PBCL, a director may, in considering the best interests of a corporation, consider (1) the effects of any action on shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other facilities of the corporation are located; (2) the short-term and long-term interests of the corporation, including the possibility that the best interests of the corporation may be served by the continued independence of the corporation; (3) the resources, intent and conduct of any person seeking to take control of the corporation; and (4) all other pertinent factors.

The IBCL provides that a director is not liable for any action taken as a director, or any failure to take any action, unless (1) the director has breached or failed to perform the duties of the director's office; and (2) the breach or failure to perform constitutes willful misconduct or recklessness.

As permitted under the PBCL, the ATC Bylaws limit the personal liability of directors of ATC for monetary damages for any action taken unless the director has breached or failed to perform the duties of his office and the breach or failure constitutes self-dealing, willful misconduct or recklessness. The above provision does not eliminate the personal liability of directors for violations of a criminal statute or the liability of a director for the payment of taxes pursuant to federal, state or local law.

DERIVATIVE ACTIONS

Under the IBCL, a person may not commence a proceeding in the right of a corporation unless the person was a shareholder of the corporation when the transaction complained of occurred or unless the person became a shareholder at that time.

Under the PBCL, a shareholder may maintain a derivative action, even if the shareholder was not a shareholder at the time of the alleged wrongdoing, if there is a strong prima facie case in favor of the claim asserted and if the court determines in its discretion that serious injustice will result without such action.

INDEMNIFICATION

The IBCL grants authorization to Indiana corporations to indemnify officers and directors for their conduct if such conduct was in good faith and the officer or director reasonably believed that his conduct was in the corporation's best interests and permits the purchase of insurance in this regard. The indemnification provided for in the IBCL does not exclude any other rights to indemnification that a person may have under: (1) a corporation's articles of incorporation or bylaws; (2) a resolution of the board of directors or of the shareholders; or (3) any other authorization, whenever adopted, after notice, by a majority vote of all the voting shares then issued and outstanding.

The Consecos By-laws provides for the indemnification of any person made a party to any action, suit or proceeding by reason of the fact that he is a director, officer or employee of Consecos, unless it is adjudged in such action, suit or proceeding that such person is liable for negligence or misconduct in the performance of his duties. Such indemnification shall be against the reasonable expenses, including attorneys' fees, incurred by such person in connection with the defense of such action, suit or proceeding. In some circumstances, Consecos may reimburse any such person for the reasonable costs of settlement of any such action, suit or proceeding if a majority of the members of the Board of Directors not involved in the controversy shall determine that it was in the interests of Consecos that such settlement be made and that such person was not guilty of negligence or misconduct.

Under the PBCL, a business corporation has the power to indemnify its directors, officers, shareholders, legal representatives, employees and agents against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such individuals in connection with a third-party action or proceeding if such individual acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had no reason to believe his conduct was unlawful. A business corporation has the power to indemnify its directors, officers, shareholders, legal representatives, employees and agents against expenses (including attorneys' fees) actually and reasonably incurred in connection with a threatened, pending or completed action by or in the right of the corporation if such individual acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation.

Indemnification shall not be made in respect of any claim, issue or matter as to which the person has been adjudged to be liable to the corporation and unless and only to the extent that a Court of Common Pleas or other court in which the action was brought deems proper. The ATC Bylaws grant such indemnification rights to the directors, officers and legal representatives of ATC and provide that ATC may, by action of its Board of Directors, provide indemnification to employees, agents or fiduciaries of ATC.

MANAGEMENT OF CONSECO

UPON CONSUMMATION OF THE MERGER

The directors and executive officers of Consecos are Stephen C. Hilbert, Ngaire E. Cuneo, Rollin M. Dick, Donald F. Gongaware, Lawrence W. Inlow, David R. Decatur, Louis P. Ferrero, M. Phil Hathaway, James D. Massey and Dennis E. Murray, Sr. and such individuals will continue to be the directors and executive officers of Consecos upon consummation of the Merger. For information with respect to the directors and executive officers of Consecos, see Items 10- 13 of Consecos's Annual Report (which incorporates portions of Consecos's proxy statement dated April 24, 1996), which is incorporated herein by reference.

LEGAL MATTERS

The validity of the Conseco Common Stock to be issued in connection with the Merger will be passed upon for Conseco by Lawrence W. Inlow, Executive Vice President, General Counsel and Secretary of Conseco. Mr. Inlow is a full-time employee and officer of Conseco and owns 808,374 shares of Conseco Common Stock and holds options to purchase 1,406,900 shares of Conseco Common Stock.

Certain tax matters in connection with the transaction will be passed upon by Fox, Rothschild, O'Brien & Frankel, Philadelphia, Pennsylvania. Ramon R. Obod, a director of ATC, is a partner of Fox, Rothschild, O'Brien & Frankel. Mr. Obod owns 19,400 shares of ATC Common Stock and holds options to purchase 37,750 shares of ATC Common Stock.

EXPERTS

The consolidated financial statements of Conseco at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Joint Proxy Statement/Prospectus, have been audited by Coopers & Lybrand L.L.P., independent auditors, as set forth in their report thereon incorporated by reference herein, and are incorporated by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of ATC at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Joint Proxy Statement/Prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report with respect thereto, and are incorporated by reference in reliance upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of LPG at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Joint Proxy Statement/Prospectus, have been audited by Coopers & Lybrand L.L.P., independent auditors, as set forth in their report thereon incorporated by reference herein, and are incorporated by reference in reliance upon such report, given upon authority of such firm as experts in accounting and auditing.

The consolidated financial statements of CAF at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Joint Proxy Statement/Prospectus, have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon incorporated by reference herein, and are incorporated by reference in reliance upon such report, given upon authority of such firm as experts in accounting and auditing.

The consolidated financial statements of THI at December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, incorporated by reference in this Joint Proxy Statement/Prospectus, have been audited by KPMG Peat Marwick LLP, independent auditors, as set forth in their report thereon incorporated by reference herein, and are incorporated by reference in reliance upon such report, given upon authority of such firm as experts in accounting and auditing.

INDEPENDENT ACCOUNTANTS

Representatives of Coopers & Lybrand L.L.P. will be present at the Conseco Special Meeting and will be available to respond to appropriate questions and have the opportunity to make a statement if they desire. Representatives of Arthur Andersen LLP will be present at the ATC Special Meeting and will be available to respond to appropriate questions and have the opportunity to make a statement if they desire.

OTHER MATTERS

As of the date of this Joint Proxy Statement/Prospectus, the Boards of Directors of Consecos and ATC do not intend to present, and have not been informed that any other person intends to present, any matter for action at the Consecos Special Meeting or the ATC Special Meeting, as the case may be, other than as discussed herein.

If the Merger is consummated, shareholders of ATC will become shareholders of Consecos as of the Effective Time. Consecos shareholders may submit to Consecos proposals for formal consideration at the 1997 annual meeting of Consecos's shareholders and inclusion in Consecos's proxy statement for such meeting. Any such proposals must have been received in writing by the Secretary of Consecos, 11825 North Pennsylvania Street, Carmel, Indiana 46032, by December 24, 1996 in order to be considered for inclusion in Consecos's proxy statement and proxy for the 1997 annual meeting.

AGREEMENT AND PLAN OF MERGER

DATED AS OF AUGUST 25, 1996

BY AND BETWEEN

CONSECO, INC.

AND

AMERICAN TRAVELLERS CORPORATION

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of August 25, 1996 by and between CONSECO, INC., an Indiana corporation ("Conseco"), and AMERICAN TRAVELLERS CORPORATION, a Pennsylvania corporation (the "Company").

PREAMBLE

WHEREAS, the respective Boards of Directors of Conseco and the Company have approved the merger of the Company with and into Conseco, upon the terms and subject to the conditions set forth herein; and

WHEREAS, Conseco and the Company desire to make certain representations, warranties, covenants and agreements in connection with such merger and also to prescribe various conditions to such merger;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as such term is defined in Section 1.3 hereof), the Company shall be merged with and into Conseco (the "Merger"), in a transaction intended to qualify as a tax-free reorganization under Section 368(a)(1) (A) of the Internal Revenue Code of 1986, as amended (the "Code"), in accordance with the Indiana Business Corporation Law (the "IBCL Code") and the Pennsylvania Business Corporation Law (the "Pennsylvania Code") and the separate corporate existence of the Company shall cease and Conseco shall continue as the surviving corporation under the laws of the State of Indiana (the "Surviving Corporation") with all the rights, privileges, immunities and powers, and subject to all the duties and liabilities, of a corporation organized under the IBCL. The Merger shall have the effects set forth in the IBCL and the Pennsylvania Code.

1.2 Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Section 7.1, and subject to the satisfaction or waiver of the conditions set forth in Article VI, the closing of the Merger (the "Closing") will take place at 9:00

a.m. on the second business day following the date on which the last to be fulfilled or waived of the conditions set forth in Article VI shall be fulfilled or waived in accordance with this Agreement (the "Closing Date"), at the office of Conseco in Carmel, Indiana, unless another date, time or place is agreed to in writing by the parties hereto.

1.3 Effective Time. The parties hereto will file with the Secretary of State of the State of Indiana (the "Indiana Secretary of State") and the Secretary of State of the Commonwealth of Pennsylvania (the "Pennsylvania Secretary of State") on the date of the Closing (or on such other date as Conseco and the Company may agree) articles of merger or other appropriate documents, executed in accordance with the relevant provisions of the IBCL and the Pennsylvania Code, and make all other filings or recordings required under the IBCL and the Pennsylvania Code in connection with the Merger. The Merger shall become effective upon the filing of the articles of merger with the Indiana Secretary of State and the Pennsylvania Secretary of State, or at such later time as is specified in the articles of merger (the "Effective Time").

1.4 Articles of Incorporation. The Articles of Incorporation of Conseco, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended as provided by law.

1.5 By-Laws. The By-Laws of Conseco, as in effect immediately prior to the Effective Time, shall be the By-Laws of the Surviving Corporation until thereafter amended as provided by law.

1.6 Directors. The directors of Conseco at the Effective Time shall be the directors of the Surviving Corporation.

1.7 Officers. The officers of Conseco at the Effective Time shall be the officers of the Surviving Corporation.

1.8 Conversion of Shares. (a) Outstanding Shares. Each of the shares of common stock, \$.01 par value, of the Company (the "Shares") issued and outstanding immediately prior to the Effective Time (other than Shares held as treasury shares by the Company or Dissenting Shares (as defined below)) shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into a right to receive (i) if the Conseco Share Price (as defined below) is greater than or equal to \$42.25 per share and less than or equal to \$46.25 per share, .7574 of a validly issued, fully paid and nonassessable share of common stock, without par value, of Conseco ("Conseco Common Stock"), (ii) if the Conseco Share Price is less than \$42.25 per share, the fraction (rounded to the nearest ten-thousandth of a share) of a share (or such fraction and whole number, as the case may be) 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 (rounded to the nearest ten-thousandth of a share) of a share of Conseco Common Stock determined by dividing \$35.03 by the Conseco Share Price. The "Conseco Share Price" shall be equal to the average of the closing prices of the Conseco Common Stock on the New York Stock Exchange ("NYSE") Composite Transactions Reporting System, as reported in The Wall Street Journal, for the 10 trading days immediately preceding the second trading day prior to the Effective Time. The Conseco Common Stock to be issued to holders of Shares in accordance with this Section and any cash to be paid in accordance with Section 1.9 in lieu of fractional shares of Conseco Common Stock are referred to collectively as the "Merger Consideration."

(b) Treasury Shares. Each Share issued and outstanding immediately prior to the Effective Time which is then held as a treasury share by the Company or any of its subsidiaries immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the Company, be canceled and retired and cease to exist, without any conversion thereof.

(c) Impact of Stock Splits, etc. In the event of any change in Conseco Common Stock between the date of this Agreement and the Effective Time of the Merger by reason of any stock split, stock dividend, subdivision, reclassification, recapitalization, combination, exchange of shares or the like, the number and class of shares of Conseco Common Stock to be issued and delivered in the Merger in exchange for each outstanding Share as provided in this Agreement and the calculation of all share prices provided for in this Agreement shall be proportionately adjusted.

(d) Company Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares which are held by the Company shareholders who shall have effectively dissented from the Merger and perfected their dissenters' rights in accordance with the provisions of Section 1571 et seq. of the Pennsylvania Code (the "Dissenting Shares") shall not be converted into or be exchangeable for the right to receive the Merger Consideration, but the holders thereof shall be entitled to payment from the Surviving Corporation of the appraised value of such shares in accordance with the provisions of Section 1571 et seq. of the Pennsylvania Code; provided, however, that if any such holder shall have failed to perfect such dissenters' rights or shall have effectively withdrawn or lost such rights, his or her outstanding Shares shall thereupon be converted into and exchangeable for, as if completed at the Effective Time, the Merger Consideration, as determined and paid in the manner set forth in this Agreement, without any interest thereon. The Company shall give Conseco (i) prompt notice of any notice or demands for payment for Dissenting Shares pursuant to Section 1571 et seq. of the Pennsylvania Code received by the Company and (ii) the opportunity to participate in and direct all negotiations and proceedings with respect to any such demands or notices. The Company shall not, without the prior written consent of Conseco, make any payment with respect to, settle, offer to settle or otherwise negotiate, any such demands.

(e) Treatment of Company Stock Options. (i) At the Effective Time each outstanding unexpired stock option ("Company Stock Option") to purchase Shares which have been granted pursuant to the Company's 1987 Stock

Option Plan, 1989 Stock Option Plan, 1993 Stock Option Plan, 1995 Stock Option Plan or 1996 Stock Option Plan, as amended to the date hereof (the "Company Stock Option Plans") shall be deemed disposed to the Company in accordance with final Rule 16b-3(e) as promulgated by the Securities and Exchange Commission ("SEC") pursuant to Release 34-37260 (May 31, 1996) and then converted automatically into an option to purchase, for the same aggregate consideration payable to exercise such Company Stock Options, the number of shares of Conseco Common Stock which the holder would have been entitled to receive at the Effective Time if such Company Stock Options had been fully vested and exercised for shares prior to the Effective Time, but otherwise on the same terms and conditions as were applicable under the Company Stock Option Plan and the underlying stock option agreement except as provided in subsections (ii) and (iii) below.

(ii) Except as provided in subsection (iii) below, each Company Stock Option, if not then vested, will vest in full at the earlier of (x) the expiration of three months after the Effective Time or (y) termination by Conseco of the employment of the holder of such Company Stock Option.

(iii) Each Company Stock Option held by a non-employee director of the Company, if not then vested, will vest in full at the Effective Time.

1.9 Exchange of Certificates. (a) Exchange Agent. As of the Effective Time, Conseco shall deposit with its transfer agent and registrar (the "Exchange Agent"), for the benefit of the holders of Shares, certificates representing the shares of Conseco Common Stock to be issued to holders of Shares pursuant to Section 1.8(a) (such certificates, together with any dividends or distributions with respect to such certificates, being hereinafter referred to as the "Payment Fund").

(b) Exchange Procedures. As soon as practicable after the Effective Time, each holder of an outstanding certificate or certificates which prior thereto represented Shares shall, upon surrender to the Exchange Agent of such certificate or certificates and acceptance thereof by the Exchange Agent, be entitled to a certificate representing that number of whole shares of Conseco Common Stock (and cash in lieu of fractional shares of Conseco Common Stock as contemplated by this Section 1.9) which the aggregate number of Shares previously represented by such certificate or certificates surrendered shall have been converted into the right to receive pursuant to Section 1.8(a) of this Agreement. The Exchange Agent shall accept such certificates upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. If the consideration to be paid in the Merger (or any portion thereof) is to be delivered to any person other than the person in whose name the certificate representing Shares surrendered in exchange therefor is registered, it shall be a condition to such exchange that the certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of the payment of such consideration to a person other than the registered holder of the certificate surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable. After the Effective Time, there shall be no further transfer on the records of the Company or its transfer agent of certificates representing Shares and if such certificates are presented to the Company for transfer, they shall be canceled against delivery of the Merger Consideration as hereinabove provided. Until surrendered as contemplated by this Section 1.9(b), each certificate representing Shares (other than certificates representing Shares to be canceled in accordance with Section 1.8(b) and other than Dissenting Shares), shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration payable with respect to such Shares, without any interest thereon, as contemplated by

Section 1.8. No interest will be paid or will accrue on any cash payable as Merger Consideration.

(c) Letter of Transmittal. Promptly after the Effective Time (but in no event more than five business days thereafter), the Surviving Corporation shall require the Exchange Agent to mail to each record holder of certificates that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.8, a form of letter of transmittal and instructions for use in surrendering such certificates and receiving the consideration to which such holder shall be entitled therefor pursuant to Section 1.8.

(d) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to Consecro Common Stock with a record date after the Effective Time shall be paid to the holder of any certificate that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.8, until the surrender for exchange of such certificate in accordance with this Article I. Following surrender for exchange of any such certificate, there shall be paid to the holder of such certificate, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the number of whole shares of Consecro Common Stock into which the Shares represented by such certificate immediately prior to the Effective Time were converted pursuant to Section 1.8, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time, but prior to such surrender, and with a payment date subsequent to such surrender, payable with respect to such whole shares of Consecro Common Stock.

(e) No Further Ownership Rights in Shares. The Merger Consideration paid upon the surrender for exchange of certificates representing Shares in accordance with the terms of this Article I shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to the Shares theretofore represented by such certificates, subject, however, to the Surviving Corporation's obligation (if any) to pay any dividends or make any other distributions with a record date prior to the Effective Time which may have been declared by the Company on such Shares in accordance with the terms of this Agreement or prior to the date of this Agreement and which remain unpaid at the Effective Time.

(f) No Fractional Shares. (i) No certificates or scrip representing fractional shares of Consecro Common Stock shall be issued upon the surrender for exchange of certificates that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.8, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Consecro.

(ii) Notwithstanding any other provisions of this Agreement, each holder of Shares who would otherwise have been entitled to receive a fraction of a share of Consecro Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of Consecro Common Stock multiplied by the Consecro Share Price.

(g) Termination of Payment Fund. Any portion of the Payment Fund which remains undistributed to the holders of the certificates representing Shares for 120 days after the Effective Time shall be delivered to Consecro, upon demand, and any holders of Shares who have not theretofore complied with this Article I shall thereafter look only to Consecro and only as general creditors thereof for payment of their claim for any Merger Consideration and any dividends or distributions with respect to Consecro Common Stock.

(h) No Liability. Neither Consecro nor the Exchange Agent shall be liable to any person in respect of any cash, shares, dividends or distributions payable from the Payment Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any certificates representing Shares shall not have been surrendered prior to five years after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration in respect of such certificate would otherwise escheat to or become the property of any Governmental Entity (as defined in Section 2.3)), any such cash, shares, dividends or distributions payable in respect of such certificate shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

1.10 Consecro Substituted under Indenture and Debentures. As of the Effective Time, Consecro shall succeed to, be substituted for, and assume all obligations of, and may exercise every right and power of, the Company under the Indenture (the "Indenture") governing the 6.5% Convertible Subordinated Debentures due October 1, 2005 (the "Debentures") by and between the Company and American Bank, National Association with the same effect as if Consecro had been named therein as the Company. As of the Effective Time, Consecro shall assume all the obligations of the Company pursuant to the Debentures.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Conseco and as follows:

2.1 Organization, Standing and Corporate Power. Each of the Company and each Significant Subsidiary of the Company (as hereinafter defined) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has the requisite corporate power and authority to carry on its business as now being conducted. Each of the Company and each Significant Subsidiary of the Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary. The Company has delivered to Conseco complete and correct copies of its Certificate of Incorporation and By-laws, as amended to the date of this Agreement. For purposes of this Agreement, a "Significant Subsidiary" of the Company means each of American Travellers Life Insurance Company, United General Life Insurance Company, and any other subsidiary of the Company that would constitute a Significant Subsidiary within the meaning of Rule 1-02 of Regulation S-X of the SEC.

2.2 Capital Structure. The authorized capital stock of the Company consists of (i) 50,000,000 Shares and (ii) 5,000,000 shares of Preferred Stock, \$.01 par value (the "Preferred Stock"). At the close of business on August 23, 1996: (i) 16,281,432 Shares were issued and outstanding, 2,668,826 Shares were reserved for issuance pursuant to outstanding Company Stock Options and 6,824,790 Shares were reserved for issuance upon conversion of the Debentures; and (ii) no shares of Preferred Stock were issued and outstanding. Except as set forth above, at the close of business on August 23, 1996, no shares of capital stock or other equity securities of the Company were issued, reserved for issuance or outstanding. All outstanding shares of capital stock of the Company are, and all shares which may be issued pursuant to the Company Stock Option Plans or any outstanding Company Stock Options will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. Except for \$103,500,000 of 6.5% Convertible Subordinated Debentures due October 1, 2005, no bonds, debentures, notes or other indebtedness of the Company or any Significant Subsidiary of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which the stockholders of the Company or any Significant Subsidiary of the Company may vote are issued or outstanding. Except as disclosed in Section 2.2 of the Disclosure Schedule dated the date hereof and delivered by the Company to Conseco concurrently herewith (the "Disclosure Schedule"), all the outstanding shares of capital stock of each Significant Subsidiary of the Company have been validly issued and are fully paid and nonassessable and are owned by the Company, by one or more subsidiaries of the Company or by the Company and one or more such subsidiaries, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens") except as may be provided by law. Except as set forth above or in Section 2.2 of the Disclosure Schedule, neither the Company nor any Significant Subsidiary of the Company has any outstanding option, warrant, subscription or other right, agreement or commitment which either (i) obligates the Company or any Significant Subsidiary of the Company to issue, sell or transfer, repurchase, redeem or otherwise acquire or vote any shares of the capital stock of the Company or any Significant Subsidiary of the Company or (ii) restricts the transfer of Shares. The Company has delivered to Conseco a complete and correct copy of the Rights Agreement dated as of April 25, 1990, as amended to the date of this Agreement (the "Rights Agreement").

2.3 Authority; Noncontravention. The Company has the requisite corporate power and authority to enter into this Agreement and, subject to the approval of its stockholders as set forth in Section 6.1(a) with respect to the consummation of the Merger, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject, in the case of the Merger, to the approval of its stockholders as set forth in Section 6.1(a). A majority of the members of the Board of Directors who are not officers of the Company and who are not representatives, nominees, affiliates or associates of Conseco, after receiving advice from one or more investment

banking firms, have determined that the price and terms of the conversion of the Shares are (a) at a price which is fair to the stockholders of the Company and (b) otherwise in the best interests of the Company and its stockholders. This Agreement has been duly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Consec, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except that the enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditor's rights generally and (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). Except as disclosed in Section 2.3 of the Disclosure Schedule, the execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions hereof will not, (i) conflict with any of the provisions of the Certificate of Incorporation or By-laws of the Company or the comparable documents of any Significant Subsidiary of the Company, (ii) subject to the governmental filings and other matters referred to in the following sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or require the consent of any person under, any indenture or other agreement, permit, concession, franchise, license or similar instrument or undertaking to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their assets is bound or affected, or (iii) subject to the governmental filings and other matters referred to in the following sentence, contravene any law, rule or regulation of any state or of the United States or any political subdivision thereof or therein, or any order, writ, judgment, injunction, decree, determination or award currently in effect. No consent, approval or authorization of, or declaration or filing with, or notice to, any governmental agency or regulatory authority (a "Governmental Entity") which has not been received or made, is required by or with respect to the Company or any of its subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except for (i) the filing of premerger notification and report forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with respect to the Merger, (ii) the filings and/or notices required under the insurance laws of the jurisdictions set forth in Section 2.3 of the Disclosure Schedule, (iii) the filing with the SEC of (x) a proxy statement relating to the approval by the stockholders of the Company of the Merger (such proxy statement, together with the proxy statement relating to the approval of the issuance of Consec Common Stock in the Merger by an affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of Consec Common Stock and Consec PRIDES (as hereinafter defined) present, or represented, and entitled to vote thereon at the meeting to be called therefor (the "Consec Stockholder Approval"), in each case as amended or supplemented from time to time, the "Joint Proxy Statement"), and (y) such reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as may be required in connection with this Agreement and the transactions contemplated by this Agreement, (iv) the filing of the articles of merger with the Pennsylvania Secretary of State and the Indiana Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (v) such other consents, approvals, authorizations, filings or notices as are set forth in Section 2.3 of the Disclosure Schedule and (vi) any applicable filings under state anti-takeover laws.

2.4 SEC Documents. (i) The Company has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1994 (such reports, schedules, forms, statements and other documents are hereinafter referred to as the "SEC Documents"); (ii) as of their respective dates, the SEC Documents complied with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) the consolidated financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of

unaudited statements, as permitted by Rule 10-01 of Regulation S-X) and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments).

2.5 Absence of Certain Changes or Events. Except as disclosed in the SEC Documents filed and publicly available prior to the date of this Agreement (the "Filed SEC Documents") or in Section 2.5 of the Disclosure Schedule, since the date of the most recent audited financial statements included in the Filed SEC Documents, the Company and its subsidiaries have conducted their business only in the ordinary course, and there has not been (i) any change which would have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's outstanding capital stock, (iii) any split, combination or reclassification of any of its outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its outstanding capital stock, (iv) (x) any granting by the Company or any of its subsidiaries to any executive officer or other employee of the Company or any of its subsidiaries of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents, (y) any granting by the Company or any of its subsidiaries to any such executive officer or other employee of any increase in severance or termination pay, except in the ordinary course of business consistent with prior practice or as was required under any employment, severance or termination agreements in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents or (z) any entry by the Company or any of its subsidiaries into any employment, severance or termination agreement with any such executive officer or other employee or (v) any change in accounting methods, principles or practices by the Company or any of its subsidiaries materially affecting its assets, liability or business, except insofar as may have been required by a change in generally accepted accounting principles.

2.6 Absence of Changes in Benefit Plans. Except as disclosed in the Filed SEC Documents or in Section 2.6 of the Disclosure Schedule, since the date of the most recent audited financial statements included in the Filed SEC Documents, there has not been any adoption or amendment in any material respect by the Company or any of its subsidiaries of any collective bargaining agreement or any Benefit Plan (as defined in Section 2.7). Except as disclosed in the Filed SEC Documents or in Section 2.6 of the Disclosure Schedule, there exist no employment, consulting, severance, termination or indemnification agreements, arrangements or understandings between the Company or any of its subsidiaries and any current or former employee, officer or director of the Company or any of its subsidiaries.

2.7 Benefit Plans. (i) Each "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (hereinafter a "Pension Plan"), "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) (hereinafter a "Welfare Plan"), and each other plan, arrangement or policy (written or oral) relating to stock options, stock purchases, compensation, deferred compensation, severance, fringe benefits or other employee benefits, in each case maintained or contributed to, or required to be maintained or contributed to, by the Company and its subsidiaries for the benefit of any present or former officers, employees, agents, directors or independent contractors of the Company or any of its subsidiaries (all the foregoing being herein called "Benefit Plans") has been administered in accordance with its terms and all applicable laws and regulations. All required contributions to the Benefit Plans have been made. The Company, its subsidiaries and all the Benefit Plans are in compliance with the applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended (the "Code"), all other applicable laws and all applicable collective bargaining agreements.

(ii) None of the Company or any other person or entity that together with the Company is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code (each a "Commonly Controlled Entity") has incurred any liability to a Pension Plan covered by Title IV of ERISA (other than for contributions not yet due) or to the

Pension Benefit Guaranty Corporation (other than for the payment of premiums not yet due) which liability has not been fully paid as of the date hereof.

(iii) No Commonly Controlled Entity is required to contribute to any "multiemployer plan" (as defined in Section 4001(a)(3) of ERISA) or has withdrawn from any multiemployer plan where such withdrawal has resulted or would result in any "withdrawal liability" (within the meaning of Section 4201 of ERISA) that has not been fully paid.

2.8 Taxes. Except as disclosed in Section 2.8 of the Disclosure Schedule,

(i) Each of the Company and its subsidiaries has filed all tax returns and reports required to be filed by it or requests for extensions to file such returns or reports have been timely filed, granted and have not expired, except to the extent that such failures to file or to have extensions granted that remain in effect individually and in the aggregate would not have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole. All tax returns filed by the Company and each of its subsidiaries are complete and accurate except to the extent that such failure to be complete and accurate would not have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole. The Company and each of its subsidiaries has paid (or the Company has paid on the subsidiaries' behalf) all taxes shown as due on such returns, and the most recent financial statements contained in the Filed SEC Documents reflect an adequate reserve for all taxes payable by the Company and its subsidiaries for all taxable periods and portions thereof accrued through the date of such financial statements.

(ii) No deficiencies for any taxes have been proposed, asserted or assessed against the Company or any of its subsidiaries that are not adequately reserved for, except for deficiencies that individually or in the aggregate would not have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole, and, except as set forth on Section 2.8 of the Disclosure Schedule, no requests for waivers of the time to assess any such taxes have been granted or are pending. The Federal income tax returns of the Company and each of its subsidiaries consolidated in such returns have been examined by and settled with the United States Internal Revenue Service, or the statute of limitations on assessment or collection of any Federal income taxes due from the Company or any of its subsidiaries has expired, through such taxable years as are set forth in Section 2.8 of the Disclosure Schedule.

(iii) As used in this Agreement, "taxes" shall include all Federal, state, local and foreign income, property, premium, sales, excise, employment, payroll, withholding and other taxes, tariffs or governmental charges of any nature whatsoever and any interest, penalties and additions to taxes relating thereto.

2.9 No Excess Parachute Payments; Section 162(m) of the Code. (i) Except as disclosed in Section 2.9 of the Disclosure Schedule, any amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer or director of the Company or any of its affiliates who is a "disqualified individual" (as such term is defined in proposed Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation arrangement or Benefit Plan currently in effect would not be characterized as an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code).

(ii) Except as disclosed in Section 2.9 of the Disclosure Schedule, the disallowance of a deduction under Section 162(m) of the Code for employee remuneration will not apply to any amount paid or payable by the Company or any subsidiary of the Company under any contract, Benefit Plan, program, arrangement or understanding currently in effect.

2.10 Voting Requirements. The affirmative vote of a majority of the votes cast by the holders of the Shares entitled to vote thereon at the Stockholders Meeting with respect to the approval of the Merger is the only vote of the holders of any class or series of the Company's capital stock necessary to approve this Agreement and the transactions contemplated by this Agreement.

2.11 Compliance with Applicable Laws. (i) Each of the Company and its subsidiaries has in effect all Federal, state, local and foreign governmental approvals, authorizations, certificates, filings, franchises, licenses, notices, permits and rights ("Permits") necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, and there has occurred no default under any such Permit. Except as disclosed in the Filed SEC Documents, the Company and its subsidiaries are in compliance in all material respects with all applicable statutes, laws, ordinances, rules, orders and regulations of any Governmental Entity. Except as disclosed in the Filed SEC Documents or Section 2.11 of the Disclosure Schedule and except for routine examinations by state Governmental Entities charged with supervision of insurance companies ("Insurance Regulators"), as of the date of this Agreement, to the knowledge of the Company, no investigation by any Governmental Entity with respect to the Company or any of its subsidiaries is pending or threatened.

(ii) The Annual Statements (including without limitation the Annual Statements of any separate accounts) for the year ended December 31, 1995, together with all exhibits and schedules thereto, and financial statements relating thereto, and any actuarial opinion, affirmation or certification filed in connection therewith, and the Quarterly Statements for the periods ended after January 1, 1996, together with all exhibits and schedules thereto, with respect to each subsidiary of the Company that is a regulated insurance company (an "Insurance Company"), in each case as filed with the applicable Insurance Regulator of its jurisdiction of domicile, were prepared in conformity with statutory accounting practices prescribed or permitted by such Insurance Regulator applied on a consistent basis ("SAP"), present fairly, in all material respects, to the extent required by and in conformity with SAP, the statutory financial condition of such Insurance Company at their respective dates and the results of operations, changes in capital and surplus and cash flow of such Insurance Company for each of the periods then ended, and were correct in all material respects when filed and there were no material omissions therefrom when filed. No deficiencies or violations material to the financial condition or operations of any Insurance Company have been asserted in writing by any Insurance Regulator which have not been cured or otherwise resolved to the satisfaction of such Insurance Regulator and which have not been disclosed in writing to Consecro prior to the date of this Agreement.

2.12 Opinion of Financial Advisor. The Company has received the opinion of Donaldson, Lufkin & Jenrette Securities Corp. ("DLJ"), dated the date hereof, to the effect that, as of such date, the consideration to be received in the Merger by the Company's stockholders is fair to the Company's stockholders.

2.13 Brokers. Except with respect to DLJ, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Company directly with Consecro, without the intervention of any person on behalf of the Company in such manner as to give rise to any valid claim by any person against Consecro, the Company or any subsidiary for a finder's fee, brokerage commission, or similar payment. The Company has provided Consecro with a true and complete copy of the agreement between the Company and DLJ, and the Company has no other agreements or understandings (written or oral) with respect to such services.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CONSECO

Consecro hereby represents and warrants to the Company as follows:

3.1 Organization, Standing and Corporate Power. Each of Consecro and each Significant Subsidiary of Consecro (as hereinafter defined) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated and has the requisite corporate power and authority to carry on its business as now being conducted. Each of Consecro and each Significant Subsidiary of Consecro is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary. Consecro has delivered to the Company complete and correct copies of its Articles of Incorporation and By-laws, as amended to the date of this Agreement. For purposes of this Agreement, a "Significant Subsidiary" of Consecro means any subsidiary of Consecro that would constitute a Significant Subsidiary within the meaning of Rule 1-02 of Regulation S-X of the SEC.

3.2 Conseco Capital Structure. The authorized capital stock of Conseco consists of 500,000,000 shares of Conseco Common Stock and 20,000,000 shares of preferred stock, without par value. At the close of business on August 23, 1996, (i) 58,416,433 shares of Conseco Common Stock, 5,264,767 shares of \$3.25 Series D Cumulative Convertible Preferred Stock of Conseco (the "Conseco Series D Preferred Stock") and 4,369,700 shares of Preferred Redeemable Increased Dividend Equity Securities of Conseco (the "Conseco PRIDES") were issued and outstanding (net of treasury shares or shares held by subsidiaries), (ii) 13,721,689 shares of Conseco Common Stock were reserved for issuance pursuant to outstanding options to purchase shares of Conseco Common Stock and other benefits granted under Conseco's benefit plans (the "Conseco Stock Plans"), (iii) 8,258,314 shares of Conseco Common Stock were reserved for issuance upon conversion of the Conseco Series D Preferred Stock and (iv) 8,739,400 shares of Conseco Common Stock were reserved for issuance upon conversion of the Conseco PRIDES. Except (x) as set forth above, (y) for outstanding options to purchase an aggregate of 1,105,550 shares of Bankers Life Holding Corporation under its Stock Option Plan and (z) with respect to stock units awarded under the Conseco Stock Option Plans, at the close of business on August 23, 1996, no shares of capital stock or other voting securities of Conseco were issued, reserved for issuance or outstanding. All outstanding shares of capital stock of Conseco are, and all shares which may be issued pursuant to this Agreement will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. No bonds, debentures, notes or other indebtedness of Conseco or any Significant Subsidiary of Conseco having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which the stockholders of Conseco or any Significant Subsidiary of Conseco may vote are issued or outstanding. All the outstanding shares of capital stock of each Significant Subsidiary of Conseco have been validly issued and are fully paid and nonassessable and, except as set forth in the Filed Conseco SEC Documents (as defined in Section 3.4), are owned by Conseco, free and clear of all Liens. Except as set forth above or in the Filed Conseco SEC Documents, neither Conseco nor any Significant Subsidiary of Conseco has any outstanding option, warrant, subscription or other right, agreement or commitment which either (i) obligates Conseco or any Significant Subsidiary of Conseco to issue, sell or transfer, repurchase, redeem or otherwise acquire or vote any shares of the capital stock of Conseco or any Significant Subsidiary of Conseco or (ii) restricts the transfer of Conseco Common Stock.

3.3 Authority; Noncontravention. Conseco has all requisite corporate power and authority to enter into this Agreement and, subject to the Conseco Stockholder Approval with respect to the issuance of Conseco Common Stock in the Merger, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Conseco and the consummation by Conseco of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Conseco, subject, in the case of the issuance of Conseco Common Stock in the Merger, to the Conseco Stockholder Approval. This Agreement has been duly executed and delivered by and, assuming this Agreement constitutes the valid and binding agreement of the Company, constitutes a valid and binding obligation of Conseco, enforceable against Conseco in accordance with its terms except that the enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditor's rights generally and (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions of this Agreement will not (i) conflict with any of the provisions of the Articles of Incorporation or By-laws of Conseco, or the comparable documents of any Significant Subsidiary of Conseco, (ii) subject to the governmental filings and other matters referred to in the following sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or require the consent of any person under, any indenture, or other agreement, permit, concession, franchise, license or similar instrument or undertaking to which Conseco or any of its subsidiaries is a party or by which Conseco or any of its subsidiaries or any of their assets is bound or affected, or (iii) subject to the governmental filings and other matters referred to in the following sentence, contravene any law, rule or regulation of any state or of the United States or any political subdivision thereof or therein, or any order, writ, judgment, injunction, decree, determination or award currently in effect. No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received

or made is required by or with respect to Consecos in connection with the execution and delivery of this Agreement by Consecos or the consummation by Consecos of any of the transactions contemplated by this Agreement, except for

(i) the filing of premerger notification and report forms under the HSR Act with respect to the Merger, (ii) the filings and/or notices required under the insurance laws of the jurisdictions set forth in Section 2.3 of the Disclosure Schedule, (iii) the filing with the SEC of the registration statement on Form S-4 to be filed with the SEC by Consecos in connection with the issuance of Consecos Common Stock in the Merger (the "Form S-4"), the Joint Proxy Statement relating to the Consecos Stockholder Approval and such reports under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby, (iv) the filing of the articles of merger with the Indiana Secretary of State and the Pennsylvania Secretary of State, and appropriate documents with the relevant authorities of the other states in which the Company is qualified to do business, (v) such other consents, approvals, authorizations, filings or notices as are set forth in Section 2.3 of the Disclosure Schedule and (vi) any applicable filings under state anti- takeover laws.

3.4 SEC Documents. Consecos and its subsidiaries have filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1994 (the "Consecos SEC Documents"). As of their respective dates, the Consecos SEC Documents complied with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Consecos SEC Documents, and none of the Consecos SEC Documents as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Consecos included in the Consecos SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Rule 10-01 of Regulation S-X) and fairly present, in all material respects, the consolidated financial statements of Consecos and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments).

3.5 Absence of Certain Changes or Events. Except as disclosed in the Consecos SEC Documents filed and publicly available prior to the date of this Agreement (the "Filed Consecos SEC Documents") or in Section 3.5 of a Disclosure Schedule dated the date hereof and delivered concurrently herewith by Consecos to the Company (the "Consecos Disclosure Schedule"), since the date of the most recent audited financial statements included in the Filed Consecos SEC Documents, Consecos has conducted its business only in the ordinary course, and there has not been (i) any change which would have a material adverse effect on the business, financial condition or results of operations of Consecos and its subsidiaries, taken as a whole, (ii) any declaration, setting aside or payment of any dividend or distribution (whether in cash, stock or property) with respect to any of Consecos's outstanding capital stock (other than the payment of cash dividends of \$.02 per share on July 1, 1996, and the declaration of a cash dividend payable October 1, 1996 of \$.0625 per share, on Consecos Common Stock and regular cash dividends on the Consecos Series D Preferred Stock and the Consecos PRIDES, in each case in accordance with usual record and payment dates and in accordance with Consecos's dividend policy and Articles of Incorporation at the date of such payment), (iii) any split, combination or reclassification of any of its outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iv) any change in accounting methods, principles or practices by Consecos materially affecting its assets, liabilities or business, except as may have been required by a change in generally accepted accounting principles.

3.6 Compliance with Applicable Laws. (i) Each of Consecos and its subsidiaries has in effect all Permits necessary for it to own, lease or operate its properties and assets and to carry on its business as now conducted, and there has occurred no default under any such Permit. Except as disclosed in the Filed Consecos SEC Documents, Consecos and its subsidiaries are in compliance in all material respects with all applicable statutes, laws, ordinances, rules, orders and regulations of any Governmental Entity. Except as disclosed in the Filed

Conseco SEC Documents Conseco and its subsidiaries are in compliance in all material respects with all applicable statutes, laws, ordinances, rules, orders and regulations of any Governmental Entity. Except as disclosed in the Filed Conseco SEC Documents and except for routine examinations by state Governmental Entities charged with supervision of insurance companies ("Insurance Regulators"), as of the date of this Agreement, to the knowledge of Conseco, no investigation by any Governmental Entity with respect to Conseco or any of its subsidiaries is pending or threatened.

(ii) The Annual Statements (including without limitation the Annual Statements of any separate accounts) for the year ended December 31, 1995, together with all exhibits and schedules thereto, and any actuarial opinion, affirmation or certification filed in connection therewith, and the Quarterly Statements for the periods ended after January 1, 1996, together with all exhibits and schedules thereto, with respect to each subsidiary of Conseco that is an Insurance Company, in each case as filed with the applicable Insurance Regulator of its jurisdiction of domicile, were prepared in conformity with, present fairly, in all material respects, to the extent required by and in conformity with SAP, the statutory financial condition of such Insurance Company at their respective dates and the results of operations, changes in capital and surplus and cash flow of such Insurance Company for each of the periods then ended, and were correct in all material respects when filed and there were no material omissions therefrom when filed. No deficiencies or violations material to the financial condition or operations of any Insurance Company have been asserted in writing by any Insurance Regulator which have not been cured or otherwise resolved to the satisfaction of such Insurance Regulator and which have not been disclosed in writing to the Company prior to the date of this Agreement.

3.7 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Conseco directly with the Company, without the intervention of any person on behalf of Conseco in such manner as to give rise to any valid claim by any person against the Company or any of the Subsidiaries for a finder's fee, brokerage commission, or similar payment.

3.8 Voting Requirements. The affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of Common Stock and Conseco PRIDES present, or represented, and entitled to vote thereon at the Conseco Stockholders Meeting with respect to the issuance of shares of Conseco Common Stock in the Merger is the only vote of the holders of any class or series of Conseco's capital stock necessary to approve this Agreement and the transactions contemplated by this Agreement.

ARTICLE IV

ADDITIONAL AGREEMENTS

4.1 Preparation of Form S-4 and the Joint Proxy Statement; Information Supplied.

(a) As soon as practicable following the date of this Agreement, the Company and Conseco shall prepare and file with the SEC the Joint Proxy Statement and Conseco shall prepare and file with the SEC the Form S-4, in which the Joint Proxy Statement will be included as a prospectus. Each of the Company and Conseco shall use its best efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing. The Company will use its best efforts to cause the Joint Proxy Statement to be mailed to the Company's stockholders, and Conseco will use its best efforts to cause the Joint Proxy Statement to be mailed to Conseco's stockholders, in each case as promptly as practicable after the Form S-4 is declared effective under the Securities Act. Conseco shall also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under any applicable state securities laws in connection with the issuance of Conseco Common Stock in the Merger and the Company shall furnish all information concerning the Company and the holders of the Common Stock as may be reasonably requested in connection with any such action.

(b) The Company agrees that none of the information supplied or to be supplied by the Company specifically for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 is filed

with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Joint Proxy Statement will, at the date it is first mailed to the Company's stockholders or at the time of the Stockholders Meeting (as defined in Section 4.2), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except with respect to statements made or incorporated by reference therein based on information supplied by Consecos specifically for inclusion or incorporated by reference in the Joint Proxy Statement.

(c) Consecos agrees that none of the information supplied or to be supplied by Consecos specifically for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 is filed with the SEC, at any time it is amended or supplemented or at the time it becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) the Joint Proxy Statement will, at the date the Joint Proxy Statement is first mailed to Consecos's stockholders or at the time of the Consecos Stockholders Meeting (as defined in Section 4.2), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 will comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations promulgated thereunder and the Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder, except with respect to statements made or incorporated by reference in either the Form S-4 or the Joint Proxy Statement based on information supplied by the Company specifically for inclusion or incorporation by reference therein.

4.2 Meetings of Stockholders. The Company will take all action necessary in accordance with applicable law and its Certificate of Incorporation and By-laws to convene a meeting of its stockholders (the "Stockholders Meeting") to consider and vote upon the approval of the Merger. Consecos will take all action necessary in accordance with applicable law and its Articles of Incorporation and By-laws to convene a meeting of its stockholders (the "Consecos Stockholders Meeting") to consider and vote upon the approval of the issuance of Consecos Common Stock in the Merger. Subject to Section 4.9 hereof in the case of the Company, the Company and Consecos will, through their respective Boards of Directors, recommend to their respective stockholders approval of the foregoing matters. Without limiting the generality of the foregoing, the Company agrees that, subject to its right to terminate this Agreement pursuant to Section 4.9, its obligations pursuant to the first sentence of Section 4.2 shall not be affected by (i) the commencement, public proposal, public disclosure or communication to the Company of any Acquisition Proposal (as defined in Section 4.8) or (ii) the withdrawal or modification by the Board of Directors of the Company of its approval or recommendation of this Agreement or the Merger. Consecos and the Company will use their best efforts to hold the Stockholders Meeting and the Consecos Stockholders Meeting on the same day and use best efforts to hold such Meetings and (except in the case of the Company, subject to Section 4.9 hereof) to obtain the favorable votes of their respective stockholders as soon as practicable after the date hereof.

4.3 Letter of the Company's Accountants. The Company shall use its best efforts to cause to be delivered to Consecos a letter of Arthur Andersen LLP, the Company's independent public accountants, dated a date within two business days before the date on which the Form S-4 shall become effective and a letter of Arthur Andersen LLP, dated a date within two business days before the Closing Date, addressed to Consecos, in form and substance reasonably satisfactory to Consecos and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Form S-4.

4.4 Letter of Consecos's Accountants. Consecos shall use its best efforts to cause to be delivered to the Company a letter of Coopers & Lybrand L.L.P., Consecos's independent public accountants, dated a date within two business days before the date on which the Form S-4 shall become effective and a letter of Coopers & Lybrand L.L.P., dated a date within two business days before the Closing Date, each addressed to the Company,

in form and substance reasonably satisfactory to the Company and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Form S-4.

4.5 Access to Information; Confidentiality. Upon reasonable notice, each of the Company and Consecro shall, and shall cause each of its respective subsidiaries to, afford to the other party and to the officers, employees, counsel, financial advisors and other representatives of such other party reasonable access during normal business hours during the period prior to the Effective Time to all its properties, books, contracts, commitments, personnel and records and, during such period, each of the Company and Consecro shall, and shall cause each of its respective subsidiaries to, furnish as promptly as practicable to the other party such information concerning its business, properties, financial condition, operations and personnel as such other party may from time to time reasonably request. Except as required by law, Consecro will hold, and will cause its respective directors, officers, partners, employees, accountants, counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information obtained from the Company in confidence to the extent required by, and in accordance with, the provisions of the letter dated August 14, 1996, between Consecro and the Company (the "Confidentiality Agreement"). Except as required by law, the Company will hold, and will cause its directors, officers, partners, employees, accountants, counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information obtained from Consecro in confidence to the extent required by, and in accordance with, the Confidentiality Agreement.

4.6 Best Efforts. Upon the terms and subject to the conditions and other agreements set forth in this Agreement, each of the parties agrees to use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement.

4.7 Public Announcements. Consecro and the Company will consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law, court process or by obligations pursuant to any listing agreement with any national securities exchange or NASDAQ.

4.8 Acquisition Proposals. The Company shall not, nor shall it permit any of its subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative of, the Company or any of its subsidiaries to, directly or indirectly, (i) solicit, initiate or encourage the submission of any Acquisition Proposal (as hereinafter defined) or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal (as defined below); provided, however, that nothing contained in this Section 4.8 shall prohibit the Board of Directors of the Company from furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited Acquisition Proposal if, and only to the extent that (A) the Board of Directors of the Company, after consultation with and based upon the advice of outside counsel, determines in good faith that such action is necessary for the Board of Directors of the Company to comply with its fiduciary duties to stockholders under applicable law and (B) prior to taking such action, the Company (x) provides reasonable notice to Consecro to the effect that it is taking such action and (y) receives from such person or entity an executed confidentiality agreement in reasonably customary form. Notwithstanding anything in this Agreement to the contrary, the Company shall promptly advise Consecro orally and in writing of the receipt by it (or any of the other entities or persons referred to above) after the date hereof of any Acquisition Proposal, or any inquiry which could lead to any Acquisition Proposal, the material terms and conditions of such Acquisition Proposal or inquiry, and the identity of the person making any such Acquisition Proposal or inquiry. The Company will keep Consecro fully informed of the status and details of any such Acquisition Proposal or inquiry. For purposes of this Agreement, "Acquisition Proposal" means any bona fide proposal with respect to

a merger, consolidation, share exchange or similar transaction involving the Company or any Significant Subsidiary of the Company, or any purchase of all or any significant portion of the assets of the Company or any Significant Subsidiary of the Company, or any equity interest in the Company or any Significant Subsidiary of the Company, other than the transactions contemplated hereby.

4.9 Fiduciary Duties. The Board of Directors of the Company shall not (i) withdraw or modify, in a manner materially adverse to Consecos, the approval or recommendation by such Board of Directors of this Agreement or the Merger, (ii) approve or recommend an Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal, unless the Company receives an Acquisition Proposal and the Board of Directors of the Company determines in good faith, following consultation with outside counsel, that in order to comply with its fiduciary duties to stockholders under applicable law it is necessary for the Board of Directors to withdraw or modify, in a manner materially adverse to Consecos, its approval or recommendation of this Agreement or the Merger, approve or recommend such Acquisition Proposal, enter into an agreement with respect to such Acquisition Proposal or terminate this Agreement. In the event the Board of Directors of the Company takes any of the foregoing actions, the Company shall, concurrently with the taking of any such action, pay to Consecos the Section 4.11 Fee pursuant to Section 4.11. Nothing contained in this Section 4.9 shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company's stockholders which, in the good faith reasonable judgment of the Board of Directors of the Company based on the advice of outside counsel, is required under applicable law; provided that, subject to the provisions of the first sentence of this Section, the Company does not withdraw or modify, in a manner materially adverse to Consecos, its position with respect to the Merger or approve or recommend an Acquisition Proposal. Notwithstanding anything contained in this Agreement to the contrary, any action by the Board of Directors permitted by this Section 4.9 shall not constitute a breach of this Agreement by the Company.

4.10 Consents, Approvals and Filings. The Company and Consecos will make and cause their respective subsidiaries to make all necessary filings, as soon as practicable, including, without limitation, those required under the HSR Act, the Securities Act, the Exchange Act, and applicable state insurance laws in order to facilitate prompt consummation of the Merger and the other transactions contemplated by this Agreement. In addition, the Company and Consecos will each use their best efforts, and will cooperate fully with each other (i) to comply as promptly as practicable with all governmental requirements applicable to the Merger and the other transactions contemplated by this Agreement and (ii) to obtain as promptly as practicable all necessary permits, orders or other consents of Governmental Entities and consents of all third parties necessary for the consummation of the Merger and the other transactions contemplated by this Agreement. Each of the Company and Consecos shall use best efforts to promptly provide such information and communications to Governmental Entities as such Governmental Entities may reasonably request. Each of the parties shall provide to the other party copies of all applications in advance of filing or submission of such applications to Governmental Entities in connection with this Agreement and shall make such revisions thereto as reasonably requested by such other party. Each party shall provide to the other party the opportunity to participate in all meetings and material conversations with Governmental Entities.

4.11 Certain Fees. (a) The Company shall pay to Consecos upon demand \$20 million (the "Section 4.11 Fee"), payable in same-day funds, if a bona fide Acquisition Proposal is commenced, publicly proposed, publicly disclosed or communicated to the Company (or the willingness of any person to make such an Acquisition Proposal is publicly disclosed or communicated to the Company) and the Board of Directors of the Company, in accordance with Section 4.9, withdraws or modifies in a manner materially adverse to Consecos its approval or recommendation of this Agreement or the Merger, approves or recommends such Acquisition Proposal, enters into an agreement with respect to such Acquisition Proposal, or terminates this Agreement.

(b) Unless Consecos is materially in breach of this Agreement or is unable to satisfy the condition of Section 6.3(a) hereof, the Company shall pay to Consecos upon demand an amount, not to exceed \$2,000,000, to reimburse Consecos for its Expenses (as such term is defined in subparagraph (d) of this Section 4.11), payable in

same-day funds, if the requisite approval of the Company's stockholders for the Merger is not obtained (other than the circumstances specified in Section 4.11(a) hereof) and all other conditions contained in Section 6.1 of this Agreement have been satisfied, waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before March 31, 1997, through the exercise of best efforts to procure the satisfaction thereof.

(c) Unless the Company is materially in breach of this Agreement or is unable to satisfy the condition of Section 6.2(a) hereof, Consecos shall pay to the Company upon demand, an amount, not to exceed \$2,000,000, to reimburse the Company for its Expenses, payable in same-day funds, if the requisite approval of Consecos stockholders for the Merger is not obtained and all other conditions contained in Section 6.1 of this Agreement have been satisfied, waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before March 31, 1997, through the exercise of best efforts to procure the satisfaction thereof.

(d) For purposes of this Section 4.11, "Expenses" shall mean all documented out-of-pocket fees and expenses incurred or paid by or on behalf of Consecos or the Company, as the case may be, to third parties in connection with the Merger or the consummation of any of the transactions contemplated by this Agreement, including all bank fees, financing fees, printing costs and reasonable fees and expenses of counsel, investment banking firms, accountants, experts and consultants.

4.12 Affiliates and Certain Stockholders. Prior to the Closing Date, the Company shall deliver to Consecos a letter identifying all persons who are, at the time the Merger is submitted for approval to the stockholders of the Company, "affiliates" of the Company for purposes of Rule 145 under the Securities Act. The Company shall use its best efforts to cause each such person to deliver to Consecos on or prior to the Closing Date a written agreement substantially in the form attached as Exhibit A hereto. Consecos shall not be required to maintain the effectiveness of the Form S-4 or any other registration statement under the Securities Act for the purposes of resale of Consecos Common Stock by such affiliates and the certificates representing Consecos Common Stock received by such affiliates in the Merger shall bear a customary legend regarding applicable Securities Act restrictions and the provisions of this Section 4.12.

4.13 NYSE Listing. Consecos shall use its best efforts to cause the shares of Consecos Common Stock to be issued in the Merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

4.14 Stockholder Litigation. The Company shall give Consecos the opportunity to participate in the defense or settlement of any stockholder litigation against the Company and its directors relating to the transactions contemplated by this Agreement; provided, however, that no such settlement shall be agreed to without Consecos's consent, which consent shall not be unreasonably withheld.

4.15 Indemnification. (a) The certificate of incorporation and by-laws of each of the Company's subsidiaries shall contain the provisions with respect to indemnification set forth therein on the date of this Agreement, and such provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of the Company or any of its subsidiaries (the "Indemnified Parties") in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), unless such modification is required by law. Consecos agrees to indemnify the Indemnified Parties, but only to the extent that the Company would have been obligated to do so had it been the Surviving Corporation.

(b) The provisions of this Section 4.15 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party, his heirs and his personal representatives and shall be binding on all successors and assigns of Consecos.

4.16 Financing. Consecro shall have funds available sufficient to repay when due all indebtedness outstanding under the Company's senior credit facility and to pay when due the aggregate Repurchase Payment (as defined in the Indenture) for any of the Debentures which are required to be repurchased by the Company in accordance with Section 11.1 of the Indenture.

4.17 Stock Options. (a) As soon as practicable following the date of this Agreement, the Board of Directors of the Company (or, if appropriate, any committee administering a Company Stock Option Plan) shall adopt such resolutions or take such actions as may be required to adjust the terms of all outstanding Company Stock Options in accordance with Section 1.8(e) and shall make such other changes to the Company Stock Option Plans as it deems appropriate to give effect to the Merger (subject to the approval of Consecro, which shall not be unreasonably withheld). The parties agree that after the date hereof, except for the Company Stock Options outstanding on the date hereof and any changes thereto described in this Agreement or the Disclosure Schedule, no option, warrants or other rights of any kind to purchase capital stock of the Company shall be granted or made, under the Company Stock Plans or otherwise, and no amendment, repricing or other change to the outstanding Company Stock Options shall be made, without the prior written consent of Consecro, and any such grant, issuance, amendment, repricing or other change without Consecro's consent shall be null, void and unenforceable against Consecro.

(b) Consecro shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Consecro Common Stock for delivery upon exercise of the Company Stock Options. Prior to the Effective Time, Consecro shall have filed a registration statement on Form S-8 (or any successor form) or another appropriate form with respect to the shares of Consecro Common Stock subject to the Company Stock Options and shall use its best efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as Company Stock Options remain outstanding.

4.18 Employment Agreements. The Company shall enter into the employment agreements described in Section 4.18 of the Consecro Disclosure Schedule. Such employment agreements shall be subject to the approval of Consecro, which shall not be unreasonably withheld.

4.19 Officers' Certificates Relating to Tax Treatment. Consecro shall provide to the Tax Opinion Provider (as defined in Section 6.3(c) hereof), a certificate in the form agreed to by Consecro dated the Closing Date and signed on behalf of Consecro by the chief executive officer and the chief financial officer of Consecro. The Company shall provide to the Tax Opinion Provider a certificate in the form agreed to by the Company dated the Closing Date and signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company.

4.20 Supplemental Indenture; Other Actions. Prior to the Effective Time, Consecro shall execute and deliver to the Trustee, a supplemental indenture or indentures evidencing the succession of Consecro to the Company and meeting the requirements of the Indenture and the Company and Consecro shall take any and all other actions required by the Indenture to substitute Consecro for the Company under the Indenture and Debentures as of the Effective Time.

4.21 Severance and Other Payments. If, after the Effective Time, the employment of employees (other than officers) of the Company are terminated, the Employee Severance Pay Plan of Consecro shall be applicable to such employees giving credit for service to the Company as service to Consecro. In addition, an aggregate of up to \$2 million of additional severance pay may be paid to the following individuals in such manner and in such proportions as shall be determined from time to time by the Company's present chief executive office after consultation with the Chief Operations Officer of Consecro or his designee:

(i) employees of the Company (other than officers) whose employment has been terminated by Consecro within 18 months after the Effective Time;

(ii) outside actuarial consultants of the Company (other than officers) whose services are terminated by Consecro within 18 months after the Effective Time; and

(iii) Ronald J. Holmer, Benedict J. Iacovetti, Ernest Iannucci and Wayne G. Vosik in order to satisfy such individuals' parachute payment tax liability pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended and the regulations thereunder; provided that no individual shall receive a payment in excess of \$120,000.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS PRIOR TO MERGER

5.1 Conduct of Business by the Company. Except as contemplated by this Agreement or as set forth in Section 5.1 of the Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Company shall, and shall cause its subsidiaries to, act and carry on their respective businesses in the ordinary course of business and, to the extent consistent therewith, use reasonable efforts to preserve intact their current business organizations, keep available the services of their current key officers and employees and preserve the goodwill of those engaged in material business relationships with them. In addition, the Company agrees on and after the Mailing Date (as defined in Section 5.4) to allow representatives of Consecro to have access to the management and other personnel of the Company so that Consecro can be fully informed at all times as to significant day-to-day executive, legal, financial, marketing and other operational matters involving the Company, its subsidiaries or their businesses. Prior to taking or approving any action during such time with respect to any such significant matters involving the Company, management of the Company will notify the representative of Consecro designated by Consecro for oversight of the functional area(s) involved with such decision and will, if consistent with the fiduciary obligations of such officer, follow any suggestions made by the Consecro representative with respect to the proposed action. During such time, the Company will cause its personnel to cooperate with personnel from Consecro in preparing for any proposed relocation by Consecro of the Company's operations following Closing. Without limiting the generality of the foregoing, during the period from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any of its subsidiaries to, without the prior consent of Consecro:

- (i) (x) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of the Company's outstanding capital stock, (y) split, combine or reclassify any of its outstanding capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its outstanding capital stock, or (z) purchase, redeem or otherwise acquire any shares of outstanding capital stock or any rights, warrants or options to acquire any such shares;
- (ii) issue, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities other than upon the exercise of Company Stock Options outstanding on the date of this Agreement;
- (iii) amend its articles of organization, By-laws or other comparable charter or organizational documents or the Rights Agreement;
- (iv) acquire any business or any corporation, partnership, joint venture, association or other business organization or division thereof;
- (v) sell, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its properties or assets that are material to the Company and its subsidiaries taken as a whole, except in the ordinary course of business;
- (vi) (x) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, other than indebtedness owing to or guarantees of indebtedness owing to the Company or any direct or indirect wholly-owned subsidiary of the Company or (y) make any loans or advances to any other person, other than to the Company, or to any direct or indirect wholly-owned subsidiary of the Company and other than routine advances to employees;

- (vii) make any tax election or settle or compromise any income tax liability that would reasonably be expected to be material to the Company and its subsidiaries taken as a whole;
- (viii) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Filed SEC Documents or incurred since the date of such financial statements in the ordinary course of business consistent with past practice;
- (ix) except as may be otherwise required in the Company's contractual undertakings with Transport Life Insurance Company or as may be otherwise provided in the investment guidelines to be contained in the investment advisory agreements specified in Section 5.6 hereof, invest its future cash flow, any cash from matured and maturing investments, any cash proceeds from the sale of its assets and properties, and any cash funds currently held by it, in any investments other than cash equivalent assets or in short-term investments (consisting of United States government issued or guaranteed securities, or commercial paper rated A-1 or P-1), except (i) as otherwise required by law, (ii) as required to provide cash (in the ordinary course of business and consistent with past practice) to meet its actual or anticipated obligations or (iii) publicly-traded corporate bonds that are rated investment grade by at least two nationally recognized statistical rating organizations;
- (x) except as may be required by law,
- (i) make any representation or promise, oral or written, to any employee or former director, officer or employee of the Company or any subsidiary which is inconsistent with the terms of any Benefit Plan;
- (ii) make any change to, or amend in any way, the contracts, salaries, wages, or other compensation of any employee or any agent or consultant of the Company or any subsidiary other than (a) changes or amendments that are required under existing contracts of (b) individual, routine changes or amendments that are made in the ordinary course of business and consistent with past practice and do not exceed 8%;
- (iii) adopt, enter into, amend, alter or terminate, partially or completely, any Benefit Plan or any election made pursuant to the provisions of any Benefit Plan, to accelerate any payments, obligations or vesting schedules under any Benefit Plan; or
- (iv) approve any general or company-wide pay increases for employees;
- (xi) except in the ordinary course of business, modify, amend or terminate any material agreement, permit, concession, franchise, license or similar instrument to which the Company or any subsidiary is a party or waive, release or assign any material rights or claims thereunder;
- (xii) hold any meeting of the board of directors of the Company or any subsidiary or any committee of any such board, or take any action by written consent of any such board of committee, without providing (i) written notice five days in advance of any such meeting or in advance of the date of any proposed action by written consent and (ii) an agenda of the specific matters intended to be considered at such meeting or a copy of the proposed written consent; provided, however, that the submission of an agenda shall not prohibit the directors from considering matters not on the agenda, if the Company made a reasonable effort to give Consecro advance notice of such matters; or
- (xiii) authorize any of, or commit or agree to take any of, the foregoing actions.

5.2 Conduct of Business by Consecro. Except as described in Section 5.2 of the Consecro Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, Consecro shall, and shall cause its subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers, licensors, licensees, distributors and others

having business dealings with them to the end that their goodwill and ongoing businesses shall be unimpaired at the Effective Time. Without limiting the generality of the foregoing, during the period from the date of this Agreement to the Effective Time, Consecos shall not, and shall not permit any of its subsidiaries to:

(i) (x) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any outstanding capital stock of Consecos (other than regular quarterly cash dividends of \$.0625 per share of Consecos Common Stock and regular cash dividends on the Consecos Series D Preferred Stock and the Consecos PRIDES, in each case with usual record and payment dates and in accordance with Consecos's Articles of Incorporation and its present dividend policy) or (y) split, combine or reclassify any of its outstanding capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of Consecos's outstanding capital stock (other than under the Consecos Stock Plans);

(ii) issue, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, in each case if any such action could reasonably be expected to (a) delay materially the date of mailing of the Joint Proxy Statement or, (B) if it were to occur after such date of mailing, require an amendment of the Joint Proxy Statement;

(iii) except as described in Section 3.5 of the Consecos Disclosure Schedule, acquire any business or any corporation, partnership, joint venture, association or other business organization or division thereof, in each case if any such action could reasonably be expected to (A) delay materially the date of mailing of the Joint Proxy Statement or, (B) if it were to occur after such date of mailing, require an amendment of the Joint Proxy Statement; or

(iv) authorize any of, or commit or agree to take any of, the foregoing actions.

5.3 Other Actions. The Company and Consecos shall not, and shall not permit any of their respective subsidiaries to, take any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of such party set forth in this Agreement becoming untrue in any material respect or (ii) any of the conditions of the Merger set forth in Article VI not being satisfied.

5.4 Certificates. (a) On the date the Joint Proxy Statement is first mailed to the stockholders of the Company (the "Mailing Date"), the Company shall deliver to Consecos a certificate dated as of the Mailing Date signed by its Chief Executive Officer and its Chief Financial Officer, in their capacities as officers of the Company, that the representations and warranties of the Company contained in this Agreement are true and correct on the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole.

(b) On the Mailing Date, Consecos shall deliver to the Company a certificate dated as of the Mailing Date signed by its Chief Executive Officer and its Chief Financial Officer, in their capacities as officers of Consecos, that the representations and warranties of Consecos contained in this Agreement are true and correct on the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of Consecos and its subsidiaries taken as a whole.

5.5 Investment Advisory Agreements. The Company agrees to enter into, and to cause each of its subsidiaries to enter into, an investment advisory agreement with Consecos Capital Management, Inc., a wholly-owned subsidiary of Consecos. Such agreements shall be effective as of the Mailing Date and shall contain terms and conditions reasonably acceptable to the parties and which are customary in investment advisory agreements.

ARTICLE VI

CONDITIONS PRECEDENT

6.1 Conditions to Each Party's Obligation To Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Stockholder Approval. This Agreement and the Merger shall have been approved and adopted by the affirmative vote of the stockholders of the Company in the manner contemplated in Section 2.10 hereof and the Conseco Stockholder Approval shall have been obtained.

(b) Governmental and Regulatory Consents. All required consents, approvals, permits and authorizations to the consummation of the transactions contemplated hereby by the Company and Conseco shall be obtained from (i) the Insurance Regulators in the jurisdictions set forth in Section 6.1(b) of the Disclosure Schedule, and (ii) any other Governmental Entity whose consent, approval, permission or authorization is required by reason of a change in law after the date of this Agreement, unless the failure to obtain such consent, approval, permission or authorization would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, or on the validity or enforceability of this Agreement. Notwithstanding the foregoing, in the event that all governmental and regulatory consents required hereunder shall have been obtained except the approval of the Insurance Regulator of any life insurance subsidiary of the Company which does not constitute a "significant subsidiary" (within the meaning of Rule 1-02 of Regulation S-X of the SEC) of the Company (a "Non-Significant Life Subsidiary") to the transfer of control of such Non-Significant Life Subsidiary, then, subject to Article VII hereof, at any time thereafter at the option of Conseco, the parties shall take one of the following actions with respect to such Non-Significant Life Subsidiary and otherwise proceed to consummate the Merger in accordance with this Agreement: (a) place into escrow, pursuant to an escrow agreement reasonably acceptable to the parties, the outstanding shares of capital stock of such Non-Significant Life Subsidiary; such escrow agreement shall contain customary provisions concerning duties and responsibilities of the escrow agent and payment of the fees and expenses of the escrow agent and shall provide that (i) pending transfer of control of the Non-Significant Life Subsidiary to Conseco, its current Board of Directors shall retain all power to vote its shares of capital stock and to direct its business not inconsistent with this Agreement, (ii) promptly following receipt of the approval of the Insurance Regulator, control of the capital stock of such Non-Significant Life Subsidiary shall be transferred to Conseco and (iii) at any time following June 30, 1997 and prior to receipt of the Insurance Regulator's approval, Conseco may elect to terminate the escrow agreement, in which event such Non-Significant Life Subsidiary shall be liquidated and dissolved and the proceeds thereof shall be paid to Conseco; (b) cause such Non-Significant Life Subsidiary to surrender its certificate of authority to do business in its state of domicile; (c) cause such Non-Significant Life Subsidiary to commence proceedings for its liquidation and dissolution; (d) enter into an agreement for the sale and transfer of the Non-Significant Life Subsidiary to a third party; or (e) take such other action as may be mutually agreeable to the Company and Conseco.

(c) HSR Act. The waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have otherwise expired.

(d) No Injunctions or Restraints. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect; provided, however, that the parties invoking this condition shall use best reasonable efforts to have any such order or injunction vacated.

(e) NYSE Listing. The shares of Conseco Common Stock issuable to the Company's stockholders pursuant to this Agreement shall have been approved for listing on the NYSE, subject to official notice of issuance.

(f) Form S-4. The Form S-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order.

6.2 Conditions to Obligations of Consecos. The obligation of Consecos to effect the Merger is further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall have been true and correct on the date of this Agreement and as of the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole. The Company shall have delivered to Consecos a certificate dated as of the Closing Date, signed by its Chief Executive Officer and its Chief Financial Officer, in their capacities as officers of the Company, to the effect set forth in this Section 6.2(a).

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date and shall not have willfully or intentionally (i) breached any of its representations or warranties herein or (ii) failed to perform or satisfy any of its obligations or covenants hereunder, and Consecos shall have received a certificate dated as of the Closing Date signed on behalf of the Company by its Chief Executive Officer and its Chief Financial Officer to such effect.

(c) Dissenting Shares. No more than 20% of the Shares shall have become Dissenting Shares.

6.3 Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is further subject to the following conditions:

(a) Representations and Warranties. The representations and warranties of Consecos contained in this Agreement shall have been true and correct on the date of this Agreement and as of the Mailing Date (except to the extent that they expressly relate only to an earlier time, in which case they shall have been true and correct as of such earlier time), other than such breaches of representations and warranties which in the aggregate would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of Consecos and its subsidiaries taken as a whole. Consecos shall have delivered to the Company a certificate dated as of the Closing Date, signed by its Chief Executive Officer and its Chief Financial Officer, in their capacities as officers of Consecos, to the effect set forth in this Section 6.3 (a).

(b) Performance of Obligations of Consecos. Consecos shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date and shall not have willfully or intentionally (i) breached any of its representations or warranties herein or (ii) failed to perform or satisfy any of its obligations or covenants hereunder, and the Company shall have received a certificate dated as of the Closing Date signed on behalf of Consecos by its Chief Executive Officer and its Chief Financial Officer to such effect.

(c) Opinion of Counsel. The Company shall have received the opinion dated the Closing Date of Fox, Rothschild, O'Brien & Frankel, counsel to the Company, (the "Tax Opinion Provider") substantially in the form of Exhibit B, to the effect that the Merger will be treated as a reorganization under Section 368 (a) (1) of the Code and that shareholders of the Company will not be subject to federal income tax on the receipt of shares of Consecos Common Stock in exchange for Shares pursuant to the Merger.

(d) Update Letter. Immediately prior to the mailing of the Joint Proxy Statement, the Company shall have received from DLJ an update of the opinion referred to in Section 2.12 hereof, which update shall not in any material way modify, rescind or revoke the opinion referred to in said Section 2.12.

ARTICLE VII

TERMINATION, AMENDMENT AND WAIVER

7.1 Termination. This Agreement may be terminated and abandoned at any time prior to the Effective Time, whether before or after approval of matters presented in connection with the Merger by the stockholders of the Company and the stockholders of Consecos:

(a) by mutual written consent of Consecos and the Company;

(b) by either Consecos or the Company:

(i) if, upon a vote at a duly held Stockholders Meeting or Consecos Stockholders Meeting or any adjournment thereof, any required approval of the stockholders of the Company or Consecos, as the case may be, shall not have been obtained;

(ii) at any time after December 31, 1996, if the Merger shall not have been consummated by such date, unless the failure to consummate the Merger is the result of a willful and material breach of this Agreement by the party seeking to terminate this Agreement; provided, however, that either party may by notice to the other extend such date to March 31, 1997 if the only conditions to closing not satisfied as of December 31, 1996 are those set forth in Sections 6.1(a), (b) or (c) hereof;

(iii) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable; or

(iv) if the Board of Directors of the Company shall have exercised its rights set forth in Section 4.9 of this Agreement;

(c) by Consecos if the Company does not deliver the certificate specified in Section 5.4(a); or

(d) by the Company if Consecos does not deliver the certificate specified in Section 5.4(b).

7.2 Effect of Termination. In the event of termination of this Agreement by either the Company or Consecos as provided in Section 7.1, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Consecos or the Company, other than the last two sentences of Section 4.5 and Sections 2.13, 3.7, 4.11, 7.2 and 10.2. Nothing contained in this Section shall relieve any party from any liability resulting from any material breach of the representations, warranties, covenants or agreements set forth in this Agreement.

7.3 Amendment. Subject to the applicable provisions of the IBCL and the Pennsylvania Code, at any time prior to the Effective Time, the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties; provided, however, that after approval of the Merger by the stockholders of the Company, no amendment shall be made which reduces the consideration payable in the Merger or adversely affects the rights of the Company's stockholders hereunder without the approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

7.4 Extension; Waiver. At any time prior to the Effective Time, each party may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained in this Agreement or in any document delivered pursuant to this Agreement or (c) subject to Section 7.3, waive compliance with any of the agreements or conditions of the other party contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

7.5 Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 7.1, an amendment of this Agreement pursuant to Section 7.3 or an extension or waiver pursuant to Section 7.4 shall, in order to be effective, require in the case of Consecos or the Company, action by its Board of Directors or the duly authorized designee of its Board of Directors.

ARTICLE VIII

SURVIVAL OF PROVISIONS

8.1 Survival. The representations and warranties respectively required to be made by the Company and Consecro in this Agreement, or in any certificate, respectively, delivered by the Company or Consecro pursuant to Section 6.2 or Section 6.3 hereof will not survive the Closing.

ARTICLE IX

NOTICES

9.1 Notices. All notices and other communications under this Agreement must be in writing and will be deemed to have been duly given if delivered, telecopied or mailed, by certified mail, return receipt requested, first-class postage prepaid, to the parties at the following addresses:

If to the Company, to:

American Travellers Corporation
3220 Tillman Drive
Bensalem, Pennsylvania 19020
Attention: John A. Powell, Chairman of the Board Telephone: (215) 244-1600
Telecopy: (215) 244-4893

with copies to:

Fox, Rothschild, O'Brien & Frankel 2000 Market Street, Tenth Floor
Philadelphia, Pennsylvania 19103
Attention: Ramon R. Obod
Telephone: (215) 299-2036
Telecopy: (215) 299-2150

If to Consecro, to:

Consecro, Inc.
11825 N. Pennsylvania Street
Carmel, Indiana 46032
Attention: Lawrence W. Inlow
Telephone: (317) 817-6163
Telecopy: (317) 817-6327

All notices and other communications required or permitted under this Agreement that are addressed as provided in this Article IX will, if delivered personally, be deemed given upon delivery, will, if delivered by telecopy, be deemed delivered when confirmed and will, if delivered by mail in the manner described above, be deemed given on the third Business Day after the day it is deposited in a regular depository of the United States mail. Any party from time to time may change its address for the purpose of notices to that party by giving a similar notice specifying a new address, but no such notice will be deemed to have been given until it is actually received by the party sought to be charged with the contents thereof.

ARTICLE X

MISCELLANEOUS

10.1 Entire Agreement. Except for documents executed by the Company and Consecro pursuant hereto, this Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter of this Agreement, and this Agreement (including the exhibits hereto, the Disclosure Schedule, the Consecro Disclosure Schedule and other documents delivered in connection herewith) and the Confidentiality Agreement contain the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

10.2 Expenses. Except as otherwise expressly provided in Section 4.11, whether or not the Merger is consummated, each of the Company and Conesco will pay its own costs and expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby except that the expenses incurred in connection with the printing, mailing and distribution of the Joint Proxy Statement and the preparation and filing of the Form S-4 shall be borne equally by Conesco and the Company.

10.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

10.4 No Third Party Beneficiary. Except as otherwise provided herein, the terms and provisions of this Agreement are intended solely for the benefit of the parties hereto, and their respective successors or assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

10.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

10.6 Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, and any such assignment that is not consented to shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the parties and their respective successors and assigns.

10.7 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Indiana, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any Federal court located in the State of Indiana in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction or venue by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than a Federal court sitting in the State of Indiana.

10.8 Headings, Gender, etc. The headings used in this Agreement have been inserted for convenience and do not constitute matter to be construed or interpreted in connection with this Agreement. Unless the context of this Agreement otherwise requires, (a) words of any gender are deemed to include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement; (d) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (e) all references to "dollars" or "\$" refer to currency of the United States of America; and (f) the term "person" shall include any natural person, corporation, limited liability company, general partnership, limited partnership, or other entity, enterprise, authority or business organization.

10.9 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of the Company or Conesco under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Consecro and the Company, effective as of the date first written above.

Consecro, Inc.

/s/ Stephen C. Hilbert
By: _____
Stephen C. Hilbert
Chairman of the Board

American Travellers Corporation

/s/ John A. Powell
By: _____
John A. Powell
Chairman of the Board

EXHIBIT A

[Closing Date]

CONSECO, INC.

11825 N. Pennsylvania Street
Carmel, IN 46032

Gentlemen:

I have been advised that I have been identified as a possible "affiliate" of American Travellers Corporation, a Pennsylvania corporation (the "Company"), as that term is defined for purposes of paragraphs (c) and (d) of Rule 145 of the General Rules and Regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Securities Act"), although nothing contained herein should be construed as an admission of such fact.

Pursuant to the terms of an Agreement and Plan of Merger dated August 25, 1996 (the "Merger Agreement"), by and between Consecro, Inc., an Indiana corporation ("Consecro"), and the Company, the Company will be merged with and into Consecro (the "Merger"). As a result of the Merger, I will receive Merger Consideration (as defined in the Merger Agreement), including shares of Common Stock, without par value, of Consecro ("Consecro Common Stock") in exchange for shares of Common Stock \$.01 par value, of the Company ("Shares") owned by me at the effective time of the Merger as determined pursuant to the Merger Agreement.

A. In connection therewith, I represent, warrant and agree that:

1. I shall not make any sale, transfer or other disposition of the Consecro Common Stock I receive as a result of the Merger in violation of the Securities Act or the Rules and Regulations.
2. I have been advised that the issuance of Consecro Common Stock to me as a result of the Merger has been registered with the Commission under the Securities Act on a Registration Statement on Form S-4. However, I have also been advised that, because at the time the Merger was submitted for a vote of the stockholders of the Company I may have been an "affiliate" of the Company and, accordingly, any sale by me of the shares of Consecro Common Stock I receive as a result of the Merger must be (i) registered under the Securities Act, (ii) made in conformity with the provisions of Rule 145 promulgated by the Commission under the Securities Act or (iii) made pursuant to a transaction which, in the opinion of counsel reasonably satisfactory to Consecro or as described in a "no action" or interpretive letter from the staff of the Commission, is not required to be registered under the Securities Act.
3. I have carefully read this letter and the Merger Agreement and have discussed the requirements of the Merger Agreement and other limitations upon the sale, transfer or other disposition of the shares of Consecro Common Stock to be received by me, to the extent I have felt necessary, with my counsel or with counsel for the Company.

B. Furthermore, in connection with the matters set forth herein, I understand and agree that:

Consecro is under no further obligation to register the sale, transfer or other disposition of the shares of Consecro Common Stock received by me as a result of the Merger or to take any other action necessary in order to make compliance with an exemption from registration available, except as set forth in Section 4.12 of the Merger Agreement and in paragraph C below.

C. Consecro hereby represents, warrants and agrees that:

For as long as resales of any shares of Consecro Common Stock owned by me are subject to Rule 145, Consecro will use all reasonable efforts to make all filings of the nature specified in paragraph (c)(1) of Rule 144 of the Rules and Regulations.

Very truly yours,

EXHIBIT B

[Closing Date]

American Travellers Corporation
3220 Tillman Drive
Bensalem, PA 19020

Ladies and Gentlemen:

You have requested our opinion regarding certain Federal income tax consequences of the merger (the "Merger") of American Travellers Corporation, a Pennsylvania corporation (the "Company"), with and into Consecro, Inc., an Indiana corporation ("Consecro"), pursuant to the terms of a certain Agreement and Plan of Merger by and between the Company and Consecro entered into as of August 25, 1996 (the "Agreement").

In formulating our opinion, we examined such documents as we deemed appropriate, including the Agreement, the Joint Proxy Statement filed by the Company and Consecro with the Securities and Exchange Commission (the "SEC") on October 3, 1996 (the "Joint Proxy Statement"), and the Registration Statement on Form S-4, as filed by Consecro with the SEC on October 3, 1996, in which the Joint Proxy Statement was included as a prospectus (with all amendments thereto, the "Registration Statement"). In addition, we have examined such other records, documents and instruments, as in our judgment have been necessary or appropriate and have obtained and relied upon certain representations and certifications made to us by the Company and Consecro and such additional information as we have deemed relevant and necessary through consultation with various officers and representatives of the Company and Consecro.

In addition to the foregoing, in rendering our opinion we have assumed (1) the accuracy of the statements and facts concerning the Merger set forth in the Agreement, the Joint Proxy Statement, and the Registration Statement, (2) the consummation of the Merger in the manner contemplated by, and in accordance with the terms set forth in, the Agreement, the Joint Proxy Statement, and the Registration Statement, and (3) the accuracy of (i) the representations made by Consecro, which are set forth in the Officers' Certificate delivered to us by Consecro, dated the date hereof, (ii) the representations made by the Company, which are set forth in the Officers' Certificate delivered to us by the Company, dated the date hereof and (iii) the representations made by certain shareholders of the Company in Certificates delivered to us dated the date hereof.

Based upon the facts and statements set forth above, our examination and review of the documents and other materials referred to herein and subject to the assumptions and any qualifications set forth herein, it is our opinion that, under existing law, for Federal income tax purposes:

1. The Merger will constitute a reorganization within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code").
2. No gain or loss will be recognized by the shareholders of the Company with respect to the shares of the common stock of Consecro received by the shareholders of the Company in the Merger.

[LETTERHEAD OF FOX, ROTHCHILD, O'BRIEN & FRANKEL]

We express no opinion concerning any tax consequences of the Merger or any of the other transactions related thereto other than those specifically set forth herein. We call your attention to the fact that shareholders of the Company who exercise dissenters rights will recognize gain or loss with respect to their shares of the Company's stock; and shareholders of the Company who receive cash in lieu of fractional shares of the common stock of Consecro will recognize gain or loss with respect to the cash they receive.

The opinions set forth herein are based upon current provisions of the Code, Treasury Regulations promulgated thereunder, Internal Revenue Service rulings, judicial decisions and administrative pronouncements in effect as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect. No ruling has been, or will be, sought from the Internal Revenue Service as to the Federal income tax consequences of any aspect of the Merger or any other transactions related thereto. Any change in applicable laws or facts and circumstances surrounding the Merger, or any inaccuracy in the statements, facts, assumptions and representations on which we have relied, may affect the continuing validity of the opinions set forth herein. We assume no responsibility to inform you of any such change or inaccuracy that may occur or come to our attention.

Very truly yours,

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ANNEX B

DONALDSON, LUFKIN & JENRETTE

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

277 PARK AVENUE, NEW YORK, NEW YORK 10172 . (212) 892-3000

August 25, 1996

Board of Directors
American Travellers Corporation
3220 Tillman Drive
Bensalem, Pennsylvania 19020

Dear Sirs:

You have requested our opinion as to the fairness from a financial point of view to the shareholders of American Travellers Corporation (the "Company") of the consideration to be received by such shareholders pursuant to the terms of the Agreement and Plan of Merger dated as of August 25, 1996 (the "Agreement"), by and between Consecro, Inc. ("Consecro") and the Company, pursuant to which the Company will be merged (the "Merger") with and into Consecro.

Pursuant to the Agreement, each share of common stock, par value \$.01 per share, of the Company ("Company Common Stock") will be converted into the right to receive, subject to certain exceptions, shares of common stock, without par value, of Consecro ("Consecro Common Stock"), as follows: (i) if the Consecro Share Price (as defined below) 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 Consecro Common Stock, (ii) if the Consecro Share Price is less than \$42.25 per share, the fraction of a share of Consecro Common Stock determined by dividing \$32.00 by the Consecro Share Price or (iii) if the Consecro Share Price is greater than or equal to \$46.25 per share, the fraction of a share of Consecro Common Stock determined by dividing \$35.03 by the Consecro Share Price (such fraction as set forth in clauses (i) through (iii) above, the "Exchange Ratio"). The Consecro Share Price is defined as the average of the closing prices of Consecro Common Stock for the ten trading days immediately preceding the second trading day prior to the consummation of the Merger.

In arriving at our opinion, we have reviewed the Agreement dated as of August 25, 1996 and the exhibits thereto. We have also reviewed financial and other information that was publicly available or furnished to us by the Company and Consecro, including information provided during discussions with their respective managements. Included in the information provided during discussions with the respective managements were certain financial projections of the Company for the years ending December 31, 1996 and December 31, 1997 prepared by the management of the Company, and certain pro forma financial statements of Consecro for the year ended December 31, 1995 and the six months ended June 30, 1996 and certain financial projections of Consecro which are pro forma for the Merger and for certain other transactions contemplated by Consecro for the years ending December 31, 1996 through December 31, 2005 prepared by the management of Consecro. In addition, we have compared certain financial and securities data of the Company and Consecro with various other companies whose securities are traded in public markets, reviewed the historical stock prices and trading volumes of the Company Common Stock and Consecro Common Stock, reviewed prices and premiums paid in other business combinations and conducted such other financial studies, analyses and investigations as we deemed appropriate for purposes of this opinion. We were not requested to, nor did we, solicit the interest of any other party in acquiring the Company.

Our opinion is necessarily based on economic, market, financial and other conditions as they exist on, and on the information made available to us as of, the date of this letter. It should be understood that, although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. We are expressing no opinion herein as to the prices at which Conesco Common Stock will actually trade at any time. Our opinion does not constitute a recommendation to any member of the Board of Directors of the Company or shareholder as to how such member or shareholder should vote on the proposed transaction.

Based upon the foregoing and such other factors as we deem relevant, we are of the opinion that the Exchange Ratio is fair to the holders of Company Common Stock from a financial point of view.

Donaldson, Lufkin & Jenrette Securities Corporation

B-2

**PENNSYLVANIA BUSINESS CORPORATION LAW
SUBCHAPTER D. DISSENTERS RIGHTS**

1571 APPLICATION AND EFFECT OF SUBCHAPTER.

(a) General rule. Except as otherwise provided in subsection (b), any shareholder of a business corporation shall have the right to dissent from, and to obtain payment of the fair value of his shares in the event of, any corporate action, or to otherwise obtain fair value for his shares, where this 1 part expressly provides that a shareholder shall have the rights and remedies provided in this subchapter. See:

Section 1906(c) (relating to dissenters rights upon special treatment).

Section 1930 (relating to dissenters rights).

Section 1931(d) (relating to dissenters rights in share exchanges).

Section 1932(c) (relating to dissenters rights in asset transfers).

Section 1952(d) (relating to dissenters rights in division).

Section 1962(c) (relating to dissenters rights in conversion).

Section 2104(b) (relating to procedure).

Section 2324 (relating to corporation option where a restriction on transfer of a security is held invalid).

Section 2325(b) (relating to minimum vote requirement).

Section 2704(c) (relating to dissenters rights upon election).

Section 2705(d)(relating to dissenters rights upon renewal of election).

Section 2907(a) (relating to proceedings to terminate breach of qualifying conditions).

Section 7104(b)(3) (relating to procedure).

(b) Exceptions. (1) Except as otherwise provided in paragraph (2), the holders of the shares of any class or series of shares that, at the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 1930, 1931 (d), 1932(c) or 1952(d) is to be voted on, are either:

(i) listed on a national securities exchange; or

(ii) held of record by more than 2,000 shareholders;

shall have the right to obtain payment of the fair value of any such shares under this subchapter.

(2) Paragraph (1) shall not apply to and dissenters rights shall be available without regard to the exception provided in that paragraph in the case of:

(i) Shares converted by a plan if the shares are not converted solely into shares of the acquiring, surviving, new or other corporation or solely into such shares and money in lieu of fractional shares.

(ii) Shares of any preferred to special class unless the articles, the plan or the terms of the transaction entitle all shareholders of the class to vote thereon and require for the adoption of the plan or the effectuation of the transaction the affirmative vote of a majority of the votes cast by all shareholders of the class.

(iii) Shares entitled to dissenters rights under section 1906(c) (relating to dissenters rights upon special treatment).

(3) The shareholders of a corporation that acquires by purchase, lease, exchange or other disposition all or substantially all of the shares, property or assets of another corporation by the issuance of shares, obligations or otherwise, with or without assuming the liabilities of the other corporation and with or without the intervention of another corporation or other person, shall not be entitled to the rights and remedies of dissenting shareholders provided in this subchapter regardless of the fact, if it be the case, that the acquisition was accomplished by the issuance of voting shares of the corporation to be outstanding immediately after the acquisition sufficient to elect a majority or more of the directors of the corporation.

(c) Grant of optional dissenters rights. The bylaws or a resolution of the board of directors may direct that all or a part of the shareholders shall have dissenters rights in connection with any corporate action or other transaction that would otherwise not entitle such shareholder to dissenters rights.

(d) Notice of dissenters rights. Unless otherwise provided by statute, if a proposed corporate action that would give rise to dissenters rights under this subpart is submitted to a vote at a meeting of shareholders, there shall be included in or enclosed with the notice of meeting:

(1) A statement of the proposed action and a statement that the shareholders have a right to dissent and obtain payment of the fair value of their shares by complying with the terms of this subchapter; and

(2) A copy of this subchapter.

(e) Other statutes. The procedures of this subchapter shall also be applicable to any transaction described in any statute other than this part that makes reference to this subchapter for the purpose of granting dissenting rights.

(f) Certain provisions of articles ineffective. This subchapter may not be relaxed by any provision of the articles.

(g) Cross references. See section 1105 (relating to restriction on equitable relief), 1904 (relating to de facto transaction doctrine abolished) and 2512 (relating to dissenters rights procedure).

1572 DEFINITIONS.

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Corporation." The issuer of the shares held or owned by the dissenter before the corporate action or the successor by merger, consolidation, division, conversion or otherwise of that issuer. A plan of division may designate which of the resulting corporations is the successor corporation for the purposes of this subchapter. The successor corporation in a division shall have the sole responsibility for payments to dissenters and other liabilities under this subchapter except as otherwise provided in the plan of division.

"Dissenter." A shareholder or beneficial owner who is entitled to and does assert dissenters rights under this subchapter and who has performed every act required up to the time involved for the assertion of those rights.

"Fair value." The fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action.

"Interest." Interest from the effective date of the corporate action until the date of payment at such rate as is fair and equitable under all the circumstances, taking into account all relevant factors including the average rate currently paid by the corporation on its principal bank loans.

1573 RECORD AND BENEFICIAL HOLDERS AND OWNERS.

(a) Record holders of shares. A record holder of shares of a business corporation may assert dissenters rights as to fewer than all of the shares registered in his name only if he dissents with respect to all the shares of the same class or series beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf he dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.

(b) Beneficial owners of shares. A beneficial owner of shares of a business corporation who is not the record holder may assert dissenters rights with respect to shares held on his behalf and shall be treated as a dissenting shareholder under the terms of this subchapter if he submits to the corporation not later than the time of the

assertion of dissenters rights a written consent of the record holder. A beneficial owner may not dissent with respect to some but less than all shares of the same class or series owned by the owner, whether or not the shares so owned by him are registered in his name.

1574 NOTICE OF INTENTION TO DISSENT.

If the proposed corporate action is submitted to a vote at a meeting of shareholders of a business corporation, any person who wishes to dissent and obtain payment of the fair value of his shares must file with the corporation, prior to the vote, a written notice of intention to demand that he paid the fair value for his shares if the proposed action is effectuated, must effect no change in the beneficial ownership of his shares from the date of such filing continuously through the effective date of the proposed action and must refrain from voting his shares in approval of such action. A dissenter who fails in any respect shall not acquire any right to payment of the fair value of his shares under this subchapter. Neither a proxy nor a vote against the proposed corporate action shall constitute the written notice required by this section.

1575 NOTICE TO DEMAND PAYMENT.

(a) General rule. If the proposed action is approved by the required vote at a meeting of shareholders of a business corporation, the corporation shall mail a further notice to all dissenters who gave due notice of intention to demand payment of the fair value of their shares and who refrained from voting in favor of the proposed action. If the proposed corporate action is to be taken without a vote of shareholders, the corporation shall send to all shareholders who are entitled to dissent and demand payment of the fair value of their shares a notice of the adoption of the plan or other corporation action. In either case, the notice shall:

- (1) State where and when a demand for payment must be sent and certificates for certificated shares must be deposited in order to obtain payment.
 - (2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.
 - (3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.
 - (4) Be accompanied by a copy of this subchapter.
- (b) Time for receipt of demand for payment. The time set for receipt of the demand and deposits of certificated shares shall be not less than 30 days from the mailing of the notice.

1576 FAILURE TO COMPLY WITH NOTICE TO DEMAND PAYMENT, ETC.

- (a) Effect of failure of shareholder to act. A shareholder who fails to timely demand payment, or fails (in the case of certificated shares) to timely deposit certificates, as required by a notice pursuant to section 1575 (relating to notice to demand payment), shall not have any right under this subchapter to receive payment of the fair value of his shares.
- (b) Restriction on uncertificated shares. If the shares are not represented by certificates, the business corporation may restrict their transfer from the time of receipt of demand for payment until effectuation of the proposed corporate action or the release of restrictions under the terms of section 1577(a) (relating to failure to effectuate corporate action).
- (c) Rights retained by shareholder. The dissenter shall retain all other rights of a shareholder until those rights are modified by effectuation of the proposed corporate action.

1577 RELEASE OF RESTRICTIONS OR PAYMENT FOR SHARES.

- (a) Failure to effectuate corporation action. Within 60 days after the date for demanding payment and depositing certificates, if the business corporation has not effectuated the proposed action, it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment.
- (b) Renewal of notice to demand payment. When uncertificated shares have been released from transfer restrictions and deposited certificates have been returned, the corporation may at any later time send a new notice conforming to the requirements of section 1575 (relating to notice to demand payment), with like effect.
- (c) Payment of fair value of shares. Promptly after effectuation of the proposed corporate action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:
- (1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance or notice together with the latest available interim financial statements.
 - (2) A statement of the corporation's estimate of the fair value of the shares.
 - (3) A notice of the right of the dissenter to demand payment or supplemental payment, as the case may be, accompanied by a copy of this subchapter.
- (d) Failure to make payment. If the corporation does not remit the amount of its estimate of the fair value of the shares as provided by subsection (c), it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. The corporation may make a notation on any such certificate or on the records of the corporation relating to any such uncertificated shares that such demand has been made. If shares with respect to which notation has been so made shall be transferred, each new certificate issued therefor or the records relating to any transferred uncertificated shares shall bear a similar notation, together with the name of the original dissenting holder or owner of such shares. A transferee of such shares shall not acquire by such transfer any rights in the corporation other than those that the original dissenters had after making demand for payment of their fair value.

1578 ESTIMATE BY DISSENTER OF FAIR VALUE OF SHARES.

- (a) General rule. If the business corporation gives notice of its estimate of the fair value of the shares, without remitting such amount, or remits payment of its estimate of the fair value of a dissenter's shares as permitted by section 1577(c) (relating to payment of fair value of shares) and the dissenter believes that the amount stated or remitted is less than the fair value of his shares, he may send to the corporation his own estimate of the fair value of the shares, which shall be deemed a demand for payment of the amount or the deficiency.
- (b) Effect of failure to file estimate. Where the dissenter does not file his own estimate under subsection (a) within 30 days after the mailing by the corporation of its remittance or notice, the dissenter shall be entitled to no more than the amount stated in the notice or remitted to him by the corporation.

1579 VALUATION PROCEEDINGS GENERALLY.

- (a) General rule. Within 60 days after the latest of:
- (1) Effectuation of the proposed corporate action;
 - (2) Timely receipt of any demands for payment under section 1575 (relating to notice to demand payment); or

(3) Timely receipt of any estimates pursuant to section 1578 (relating to estimate by dissenter of fair value of shares);

If any demands for payment remain unsettled, the business corporation may file in court an application for relief requesting that the fair value of the shares be determined by the court.

(b) Mandatory joinder of dissenters. All dissenters, wherever residing, whose demands have not been settled shall be made parties to the proceeding as in an action against their shares. A copy of the application shall be served on each such dissenter. If a dissenter is a nonresident, the copy may be served on him in the manner provided or prescribed by or pursuant to 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure).

(c) Jurisdiction of the court. The jurisdiction of the court shall be plenary and exclusive. The court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. The appraiser shall have such power and authority as may be specified in the order of appointment or in any amendment thereof.

(d) Measure of recovery. Each dissenter who is made a party shall be entitled to recover the amount by which the fair value of his shares is found to exceed the amount, if any, previously remitted, plus interest.

(e) Effect of corporation's failure to file application. If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so in the name of the corporation at any time within 30 days after the expiration of the 60-day period. If a dissenter does not file an application within the 30-day period, each dissenter entitled to file an application shall be paid the corporation's estimate of the fair value of the shares and no more, and may bring an action to recover any amount not previously remitted.

1580 COSTS AND EXPENSES OF VALUATION PROCEEDINGS.

(a) General rule. The costs and expenses of any proceeding under section 1579 (relating to valuation proceedings generally), including the reasonable compensation and expenses of the appraiser appointed by the court, shall be determined by the court and assessed against the business corporation except that any part of the costs and expense may be apportioned and assessed as the court deems appropriate against all or some of the dissenters who are parties and whose action in demanding supplemental payment under section 1578 (relating to estimate by dissenter of fair value of shares) the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith.

(b) Assessment of counsel fees and expert fees where lack of good faith appears. Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against the corporation and in favor of any or all dissenters if the corporation failed to comply substantially with the requirements of this subchapter and may be assessed against either the corporation or a dissenter, in favor of any of any other party, if the court finds that the party against whom the fees and expenses are assessed acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner in respect to the rights provided by this subchapter.

(c) Award of fees for benefits to other dissenters. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against the corporation, it may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

1930 DISSENTERS RIGHTS.

(a) General rule. If any shareholder of a domestic business corporation that is to be a party to a merger of consolidation pursuant to a plan of merger or consolidation objects to the plan of merger or consolidation and complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights), the shareholder shall

be entitled to the rights and remedies of dissenting shareholders therein provided, if any. See also section 1906(c) (relating to dissenters rights upon special treatment).

(b) Plans adopted by directors only. Except as otherwise provided pursuant to section 1571(c) (relating to grant of optional dissenters rights), Subchapter D of Chapter 15 shall not apply to any of the shares of a corporation that is a party to a merger or consolidation pursuant to section 1924(b)(1)(i) (relating to adoption by board of directors).

(c) Cross references. See sections 1571(b) (relating to exceptions) and 1904 (relating to de facto transaction doctrine abolished).

PART II.

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Indiana Corporation Law grants authorization to Indiana corporations to indemnify officers and directors for their conduct if such conduct was in good faith and was in the corporation's best interests or, in the case of directors, was not opposed to such best interests, and permits the purchase of insurance in this regard. In addition, the shareholders of a corporation may approve the inclusion of other or additional indemnification provisions in the articles of incorporation and by-laws.

The By-laws of Conseco provides for the indemnification of any person made a party to any action, suit or proceeding by reason of the fact that he is a director, officer or employee of Conseco, unless it is adjudged in such action, suit or proceeding that such person is liable for negligence or misconduct in the performance of his duties. Such indemnification shall be against the reasonable expenses, including attorneys' fees, incurred by such person in connection with the defense of such action, suit or proceeding. In some circumstances, Conseco may reimburse any such person for the reasonable costs of settlement of any such action, suit or proceeding if a majority of the members of the Board of Directors not involved in the controversy shall determine that it was in the interests of Conseco that such settlement be made and that such person was not guilty of negligence or misconduct.

The above discussion of Conseco's By-laws and the Indiana Corporation Law is not intended to be exhaustive and is qualified in its entirety by such By-laws and the Indiana Corporation Law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person thereof in the successful defense of any action, suit or proceeding) is asserted by a director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) EXHIBITS

2	--Agreement and Plan of Merger, dated as of August 25, 1996 by and between Conseco, Inc., and American Travellers Corporation (included as Annex A to the Joint Proxy Statement/Prospectus (schedules omitted--the Registrant agrees to furnish a copy of any schedule to the Commission upon request)).**
4	--Form of Supplemental Indenture by and between Conseco and Firststar Bank of Minnesota, N.A.*
5	--Opinion of Lawrence W. Inlow, General Counsel to Conseco, Inc., as to the validity of the issuance of the securities registered hereby.**
8	--Form of Opinion of Fox, Rothschild, O'Brien & Frankel as to certain tax matters (included as Exhibit B to Annex A of the Joint Proxy Statement/Prospectus).*
23(a)	--Consent of Lawrence W. Inlow, General Counsel to Conseco, Inc. (included in the opinion filed as Exhibit 5 to the Registration Statement).**
23(b)	--Consent of Coopers & Lybrand L.L.P., with respect to the financial statements of the Registrant.*
23(c)	--Consent to Arthur Andersen LLP with respect to the consolidated financial statements of American Travellers Corporation and subsidiaries.*
23(d)	--Consent of KPMG Peat Marwick LLP with respect to the financial statements of Capitol American Financial Corporation.*
23(e)	--Consent of Coopers & Lybrand L.L.P. with respect to the financial statements of Life Partners Group, Inc.*
23(f)	--Consent of KPMG Peat Marwick LLP with respect to the financial statements of Transport Holdings Inc.*
23(g)	--Consent of Donaldson, Lufkin & Jenrette Securities Corporation.**
23(h)	--Consent of Fox, Rothschild, O'Brien & Frankel.**
24(a)	--Powers of Attorney of directors and officers of Conseco.**
99(a)	--Opinion of Donaldson, Lufkin & Jenrette Securities Corporation (included as Annex B to the Joint Proxy Statement/Prospectus).**
99(b)	--Form of proxy card for Conseco Stock.*
99(c)	--Form of proxy card for ATC Common Stock.*

* Filed herewith.

**Previously filed.

(b) FINANCIAL STATEMENT SCHEDULES--Inapplicable.

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned registrant hereby undertakes as follows:

(1) that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) That every prospectus: (i) that is filed pursuant to paragraph (1) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment, shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(d) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(e) The undersigned registrant hereby undertakes:

(3) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(4) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(f) See Part II-Item 20.

SIGNATURES AND POWER OF ATTORNEY

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF CARMEL AND THE STATE OF INDIANA, ON THE 23RD DAY OF OCTOBER, 1996.

CONSECO, INC.

/s/ Stephen C. Hilbert

By: _____
Stephen C. Hilbert,
Chairman of the Board, President
and Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

SIGNATURE -----	TITLE -----	DATE ----
* _____ Stephen C. Hilbert	Director, Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	October 23, 1996
* _____ Rollin M. Dick	Director, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 23, 1996
* _____ Ngair E. Cuneo	Director	October 23, 1996
* _____ David R. Decatur	Director	October 23, 1996
* _____ M. Phil Hathaway	Director	October 23, 1996
* _____ Louis P. Ferrero	Director	October 23, 1996
* _____ Donald F. Gongaware	Director	October 23, 1996
* _____ James D. Massey	Director	October 23, 1996
* _____ Dennis E. Murray, Sr.	Director	October 23, 1996

/s/ Karl W. Kindig

*By: _____

Karl W. Kindig, Attorney-in-Fact

EXHIBIT 4

FIRST SUPPLEMENTAL INDENTURE

BETWEEN

CONSECO, INC., as Successor Issuer

AND

FIRSTAR BANK OF MINNESOTA, N.A., Trustee

Dated as of _____, 1996

FIRST SUPPLEMENTAL INDENTURE, dated as of , 1996, (this "Supplemental Indenture"), between CONSECO, INC. an Indiana corporation (the "Company"), and FIRSTAR BANK OF MINNESOTA, N.A. (the "Trustee").

WHEREAS, American Travellers Corporation, a Pennsylvania corporation ("ATC"), and the Trustee have entered into an indenture (the "Indenture") dated as of September 15, 1995, to provide for the issuance of \$103,500,000 principal amount of ATC's 6.5% Convertible Subordinated Debentures Due 2005 (the "Securities"); and

WHEREAS, on , 1996, ATC merged with and into the Company (the "Merger"), with the Company succeeding to the business of ATC and assuming all of the obligations of ATC under the Securities and the Indenture; and

WHEREAS, the Company has made a request to the Trustee that the Trustee join with it in the execution of this Supplemental Indenture to permit the Company to assume all the obligations of ATC under the Indenture pursuant to Section 5.1 of the Indenture;

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

ARTICLE 1.

Definitions

Section 1.01. Definitions. For purposes of this Supplemental Indenture, the terms defined in the recitals shall have the meanings therein specified; any terms defined in the Indenture and not defined herein shall have the meanings therein specified.

ARTICLE 2.

Assumption and Substitution

Section 2.01. Assumption of Obligations. The Company as the surviving corporation of the Merger expressly acknowledges and assumes the due and punctual payment of the principal of, premium, if any, and interest on all the Securities and the performance and observance of all other obligations under the Indenture or the Securities to be performed or observed by ATC.

Section 2.02. Substitution. On the date hereof, the Company (as the surviving corporation of the Merger) shall, by virtue of the assumption described in Section 2.01 and the execution and delivery of this Supplemental Indenture, succeed to and be substituted for ATC.

ARTICLE 3.

Miscellaneous

Section 3.01. Effect of the Supplemental Indenture. This Supplemental Indenture supplements the Indenture and shall be a part, and subject to all the terms, thereof. Except as expressly supplemented hereby, the Indenture and the Securities issued thereunder shall continue in full force and effect.

Section 3.02. Counterparts. This Supplemental Indenture may be executed in counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

Section 3.03. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first written above.

CONSECO, INC.

By: _____

Name: _____

Title: _____

FIRSTAR BANK OF MINNESOTA, N.A.

By: _____

Name: _____

Title: _____

EXHIBIT 23(b)

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Consecro, Inc. on Form S-4 (File No. 333-13329), of our reports dated March 20, 1996 on our audits of the consolidated financial statements and financial statement schedules of Consecro, Inc. and subsidiaries as of December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993, included in the Annual Report on Form 10-K. We also consent to the reference to our firm under the caption "Experts."

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

Indianapolis, Indiana
October 22, 1996

EXHIBIT 23(c)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement (File No. 333-13329) of our report dated March 4, 1996 included in American Travellers Corporation Form 10-K for the year ended December 31, 1995 and to all references to our Firm included in this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

ARTHUR ANDERSEN LLP

Philadelphia, PA
October 21, 1996

EXHIBIT 23(d)

ACCOUNTANTS' CONSENT

The Shareholders and Board of Directors
Capitol American Financial Corporation:

We consent to the incorporation by reference herein of our reports dated January 31, 1996, related to the consolidated financial statements and related financial statement schedules of Capitol American Financial Corporation and subsidiaries, and to the reference to our firm under the headings "Selected Historical Financial Information of CAF" and "Experts" in the Joint Proxy Statement/Prospectus.

/s/ KPMG PEAT MARWICK LLP

KPMG PEAT MARWICK LLP

Columbus, Ohio

October 22, 1996

Exhibit 23(e)

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Consecro, Inc. on Form S-4 (File No. 333-13329), of our reports dated March 27, 1996 on our audits of the consolidated financial statements and financial statement schedules of Life Partners Group, Inc. and subsidiaries as of December 31, 1995 and 1994, and for the years ended December 31, 1995, 1994 and 1993, included in the Annual Report on Form 10-K. We also consent to the reference to our firm under the caption "Experts."

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.

*Denver, Colorado
October 22, 1996*

Exhibit 23(f)

ACCOUNTANTS' CONSENT

The Board of Directors
Transport Holdings Inc.:

We consent to the incorporation by reference herein of our report dated February 22, 1996, related to the consolidated financial statements of Transport Holdings Inc. and subsidiaries, and to the reference to our firm under the headings "Selected Historical Financial Information of THI" and "Experts" in the Joint Proxy Statement/Prospectus.

/s/ KPMG PEAT MARWICK LLP

KPMG PEAT MARWICK LLP

Dallas, Texas
October 22, 1996

EXHIBIT 99(b)

CONSECO, INC.

11825 North Pennsylvania Street, Carmel, IN 46032

**PROXY FOR SPECIAL MEETING OF SHAREHOLDERS
SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

Each person signing this card on the reverse side hereby appoints as proxies Rollin M. Dick, Donald F. Gongaware and Stephen C. Hilbert, or any of them, with full power of substitution, to vote all shares of common stock and shares of Preferred Redeemable Increased Dividend Equity Securities, 7% PRIDES, Convertible Preferred Stock which such person is entitled to vote at the Special Meeting of Shareholders of Consecro, Inc. ("Consecro"), to be held at 11799 College Avenue, Carmel, Indiana at 10:00 a.m. local time on November 26, 1996 and any adjournments thereof.

The proxies are hereby authorized to vote as follows:

1. Approval and adoption of the Agreement and Plan of Merger, dated as of August 25, 1996, by and between Consecro and American Travellers Corporation ("ATC"), pursuant to which, among other things, (i) ATC will be merged with and into Consecro, with Consecro being the surviving corporation (the "Merger"), and
(ii) each outstanding share of the common stock, par value \$.01 per share (the "ATC Common Stock") of ATC (other than shares of ATC Common Stock held by ATC as treasury stock or Dissenting Shares (as defined in the Merger Agreement)) will be cancelled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement).

☐ FOR ☐ AGAINST ☐ ABSTAIN

2. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting.

(PLEASE DATE AND SIGN ON REVERSE SIDE)

THE SHARES REPRESENTED BY THIS PROXY, UNLESS OTHER SPECIFIED, SHALL BE VOTED FOR ITEM 1.

Please sign below exactly as your name
appears to the left. When signing as
attorney, corporate officer or fiduciary,
please give full title as such. The
undersigned hereby acknowledges receipt
of the Notice of the Special Meeting and
Joint Proxy Statement/Prospectus dated
October 25, 1996.

Dated_____

Signature(s)_____

PLEASE DATE, SIGN, AND RETURN THIS PROXY PROMPTLY.

EXHIBIT 99(c)

[Form of Proxy]

AMERICAN TRAVELLERS CORPORATION

Proxy Solicited on Behalf of the Board of Directors of American Travellers Corporation for a Special Meeting of Shareholders to be held on _____, 1996.

The undersigned Shareholder of American Travellers Corporation ("ATC") hereby appoints John A. Powell and Ramon R. Obod, and either of them, the lawful attorneys and proxies of the undersigned, with several powers of substitution, to vote all shares of Common Stock, \$.01 par value, of ATC (the "ATC Common Stock") which the undersigned is entitled to vote at the Special Meeting of Shareholders to be held on _____, 1996, and any adjournments thereof:

1. Approval and adoption of the Agreement and Plan of Merger, dated as of August 25, 1996 (the "Merger Agreement"), by and between ATC and Consec, Inc., and Indiana corporation ("Consec"), and the transactions contemplated thereby, pursuant to which, among other things, (i) ATC will be merged with and into Consec, with Consec being the surviving corporation (the "Merger"), and (ii) each outstanding share of the ATC Common Stock (other than shares of ATC Common Stock held by ATC as treasury stock or Dissenting Shares (as defined in the Merger Agreement)) will be cancelled and converted into the right to receive the Merger Consideration (as defined in the Merger Agreement).

FOR ☐ AGAINST ☐ ABSTAIN ☐

2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors unanimously recommends that the shareholders of ATC vote FOR the approval and adoption of the Merger Agreement and the transactions contemplated thereby. In the absence of specific instructions, proxies will be voted for approval and adoption of the Merger Agreement and in the discretion of the proxies holders as to any other matters.

Note: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature: _____ Date: _____

Signature: _____ Date: _____

End of Filing

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