

CONSECO INC
Filed by
HILBERT STEPHEN C

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

Filed 05/31/96

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

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Address	11825 N PENNSYLVANIA ST CARMEL, Indiana 46032
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

AMENDMENT NO. 2

CONSECO, INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

208464107

(CUSIP Number)

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

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

May 21, 1996

(Date of Event which Requires Filing of this Statement)

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

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

This filing contains ___ pages. The Exhibit Index appears on page 5.

CUSIP No. 208464107

1. NAME OF REPORTING PERSON Stephen C. Hilbert

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

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

3. SEC USE ONLY

4. SOURCE OF FUNDS PF; BK

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

6. CITIZENSHIP OR PLACE OF ORGANIZATION United States Citizen

Number of 7. SOLE VOTING POWER 3,171,192

Shares

Beneficially 8. SHARED VOTING POWER - 0 -

Owned By

Each 9. SOLE DISPOSITIVE POWER 3,171,192

Reporting

Person With 10. SHARED DISPOSITIVE POWER - 0 -

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,171,192

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

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.4%

14. TYPE OF REPORTING PERSON IN

ITEM 1. SECURITY AND ISSUER

This statement relates to the Common Stock, no par value per share (the "Common Stock"), of Conseco, Inc., an Indiana corporation ("Conseco"). Conseco's principal executive office is located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032. The share information provided herein reflects a 2 for 1 stock split effective April 1, 1996.

ITEM 2. IDENTITY AND BACKGROUND

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

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

The acquisition which is the subject of this Amendment No. 2 to Schedule 13D is the beneficial ownership of 330,832 shares of Common Stock acquired by The Thomas C. Hilbert Irrevocable Trust (the "Hilbert Trust") and The Christopher L. Myers Irrevocable Trust (the "Myers Trust"; together, the "Trusts"). Mr. Hilbert is the trustee of the Trusts. All such shares were acquired pursuant to the Conseco, Inc. Director, Executive and Senior Officer Stock Purchase Plan (the "Plan") in open market transactions on May 20, 21 and 24, 1996. The following table sets forth the shares of Common Stock acquired and the consideration paid on each date:

	Hilbert Trust		Myers Trust	
	Shares of Common Stock	Consideration Paid	Shares of Common Stock	Consideration Paid
May 20, 1996	140,358	\$5,503,370.80	25,062	\$982,672.29
May 21, 1996	70,175	2,768,449.66	12,531	494,359.27
May 24, 1996	70,175	2,691,916.80	12,531	480,692.96

Such acquisitions increased the number of shares of Common Stock beneficially owned by Mr. Hilbert to 3,171,192 shares, or 7.4% of the shares of Common Stock deemed to be outstanding under Rule 13d-3(d) of the Securities and Exchange Commission. Shares acquired by the Trusts were acquired with funds borrowed from Bank of America National Trust and Savings Association ("Bank of America"). Pursuant to the Plan, such loans are guaranteed by Conseco. Mr. Hilbert also acquired shares in March 1996 which purchases have not previously been reported on Schedule 13D. Such shares were acquired in connection with the exercise of stock options previously reported on Schedule 13D. Pursuant to such exercise Mr. Hilbert exercised options to acquire 800,000 shares of Common Stock by surrendering to Conseco 77,071 shares of Common Stock he previously owned to pay the exercise price, and Conseco withheld 332,549 shares of Common Stock to pay for taxes payable in respect to such exercise. In connection with such exercise, Conseco also granted Mr. Hilbert immediately exercisable options to acquire 409,620 shares of Common Stock at an exercise price of \$32.438 per share.

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

ITEM 4. PURPOSE OF TRANSACTION

Mr. Hilbert has acquired beneficial ownership of the Common Stock for investment purposes. Pursuant to the Plan, Mr. Hilbert intends to acquire an additional 329,168 shares of Common Stock through the Trusts.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

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

(a) 3,171,192 shares, which number includes (i) 1,155,370 shares of Common Stock which may be acquired by Mr. Hilbert within 60 days upon exercise of stock options and (ii) 330,832 shares of Common Stock which are owned by the Trusts of which Mr. Hilbert is the sole trustee. Such amount is 7.4% of the outstanding shares of Common Stock of Conseco.

(b) Mr. Hilbert has the sole power to vote or to direct the vote of all of the shares disclosed in (a) and the sole power to dispose or to direct the disposition of such shares. Shares beneficially owned which are subject to options do not have voting rights prior to exercise of such options.

(c) Mr. Hilbert has not engaged in any transactions concerning the Common Stock during the past 60 days other than as disclosed in Item 3 above.

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

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

The shares of Common Stock beneficially owned by Mr. Hilbert include 1,155,370 shares which may be acquired within 60 days upon exercise of stock options. Under those stock options, Mr. Hilbert has the right to acquire (i) 15,000 shares of Common Stock at a price of \$26.625 per share, (ii) 238,750 shares of Common Stock at a price of \$26.625 per share and (iii) 492,000 shares of Common Stock at a price of \$24.125 per share and (iv) 409,620 shares of Common Stock at a price of \$32.438 per share. Mr. Hilbert also holds options not exercisable within 60 days to acquire 3,098,250 shares of Common Stock. All such options were granted under the Conseco Stock Option Plan, as amended, and the Conseco 1994 Stock and Incentive Plan.

At April 24, 1996, Mr. Hilbert held an aggregate of 808,846.5 stock units (397,247 of which are vested) (the "Stock Units") under the Conseco Amended and Restated Deferred Compensation Program and the Conseco 1994 Stock and Incentive Plan. Each Stock Unit represents and

is payable in one share of Common Stock. The Stock Units have no voting rights and are not payable within the next 60 days because they either have been deferred or have not yet vested. The Stock Units must be paid out following a change in control as defined in the Conseco Amended and Restated Deferred Compensation Program and the Conseco 1994 Stock and Incentive Plan for awards under the respective plans.

The pledged shares of Common Stock in connection with a \$1.9 million loan from Conseco to Mr. Hilbert were released.

The shares of Common Stock held by the Trusts were purchased pursuant to the Plan with the proceeds of a loan obtained pursuant to the Credit Agreement (as defined herein). The Credit Agreement is filed as an exhibit hereto and is made a part hereof. All such shares owned by the Trust have been pledged to Bank of America under the Borrower Pledge Agreement filed as an exhibit hereto and made a part hereof. Pursuant to the Plan, Mr. Hilbert has elected to purchase an additional 329,168 shares of Common Stock through the Trusts.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

1. Employment Agreement dated January 1, 1987, between Conseco and Stephen C. Hilbert, was filed as Exhibit 10.1.2 to Conseco's Annual Report on Form 10-K for 1986, and Amendment No. 1 thereto was filed as Exhibit 10.1.2 to Conseco's Annual Report on Form 10-K for 1987; and are incorporated herein by this reference.
2. Conseco's Stock Option Plan was filed with the Commission as Exhibit B to its definitive Proxy Statement dated December 10, 1983; Amendment No. 1 thereto was filed with the Commission as Exhibit 10.8.1 to its Report on Form 10-Q for the quarter ended June 30, 1985; Amendment No. 2 thereto was filed with the Commission as Exhibit 10.8.2 to its Registration Statement on Form S-1, No. 33-4367; Amendment No. 3 thereto was filed with the Commission as Exhibit 10.8.3 to Conseco's Annual Report on Form 10-K for 1986; Amendment No. 4 thereto was filed with the Commission as Exhibit 10.8 to Conseco's Annual Report on Form 10-K for 1987; Amendment No. 5 thereto was filed with the Commission as Exhibit 10.8 to Conseco's Report on Form 10-Q for the quarter ended September 30, 1991; and such documents are incorporated herein by this reference.
3. Amended and Restated Conseco Stock Bonus and Deferred Compensation Program was filed as Exhibit 10.8.4 to Conseco's Annual Report on Form 10-K for 1992 and Amendment to the Amended and Restated Conseco Stock Bonus and Deferred Compensation Program was filed as Exhibit 10.8.9 to Conseco's Annual Report on Form 10-K for 1994. Such documents are incorporated herein by this reference.
4. The Conseco 1994 Stock and Incentive Plan was filed as Exhibit A to Conseco's definitive Proxy Statement dated April 29, 1994 and is incorporated herein by this reference.

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

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

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

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

SIGNATURES

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

Date: May 31, 1996

/S/Stephen C. Hilbert

Stephen C. Hilbert

CONSECO, INC.
DIRECTOR, EXECUTIVE AND SENIOR
OFFICER STOCK PURCHASE PLAN

1. **PURPOSE.** The Director, Executive and Senior Officer Stock Purchase Plan (the "Plan"), of Conseco, Inc. ("Conseco"), is adopted to facilitate the purchase, by the Directors, executives and senior managers of Conseco and its subsidiaries (collectively, the "Company"), of Conseco's common stock ("Common Stock") and Conseco's Preferred Redeemable Increased Dividend Equity Securities, 7% PRIDES, Convertible Preferred Stock ("PRIDES"). The purchases facilitated by the Plan are intended to achieve the following specific purposes:

- a) more closely align key employees' financial rewards with the financial rewards realized by all other shareholders of the Company;
- b) increase key employees' motivation to manage the Company as owners; and
- c) increase the ownership of Common Stock and PRIDES among senior management of the Company.

2. **ELIGIBILITY.** To be eligible to participate in the Plan, the individual must be a non-employee Director of the Company, an executive officer of the Company or a senior officer of the Company selected by the Directors ("Eligible Participant").

3. **PARTICIPATION.** To become a Plan participant ("Participant"), an Eligible Participant must satisfy the following requirements:

- a) submit a completed, signed and irrevocable election to purchase all or, in the case of Directors and Executive Officers, a portion of the Common Stock or PRIDES which the Eligible Participant is eligible to purchase under the Plan along with a power of attorney authorizing such purchases on the Participant's behalf;
- b) complete and sign all necessary agreements and other documents relating to the loan described in Section 4 hereof including, but not limited to, personal financial statements, letters of instruction to brokers, transfer agents and banks as are necessary or appropriate under the loan described in Section 4 hereof, and a power of attorney authorizing borrowings under such loan; and
- c) satisfy all other conditions of participation specified in the Plan.

The agreements and other documents specified in subsections 3 (a), (b) and (c) must be submitted at such times and to such Company offices as specified by the Company. No Eligible Participant is required to participate in the Plan.

Directors and executive officers may purchase up to 200,000 shares of Common Stock under the Plan. Senior officers electing to become Participants must purchase 10,000 shares of Common Stock. Up to 2,000,000 shares of Common Stock may be purchased by all Participants. Participants may elect that the number of shares of Common Stock they are eligible to purchase be reduced by up to 50% and that the same number of shares of PRIDES divided by two be purchased under the Plan. Directors and executive officers shall have the right to purchase shares not purchased by other Participants in such amount as is determined by the pro rata amount of their participation in the Plan compared to the participation of the other Participants electing to purchase additional shares. All such purchases may be made by the individual Participant or by a trust, corporation, partnership or limited liability company controlled by the Participant ("Participant Designee"; the term Participant shall include Participant Designee unless the context otherwise requires).

4. PURCHASE OF SHARES. Consecro, in its sole discretion subject to the terms and provisions of the Plan, will determine the timing, amount, price and mechanics of all of the purchases of shares of Common Stock and PRIDES (the "Purchased Shares") through open market and negotiated transactions. Purchases of Purchased Shares shall be effected through a broker in accordance with Rule 10b-18 under the Securities Exchange Act of 1934. The shares of Common Stock purchased pursuant to the Plan will be allocated proportionately among Participants at the end of each trading day based upon the percentage of all of the shares of Common Stock Participants have elected to purchase and the average price for all purchases of shares of Common Stock on that day. The shares of PRIDES Participants have elected to purchase will be allocated proportionately among Participants at the end of each trading day based upon the percentage of all of the shares of PRIDES Participants have elected to purchase and the average price for all purchases of shares of PRIDES on that day.

Consecro has arranged the opportunity for each Participant to obtain a loan through Bank of America National Trust and Savings Association ("Bank") to fund the purchase of the Purchased Shares (the "Loan"). Each Participant must sign a power of attorney authorizing loans under the Credit Agreement with the Bank and the purchase of the Purchased Shares. Each Participant is responsible for satisfying all of the lending requirements specified by the Bank to qualify for the Loan including all collateral requirements. Each Participant is fully obligated to repay to the Bank all principal, interest, and any prepayment fees on the Loan when due and payable.

In the event a Participant does not wish to obtain the Loan, the Participant shall provide sufficient funds to fund the purchase of the Purchased Shares. Such Participant must execute a power of attorney authorizing the purchase of the Purchased Shares. If the Participant fails to fund the purchase of the Purchased Shares, the Participant may no longer participate in the Plan, and all of the Purchased Shares not paid for will be allocated to the other Participants.

5. REGISTRATION OF SHARES. The Purchased Shares will be registered in the name of the Participant or his or her designee and certificated. Each certificate will bear a legend referring to the Plan. The certificates for the Purchased Shares of each Participant who participates in the Loan will be held by the Bank as collateral for the Loan. Each such Participant must deliver to the Bank a stock power endorsed in blank with respect to the Purchased Shares. A Participant may be able to obtain a release of the Purchased Shares from the Bank provided that other collateral of equal value is substituted as collateral for the Loan.

6. SHAREHOLDER RIGHTS. Each Participant will have all of the rights of a shareholder with respect to the Purchased Shares, including the right to vote the shares and the right to receive dividends. Any dividends in excess of required interest payments will be deposited to the Participant's account at the Bank.

7. SALE OF PURCHASED SHARES. Each Participant is permitted to sell all or any portion of the Purchased Shares; provided, that any such sale does not violate any provision of a Loan.

8. DEATH OR DISABILITY. Upon the death of a Participant, her or his estate may elect to cause Consecro to pay the estate an amount equal to the purchase price paid for the Purchased Shares purchased by the deceased Participant minus the value of such shares on the date of the Participant's death based upon the average of the high and low trading prices per share for the Purchased Shares as reported by the principal national stock exchange upon which such shares are traded. The estate of a deceased Participant must make such election, in writing, within 30 days of the date of the Participant's death. Upon the total and permanent disability of a Participant who is an employee of the Company, such disabled Participant may elect to cause Consecro to pay the Participant an amount equal to the purchase price paid for the Purchased Shares by the disabled Participant minus the value of such shares on the date of the determination of the Participant's total and permanent disability based upon the average of the high and low trading prices per share for the Purchased Shares as reported by the principal national stock market upon which such shares are

traded. The Participant must make such election, in writing, within 30 days of the date of the determination of the Participant's total and permanent disability. "Total and permanent disability" means the inability of a Participant to provide meaningful service for the Company due to a medically determinable physical or mental impairment. Such determination of total and permanent disability shall be made by the Company. Notwithstanding the above, if a Participant qualifies for Federal Social Security disability benefits or for payments under the Company's long-term disability income plan, based upon his physical or mental condition, he shall be deemed to suffer from a total and permanent disability hereunder. This Section 8 has no effect on a deceased or disabled Participant's sale of Purchased Shares before the Participant's death or disability. Payment by Conseco of amounts described in this Section 8 is conditioned on the payment in full of the Participant's Loan, if any, and the release of the Company's guarantee with respect thereto. This Section 8 will terminate January 1, 2002.

9. LOAN GUARANTEE. Conseco will guarantee repayment to the Bank of 100% of all principal, interest, prepayment fees and other obligations of each Participant under such Participant's Loan described in Section 4. The Conseco loan guaranty is a condition to the loan arrangement Conseco has made with the Bank. The terms and conditions of the guarantee are as agreed by Conseco and the Bank. If a Participant specifies a Participant Designee, the Participant shall enter into an indemnification agreement to indemnify Conseco for any losses under the guaranty of the Loan with respect to the Participant Designee. Each Participant is fully obligated to repay to the Bank all principal, interest, and other amounts on the Loan when due and payable. Conseco may take any action relating to the Participant and her or his assets, which the Board of Directors deems reasonable and necessary, to obtain full reimbursement for amounts Conseco pays to the Bank under its guaranty related to the Participant's or a Participant Designee's Loan ("Loan Default"). Notwithstanding the foregoing, Conseco will not be subrogated to any right of the Bank as a holder of a security interest in the Purchased Shares.

10. CHANGES OF CONTROL. A "Change of Control" of Conseco shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "1934 Act") as revised effective January 20, 1987, or if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the 1934 Act which serve similar purposes; provided, that, without limitations, (x) such a change of control shall be deemed to have occurred if and when either (A) except as

provided in (y) below, any "person" (as such term is used in Sections 13(d) and 14(d) of the 1934 Act) is or becomes a "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the 1934 Act), directly or indirectly, of securities of Conseco representing 25% or more of the combined voting power of Conseco's then outstanding securities entitled to vote with respect to the election of its Board of Directors or (B) as the result of a tender offer, merger, consolidation, sale of assets, or contest for election of directors, or any combination of the foregoing transactions or events, individuals who were members of the Board of Directors of Conseco immediately prior to any such transaction or event shall not constitute a majority of the Board of Directors following such transaction or event, and (y) no such change of control shall be deemed to have occurred if and when either (A) any such change is the result of a transaction which constitutes a "Rule 13e-3 transaction" as such term is defined in Rule 13e-3 promulgated under the 1934 Act or (B) any such person becomes, with the approval of the Board of Directors of Conseco, the beneficial owner of securities of Conseco representing 25% or more but less than 50% of the combined voting power of Conseco's then outstanding securities entitled to vote with respect to the election of its Board of Directors and in connection therewith represents, and at all times continues to represent, in a filing, as amended, with the Securities and Exchange Commission on Schedule 13D or Schedule 13G (or any successor Schedule thereto) that "such person has acquired such securities for investment and not with the purpose nor with the effect of changing or influencing the control of the Company, nor in connection with or as a participant in any transaction having such purpose or effect" or words of comparable meaning and import. The designation by any such person, with the approval of the Board of Directors of Conseco, of a single individual to serve as a member of, or observer at meetings of, Conseco's Board of Directors, shall not be considered "changing or influencing the control of the Company" within the meaning of the immediately preceding clause (B), so long as such individual does not constitute at any time more than one-third of the total number of directors serving on such Board. In the event of a Change of Control, each Participant will receive in exchange for the Purchased Shares the higher of (i) the purchase price paid for all of each Participant's Purchased Shares, respectively, plus all interest paid by each respective Participant under the Loan or (ii) the amount of the consideration to be paid for the Purchased Shares in connection with the Change of Control. Such amount shall be paid to the Participants upon consummation of the event resulting in a Change of Control.

11. OTHER TERMINATION. If a Participant ceases to be a Director or officer of Conseco in circumstances other than as described in section 10, he or she may either (i) retire the Loan

immediately and release Conseco's guaranty or (ii) continue the Loan until its maturity date with Conseco's guaranty.

If the Participant desires Conseco's guaranty to continue, he or she agrees that, as compensation for continuing such guaranty beyond the termination of such Participant's employment or directorship, as the case may be, the former Participant shall pay to Conseco the following fees:

- (a) A continuing guaranty fee on the outstanding note balance at each calendar quarter end to be paid at the rate of .5% each quarter.
- (b) A settlement fee equal to half of the "Exit Profit". The Exit Profit shall be the excess, if any, of (i) the proceeds received from the sale of the Related Shares (as defined herein) or the market value of the Related Shares on the date the guaranty is released, whichever occurs first minus (ii) the sum of (x) the market value of the Related Shares at the Participant's termination date and (y) the interest accrued on the Loan since the termination date for the Related Shares. The "Related Shares" means the number of Purchased Shares acquired with the proceeds of the remaining principal amount of the loan at the date of termination of employment.

12. ADMINISTRATION. The Board of Directors of Conseco shall be charged with the administration and interpretation of the Plan but may delegate the ministerial duties hereunder to such persons as it determines. The Board of Directors of Conseco may adopt such rules as may be necessary or appropriate for the proper administration of the Plan. The decision of the Board of Directors of Conseco in all matters involving the interpretation and application of the Plan shall be final and shall be given the maximum possible deference allowed by law.

13. PAYMENT OF EXPENSES. The expenses of administering the Plan shall be paid by the Company except those expenses which are expenses of the Participants.

14. EMPLOYER-EMPLOYEE RELATIONSHIP. The establishment of this Plan shall not be construed as conferring any legal or other rights upon any employee or any person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any employee or otherwise act with relation to the employee. The Company may take any action (including discharge) with respect to any employee or other person and may treat such person without regard to the effect which such action or treatment might have upon such person as a Participant of this Plan.

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15. AMENDMENT AND TERMINATION. The Company reserves the right to change or discontinue this Plan by action of the Board of Directors in its discretion; provided, however, that in the case of any person to whom benefits under this Plan had accrued upon termination of employment prior to such Board of Directors action, or in the case of any Participant who would have been entitled to benefits under this Plan had the Participant's employment ceased prior to such change or discontinuance, the benefits such person had accrued under this Plan prior to such change or discontinuance shall not be adversely affected thereby.

Notwithstanding anything herein to the contrary, nothing contained herein shall restrict the Company's right to terminate the Plan.

16. WITHHOLDING. The Company shall have the right to deduct in cash (whether under this Plan or otherwise) in connection with all payments by the Company to a Participant under this Plan any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations.

17. GOVERNING LAW. This Plan shall be construed in accordance with the laws of the State of Indiana.

Effective Date: April 4, 1996

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CREDIT AGREEMENT

Dated as of May 13, 1996,

among

THE INDIVIDUALS LISTED ON THE SIGNATURE PAGES HERETO,
as Borrowers,

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO,

and

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,**
as Administrative Agent

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counsel to the Guarantor and its Subsidiaries
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counsel to the Guarantor and its Subsidiaries
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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is entered into as of May 13, 1996, among the individuals listed as borrowers on the signature pages hereto (herein, collectively called the "Borrowers" and each individually, a "Borrower"), the several financial institutions from time to time party to this Agreement (herein, together with any Eligible Assignees thereof, collectively called the "Banks" and each individually, a "Bank"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION ("BofA"), as administrative agent for the Banks (herein in such capacity, together with any successors thereto in such capacity, called the "Administrative Agent").

Background

WHEREAS, each of the Borrowers desires that the Banks make available to the Borrowers, severally but not jointly, loans not to exceed an aggregate principal amount of \$80,000,000 for all Borrowers on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the proceeds of the loans to be made under this Agreement shall be used by the Borrowers solely (a) to purchase common stock, par value \$.01 per share, of the Guarantor (as hereinafter defined) and/or (b) to purchase up to \$40,000,000 stated value of PRIDES (as hereinafter defined);

WHEREAS, the Banks are willing, on the terms and conditions hereinafter set forth, to make the loans to the Borrowers;

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

SECTION 1. DEFINITIONS AND ACCOUNTING TERMS

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

"Addendum and Affirmation Agreement" shall have the meaning provided in the Guaranty.

"Additional Secured Borrower Obligations" and "Additional Secured Borrower Indebtedness" - see Section 8.14 of the Guaranty and Section 1 of the Revolving Credit Agreement.

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"Administrative Agent" - see Preamble.

"Administrative Agent's Office" shall mean 231 South LaSalle Street, Chicago, Illinois 60697, or such other address designated by the Administrative Agent (or any successor agent) to the Borrowers and the Banks from time to time.

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

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

"Assignment Agreement" - see Section 12.1.

"Banks" or "Bank" - see Preamble.

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

"Base Rate" shall mean, for any day, the higher of (a) 0.50% per annum above the latest Federal Funds Effective Rate and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the reference rate announced by BofA shall take effect at the opening of business on the date specified in the public announcement of such change.

"Base Rate Margin" - see Section 3.1.

"BofA" - see Preamble.

"Borrower" or "Borrowers" - see Preamble.

"Borrower Collateral" shall mean, as to any Borrower, any Collateral furnished by such Borrower under Section 6.1(a).

"Borrower Collateral Percentage" shall mean, as to any Borrower, the Collateral Percentage (as defined in the Revolving Credit Agreement) applicable to the Additional Secured Borrower Indebtedness, multiplied by a fraction, the numerator of which is equal to the principal amount of the Loans to such Borrower then outstanding hereunder and the denominator of which is equal to the aggregate principal amount of the Loans to all Borrowers then outstanding hereunder.

"Borrowing" shall mean a borrowing hereunder consisting of Loans made to the Borrowers or any Borrower on the same day by the Banks under Section 2.

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

"Borrowing Termination Date" shall mean the earlier of (a) December 31, 1996 or (b) the Termination Date.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in Chicago, New York City or San Francisco are authorized or required by law to close .

"Charges" - see Section 4.7.

"Closing Date" shall mean the date on which all conditions precedent set forth in Section 9 are satisfied or waived by all Banks or, with respect to any payment to be made hereunder, waived by the Person entitled to receive such payment.

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

"Collateral" shall mean all of the collateral security described or provided for in Section 6 together with all property and/or rights on or in which a Lien is now or hereafter granted by any Person to the Administrative Agent (or to any agent, trustee or other party acting on behalf of the Administrative Agent) for the benefit of the Banks, pursuant to the Pledge Agreement, the Guaranty, the Addendum and Affirmation Agreement and any other instruments or documents provided for herein or therein or delivered hereunder or thereunder or in connection herewith or therewith.

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"Collateral Ratio" shall mean, as to any Borrower, the ratio of (a) the sum of

(i) the current market value of the common stock and/or PRIDES of the Guarantor pledged by such Borrower to the Administrative Agent, for the benefit of the Banks, under the Pledge Agreement, plus

(ii) the Borrower Collateral Percentage of the current market value of the common stock of BLHC pledged under the Restated New CIHC Shared Pledge Agreement, plus

(iii) the Borrower Collateral Percentage of the good faith loan value of the Guaranty Collateral (other than BLHC stock) to

(b) the aggregate principal amount of the Loans of such Borrower then outstanding. To evidence compliance with such ratio, upon the request of the Administrative Agent or the Required Banks, the Borrowers shall cause the Guarantor (on behalf of the Borrowers) to provide to the Administrative Agent, for the benefit of the Banks, a computation of such ratio certified by its chief financial officer or a vice president with responsibility for or knowledge of financial matters of the Guarantor; provided, that with respect to the amount in clause (iii), such amount shall be determined by the Administrative Agent (with the concurrence of the Required Banks), and, upon such concurrence, provided to the Guarantor by the Administrative Agent.

"Commitments" - see Section 2.1.

"Contingent Obligation" shall mean any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the debt, obligation or other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's liability with respect to any Contingent Obligation shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum outstanding principal amount, if larger) of the debt, obligation or other liability outstanding thereunder.

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

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

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

"Effective Date" - see preamble.

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

"Event of Default" - see Section 10.1.

"Federal Funds Effective Rate" shall mean, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 A.M. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

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

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

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

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"Guarantor" shall mean Conseco, Inc., an Indiana corporation.

"Guaranty" - see Section 6.1(b)

"Guaranty Collateral" shall mean any Collateral furnished by the Guarantor and/or its Subsidiaries pursuant to Article IV of the Guaranty.

"IBOR" shall mean, as to any Borrower, the rate of interest per annum (computed for the actual number of days elapsed on the basis of a 360-day year) determined by the Administrative Agent as the rate at which dollar deposits in the approximate amount of the Loans of such Borrower for an interest period of one month would be offered by BofA's Grand Cayman Branch, Grand Cayman B.W.I. (or such other office as may be designated for such purpose by BofA), to major banks in the offshore dollar interbank market at their request at approximately 11:00 A.M. (New York City time) two (2) Business Days prior to the commencement of such interest period.

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

"Indemnified Parties" - see Section 13.4.

"Interest Payment Date" shall mean the last Business Day of each calendar quarter.

"Lending Office" shall mean, with respect to any Bank, any office designated by such Bank in its sole discretion beneath its signature hereto (or in an Assignment Agreement) or otherwise from time to time by written notice to the Borrowers and the Administrative Agent, as a Lending Office for purposes hereunder.

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A Bank may designate separate Lending Offices for the purposes of making and maintaining Loans.

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

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

"Loan(s)" see Section 2.1.

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

"Material Adverse Change" or "Material Adverse Effect" shall mean any change, event, action, condition or effect which individually or in the aggregate (a) impairs the validity or enforceability of this Agreement or any other Loan Document, or (b) materially and adversely affects the consolidated business, operations, financial prospects or condition of the Guarantor and its Subsidiaries taken as a whole, or (c) materially impairs the ability of any Borrower, Guarantor, New CIHC, MDSCG, BNL, CCM or CMCI to perform its obligations under this Agreement or any of the other Loan Documents to which he, she or it is a party, or (d) materially adversely affects the perfection or priority of any Lien granted under any of the Loan Documents.

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

"Minimum Interest Rate" shall mean, as to any Borrower, (a) if the aggregate principal amount of Loans outstanding to such Borrower exceeds \$1,000,000, IBOR plus 1.00% per annum, and (b) if the aggregate principal amount of Loans outstanding to such Borrower is less than or equal to \$1,000,000, IBOR plus 1.25% per annum. Such Minimum Interest Rate shall be calculated each calendar quarter using the average IBOR over such quarterly period (based on IBOR for each day during such quarterly period).

"Nonconsenting Bank" - see Section 13.2.

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

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

"Percentage" shall mean, relative to any Bank, the percentage set forth opposite such Bank's name on Schedule 2.1 (or set forth in an Assignment Agreement), as such Percentage may be adjusted from time to time pursuant to Assignment Agreement(s) executed by such Bank and its Eligible Assignee and delivered pursuant to Section 12.1.

"Pledge Agreement" - see Section 6.1(a).

"Regulation "D," "G" and "U" shall mean Regulation D, Regulation G and Regulation U, respectively, or any successor regulation thereto, promulgated by the FRB as from time to time in effect.

"Replaced Bank" - see Section 5.4.

"Replacement Bank" - see Section 5.4.

"Required Banks" shall mean Banks (other than a Defaulting Bank) having at least 51% of the Commitments (excluding the Commitment of any Defaulting Bank) or, if the Commitments have terminated or expired, 51% of the aggregate principal amount of the Loans outstanding at such time (excluding the Loans of any Defaulting Bank).

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

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

"Revolving Credit Agent" shall mean the Administrative Agent (as defined in the Revolving Credit Agreement).

"Revolving Credit Agreement" shall mean that certain Credit Agreement, dated as of August 31, 1995, as amended and restated as of April 12, 1996 (as the same may be further amended or modified, the "Credit Agreement"), among the Guarantor, the Revolving Credit Banks, The Chase Manhattan Bank, N.A. and First Union National Bank of North Carolina, as Documentation Agents for the Revolving Credit Banks, The Bank of New York, The Bank of Tokyo Trust Company, Credit Lyonnais Cayman Island Branch, Deutsche Bank AG, New York Branch, Dresdner Bank AG, New York Branch and/or Cayman Island Branch, ING Capital Corporation, The Long-Term Credit Bank of Japan, Ltd., Chicago Branch, NationsBank, N.A. (South), Fleet National Bank and Societe Generale, as Managing Agents for the Revolving Credit Banks, and BofA, as administrative agent for the Revolving Credit Banks, as amended or modified in accordance with the terms of this Agreement and the Guaranty.

"Revolving Credit Bank(s)" shall mean the Bank(s) (as defined in the Revolving Credit Agreement).

"Revolving Credit Loan Documents" shall mean the Loan Documents (as defined in the Revolving Credit Agreement) .

"Solvent", as to any Person on a particular date, shall mean that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, Contingent Obligations, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, Contingent Obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that such Person will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due

consideration to the prevailing practice in the industry in which such Person is engaged. For the purposes of this definition, in computing the amount of any Contingent Obligation at any time, it is intended that such Contingent Obligation will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Substitute Bank" - see Section 13.2.

"Termination Date" shall mean, as to any Borrower, the earlier of (a) May 13, 2000, or (b) the date of termination in whole of the Commitments pursuant to Section 4.1, 4.2 or 10.2.

"Transferee" - see Section 12.3.

"UCC" shall mean the Uniform Commercial Code or comparable statute or any successor statutes thereto, as in effect from time to time in the relevant jurisdiction.

SECTION 1.2 Other Definitional Provisions.

(a) Capitalized terms used but not otherwise defined herein are used herein as defined in the Revolving Credit Agreement; provided that such definitions shall survive any termination of the Revolving Credit Agreement.

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

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

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

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

SECTION 1.3 Accounting and Financial Determinations. For purposes of this Agreement, unless otherwise specified or the context otherwise requires, all accounting terms used in any Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared, in accordance with GAAP.

SECTION 2. THE COMMITMENTS AND THE LOANS

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

SECTION 2.1 Commitment. Each of the Banks, severally and for itself alone, agrees, on the terms and conditions set forth herein, to make a term loan (herein collectively called the "Loans" and individually called a "Loan") to the Borrowers in the amounts set forth on Schedule 2.2 from the Effective Date until the Borrowing Termination Date in such Bank's Percentage of the aggregate amount of such Loans as the Borrowers may request from all Banks. The aggregate principal amount of Loans which any Bank shall be committed to have outstanding to the Borrowers shall not at any one time exceed the amount set opposite such Bank's name on Schedule 2.1 and the aggregate principal amount of the Loans which all Banks shall be committed to have outstanding hereunder to the Borrowers shall not at any one time exceed \$80,000,000 (or such reduced amount as may be fixed pursuant to Sections 4.1, 4.2 and 10.2). The Loans to any Borrower shall be disbursed in accordance with Section 2.2 and once repaid may not thereafter be reborrowed. The foregoing commitment of each Bank is herein called its "Commitment" and for all Banks the "Commitments."

SECTION 2.2 Procedure for Borrowings.

(a) Each Borrowing shall be made to each Borrower upon irrevocable written notice (or by telephone promptly confirmed in writing) of the Guarantor (on behalf of such Borrower) delivered to the Administrative Agent in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to 11:00 A.M. (Chicago time) on the requested Borrowing Date) specifying:

(i) the amount of such Borrowing, which shall be in an aggregate minimum amount of \$1,000,000 for all Borrowers requesting that a Borrowing be made pursuant to such Notice of Borrowing or any integral multiple of \$100,000 in excess thereof; provided that the Borrowers, collectively, shall not be entitled to

make more than thirty (30) Borrowings hereunder in the aggregate; and

(ii) the requested Borrowing Date, which shall be a Business Day and the same Business Day for each Borrower to which such Notice of Borrowing relates.

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

(c) Each Bank will make the amount of its Percentage of each Borrowing available to the Administrative Agent for the account of each Borrower requesting a Loan at the Administrative Agent's Office by 1:00 P.M. (Chicago time) on the Borrowing Date requested by such Borrower in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then be made available to such Borrower by the Administrative Agent by wire transfer in accordance with written instructions provided to the Administrative Agent by such Borrower of like funds as received by the Administrative Agent.

SECTION 2.3 Funding Reliance for Borrowings. Unless the Administrative Agent shall have been notified by telephone, confirmed in writing, by any Bank by 11:30 A.M. (Chicago time) on the relevant Borrowing Date that such Bank will not make available the amount which would constitute its Percentage of the related Borrowing(s), the Administrative Agent may assume, subject to the satisfactory fulfillment by the Borrower requesting such Borrowing of the conditions precedent set forth in Section 9, that such Bank shall make such amount available to the Administrative Agent and, in reliance upon such assumption the Administrative Agent may (but shall not be required to) make available to such Borrower a corresponding amount. If and to the extent that such Bank shall not make such amount available to the Administrative Agent, such Bank and such Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to such Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to such Borrowing; provided that if such amount is repaid by such Borrower and such Bank the Administrative Agent agrees to refund to such Borrower any excess amount paid by such Borrower; and provided, further, that such Borrower, upon the request of the Administrative Agent, agrees to return such refund to the Administrative Agent, on demand, in the event the Administrative Agent is legally required to return any amount received from such Bank.

SECTION 2.4 Repayment of Loans. Subject to the provisions of Sections 4.1 and 4.2, the Loans of each Bank shall be payable in full (and each Borrower agrees to pay such Loans) on the Termination Date.

SECTION 2.5 Loan Accounts; Record Keeping.

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

(b) The Loans made by the Banks to each Borrower shall be evidenced by a Note executed and delivered by such Borrower payable to the Administrative Agent, for the benefit of the Banks, in an aggregate principal amount equal to the aggregate Commitments of the Banks to make Loans to such Borrower instead of or in addition to loan accounts. The Administrative Agent shall endorse on the schedules annexed to each Note the date, amount and maturity of each Loan made by the Banks to such Borrower and the amount of each payment of principal made by such Borrower with respect thereto. The Administrative Agent is irrevocably authorized by each Borrower to endorse the Note of such Borrower and the Administrative Agent's record shall be conclusive absent manifest error; provided, however, that the failure of the Administrative Agent to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of any Borrower hereunder or under any such Note to any Bank.

SECTION 3. INTEREST

SECTION 3.1 Interest Rates. With respect to each Loan made to any Borrower hereunder, such Borrower hereby promises to pay interest on the unpaid principal amount thereof for the period commencing on the Borrowing Date of such Loan until such Loan is paid in full at a rate per annum equal to the higher of

(a) the Minimum Interest Rate and (b) the Base Rate from time to time in effect minus the applicable Base Rate Margin (as hereinafter defined). For purposes hereof, the Base Rate Margin (the "Base

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Rate Margin") shall be determined based on the aggregate unpaid principal amount of the Loans outstanding of such Borrower from time to time as follows:

Principal Amount of Loans Outstanding	Base Rate Margin
Greater than \$1,000,000	1.750%
Less than or equal to \$1,000,000	1.500%

Any adjustment in the Base Rate Margin as a result of a change in the outstanding principal amount of the Loans of a Borrower shall be effective upon a change in the outstanding principal amount of the Loans of such Borrower; provided, that in no event will the Base Rate Margin be increased at any time when a Default has occurred and is continuing.

SECTION 3.2 Default Interest Rate. Notwithstanding the provisions of Section 3.1, in the event that any Default under Section 10.1.2 or any Event of Default (other than pursuant to Section 10.1.2) shall occur with respect to any Borrower, such Borrower hereby promises to pay, automatically in the case of a Default under Section 10.1.2 or upon demand therefor by the Administrative Agent for any Event of Default (other than pursuant to Section 10.1.2), interest on the unpaid principal amount of the Loans of such Borrower (and interest thereon to the extent permitted by law) for the period commencing on the date of such Default or demand until such Loans are paid in full or such Default or Event of Default is cured or waived in accordance with Sections 10.2 and 13.1 at a rate per annum equal to the applicable interest rate from time to time in effect (but not less than the applicable interest rate as at such date of demand), plus two percent (2%) per annum.

SECTION 3.3 Interest Payment Dates. Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 4.1 or 4.2 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and during the existence of any Event of Default, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Required Banks. After maturity, accrued interest on the Loans shall be payable on demand.

SECTION 3.4 Computation of Interest. Interest on the Loans shall be computed for the actual number of days elapsed on the basis of a 365-day year. Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on

the Borrowers and the Banks in the absence of manifest error. Notwithstanding anything contained herein to the contrary interest on the loans shall not exceed the maximum interest permitted by applicable law.

SECTION 4. PAYMENTS AND PREPAYMENTS

SECTION 4.1 Voluntary Termination or Reduction of Commitments. Each Borrower may, upon not less than two (2) Business Days' irrevocable prior written notice to the Administrative Agent (which shall promptly advise each Bank thereof), terminate the Commitments of the Banks relating to such Borrower or permanently reduce such Commitments by an aggregate minimum amount of \$100,000 or any integral multiple of \$100,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the then outstanding principal amount of the Loans of such Borrower would exceed the amount of the aggregate Commitments then in effect with respect to such Borrower. Once reduced in accordance with this Section, such Commitments, to the extent terminated or permanently reduced, may not be increased. Any reduction of the Commitments of such Borrower pursuant to this Section 4.1 shall be applied in accordance with Section 4.4.

SECTION 4.2 Optional Prepayments. Each Borrower may, at any time or from time to time, upon not less than two (2) Business Day's irrevocable written notice with respect to such Borrower's Loans to the Administrative Agent by 11:00 A.M. (Chicago time), ratably prepay such Loans in whole or in part, in minimum amounts of \$100,000 or any integral multiple of \$100,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment. The Administrative Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Percentage of such prepayment. If such notice is given by such Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid. Any prepayment of the Loans of such Borrower pursuant to this Section 4.2 shall be applied in accordance with Section 4.4 and shall reduce the Commitments of the Banks with respect to such Borrower as set forth therein.

SECTION 4.3 Payments by the Borrowers.

(a) All payments to be made by any Borrower hereunder shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by

such Borrower shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Office, and shall be made in Dollars and in immediately available funds, no later than 12:30 P.M. (Chicago time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its Percentage (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 12:30 P.M. (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest shall continue to accrue.

(b) Whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest.

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

SECTION 4.4 Application of Prepayments. Except as otherwise set forth in this Agreement, any reduction in the Commitments pursuant to Sections 4.1 and 4.2 shall be applied to a reduction of the remaining Commitments and prepayment of the Loans of each Bank, pro rata, according to its Percentage.

SECTION 4.5 Sharing of Payments.

(a) If any Bank shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of the Loans (other than pursuant to the terms of Sections 5, 12.1 and 13.2) in excess of its pro rata share (based on its Percentage) of payments and other recoveries obtained by all Banks of the Loans on account of principal of and interest on the Loans, such Bank shall purchase from the other Banks such participation in the Loans as shall be

necessary to cause such purchasing Bank to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Bank, the purchase shall be rescinded and each Bank which has sold a participation to the purchasing Bank shall repay to the purchasing Bank the purchase price to the ratable extent of such recovery together with an amount equal to such selling Bank's ratable share (according to the proportion of (i) the amount of such selling Bank's required repayment to the purchasing Bank to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered.

(b) Each Borrower agrees that any Bank so purchasing a participation from another Bank pursuant to Section 4.5(a) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.6) with respect to such participation as fully as if such Bank were the direct creditor of such Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Bank receives a secured claim in lieu of a setoff to which this Section applies, such Bank shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Banks entitled under this Section 4.5(b) to share in the benefits of any recovery of such secured claim.

SECTION 4.6 Setoff. Each Bank shall, upon the occurrence of any Event of Default under Section 10.1.1, the occurrence of a Default under Section 10.1.2, or, with the consent of the Required Banks, upon the occurrence of any other Event of Default, have the right to appropriate and apply to the payment of the Liabilities owing to it (whether or not then due), and (as security for such Liabilities) each Borrower hereby grants to each Bank a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of such Borrower then or thereafter maintained with such Bank. Any such appropriation and application shall be subject to the provisions of Section 4.5. Each Bank agrees promptly to notify such Borrower and the Administrative Agent after any such setoff and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Bank under this Section 4.6 are in addition to other rights and remedies

(including other rights of setoff under applicable law or otherwise) which such Bank may have.

SECTION 4.7 Net Payments. All payments by any Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, stamp or other Taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, other than Taxes imposed on or measured by any Bank's net income or receipts (such non-excluded items being called "Charges"). In the event that any withholding or deduction from any payment to be made by any Borrower hereunder is required in respect of any Charges pursuant to any applicable law, rule or regulation, then such Borrower will:

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Administrative Agent an official receipt or other documentation satisfactory to the Administrative Agent evidencing such payment to such authority;

(c) pay to the Administrative Agent for the account of the Banks such additional amount or amounts as are necessary to ensure that the net amount actually received by each Bank will equal the full amount such Bank would have received had no such withholding or deduction been required; and

(d) if any Bank receives a refund in respect of any Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower (or any Person acting on behalf of such Borrower) has paid additional amounts pursuant to this Section 4.7, it shall promptly repay such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower (or such Person acting on behalf of such Borrower) under this Section 4.7 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of such Bank or the Administrative Agent, as the case may be; provided, that such Borrower, upon the request of such Bank or the Administrative Agent, agrees to return such refund (together with any penalties, interest or other charges due in connection therewith to the appropriate taxing authority or other Governmental Authority) to such Bank or the Administrative Agent in the event such Bank or the Administrative Agent is required to pay or to return

such refund to the relevant taxing authority or other Governmental Authority.

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

SECTION 5. CHANGES IN CIRCUMSTANCES

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

(i) shall subject any Bank (other than a Defaulting Bank) (or any Lending Office of such Bank) to any tax, duty or other charge or shall change the basis of taxation of payments to any Bank (other than a Defaulting Bank) of the principal of, or interest on, any other amounts due under this Agreement in respect of its Loans or its obligation to make Loans (except for changes in the rate of Tax, other than Taxes covered by Section 4.7, on the overall gross or net income of such Bank or its Lending Office); or

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

and the result of any of the foregoing is to increase the cost to (or in the case of Regulation D referred to above, to impose

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

SECTION 5.2 Change in Rate of Return. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or expected to be maintained by any Bank (other than a Defaulting Bank) or any Person controlling such Bank, and such Bank reasonably determines that the rate of return on its or such controlling Person's capital as a consequence of the Loans made by such Bank (or any participating interest therein held by such Bank) is reduced to a level below that which such Bank or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case the relevant Borrowers shall, within thirty (30) days after written demand by such Bank to such Borrowers, pay directly to such Bank additional amounts sufficient to compensate such Bank or such controlling Person for such reduction in rate of return. A statement of such Bank as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on such Borrowers. In determining such amount, such Bank may use any method of averaging and attribution that it shall deem reasonably applicable. Each Bank shall promptly, but in no event more than ninety (90) days after it has knowledge thereof, notify the Borrower of any event occurring after the Effective Date, which will entitle such Bank to compensation pursuant to this Section 5.2.

SECTION 5.3 Discretion of Banks as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit.

SECTION 5.4 Replacement of Banks. If any Bank shall become affected by any of the changes or events described in Section 5.1 or 5.2 above (any such Bank being hereinafter referred to as a "Replaced Bank") and shall petition the relevant Borrowers for any increased cost or amounts thereunder, then in such case, the Guarantor (on behalf of the Borrowers) may, upon at least five (5) Business Days' notice to the Administrative Agent and such Replaced Bank, designate a replacement lender (a "Replacement Bank") acceptable to the Administrative Agent in its reasonable discretion, to which such Replaced Bank shall, subject to its receipt (unless a later date for the remittance thereof shall be agreed upon by the relevant Borrowers and the Replaced Bank) of all amounts owed to such Replaced Bank under Section 5.1 or 5.2 above, assign all (but not less than all) of its rights, obligations, Loans and Commitment hereunder; provided, that all Liabilities (except Liabilities which by the terms hereof survive the payment in full of the Loans and termination of this Agreement) due and payable to the Replaced Bank shall be paid in full as of the date of such assignment. Upon any assignment by any Bank pursuant to this Section 5.4 becoming effective, the Replacement Bank shall thereupon be deemed to be a "Bank" for all purposes of this Agreement and such Replaced Bank shall thereupon cease to be a "Bank" for all purposes of this Agreement and shall have no further rights or obligations hereunder (other than pursuant to Sections 5.1, 5.2, 11.5 and 13.4, and Sections 7.1 and 7.2 of the Guaranty while such Replaced Bank was a Bank). Notwithstanding any Replaced Bank's failure or refusal to assign its rights, obligations, Loans and Commitment under this Section 5.4, the Replaced Bank shall cease to be a "Bank" for all purposes of this Agreement and the Replacement Bank substituted therefor upon payment to the Replaced Bank by the Replacement Bank of all amounts set forth in this Section 5.4 without any further action of the Replaced Bank.

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

SECTION 6. COLLATERAL AND OTHER SECURITY

SECTION 6.1 Collateral Documents. Concurrently with or prior to the Closing Date:

(a) Pledge Agreement. The Borrowers shall execute and deliver to the Administrative Agent, for the benefit of the

Banks, a pledge agreement, substantially in the form of Exhibit C (herein, as the same may be amended or modified, called the "Pledge Agreement"), covering, among other things, all of the issued and outstanding common stock of the Guarantor and/or PRIDES owned by each Borrower and purchased with proceeds of the Loans.

(b) Guaranty. The Guarantor shall execute and deliver or cause to be executed and delivered to the Administrative Agent (i) a guaranty, substantially in the form of Exhibit D (herein, as the same may be amended or modified, called the "Guaranty"), covering the payment and performance of all of the Liabilities and (ii) the other documents provided for in Article IV of the Guaranty.

SECTION 6.2 Application of Proceeds from Collateral.

(a) Borrower Collateral. As to each Borrower, all proceeds from the sale or disposition of any of the Collateral furnished by such Borrower pursuant to Section 6.1(a) shall be applied by the Administrative Agent in the following order:

First: to the payment of all of the reasonable costs and expenses of the Administrative Agent in connection with (i) the administration, sale or disposition of such Collateral, and (ii) the administration and enforcement of this Agreement and the other Loan Documents, to the extent that such costs and expenses shall not have been reimbursed to the Administrative Agent;

Second: to the payment in full of all accrued and unpaid interest on the Loans of such Borrower, then to the payment in full of all unpaid principal of the Loans of such Borrower, and then to any remaining Liabilities of such Borrower;

Third: the balance, if any, of such proceeds shall be paid to such Borrower, to such Borrower's heirs and assigns, or as a court of competent jurisdiction may direct.

(b) Guaranty Collateral. All proceeds from the sale or disposition of any Guaranty Collateral shall be applied to the Additional Secured Borrower Obligations in the order set forth in Section 6.2 of the Revolving Credit Agreement.

SECTION 6.3 Further Assurances. Each Borrower agrees that upon request of the Administrative Agent (a) such Borrower shall promptly deliver or cause to be delivered to the Administrative Agent, in due form for transfer, all chattel paper, instruments, securities and documents of title, if any, at any time representing all or any of the Collateral, and (b) such Borrower shall forthwith execute and deliver or cause to be executed and delivered to the Administrative Agent, in due form for filing or recording (and pay the cost of filing or recording the same in all public offices deemed necessary by the Administrative Agent), such further assignment agreements, security agreements, pledge agreements, instruments, consents, waivers, financing statements, stock or bond powers, searches, releases, and other documents, and do such other acts and things, all as the Administrative Agent may from time to time reasonably request to establish and maintain to the satisfaction of the Administrative Agent a valid perfected Lien on all Collateral (free of all other Liens except as permitted under this Agreement and the other Loan Documents and, with respect to the Guaranty Collateral, the Revolving Credit Agreement) to secure payment of the Liabilities.

SECTION 7. REPRESENTATIONS AND WARRANTIES OF BORROWERS

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

SECTION 7.1 No Conflict. The execution, delivery and performance by such Borrower of this Agreement and the other Loan Documents to which such Borrower is a party does not and will not (a) contravene or conflict with any provision of any law, statute, rule or regulation applicable to such Borrower, (b) contravene or conflict with, result in any breach of, or constitute a default under, any material agreement or instrument binding on such Borrower (including, without limitation, any writ, judgment, injunction or other similar court order) or (c) result in the creation or imposition of or the obligation to create or impose any Lien upon any of the property or assets of such Borrower (except for the Lien of the Administrative Agent).

SECTION 7.2 Validity. This Agreement and the other Loan Documents to which such Borrower is a party constitute or upon execution and delivery will constitute the legal, valid and binding obligation of such Borrower enforceable in accordance with its terms subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally and (b) general equitable principles, including

without limitation, concepts of good faith and fair dealing, materiality, fraudulent transfer and reasonableness (regardless of whether considered in a proceeding in equity or at law).

SECTION 7.3 Financial Statements. Such Borrower's financial statement as at December 31, 1995, copies of which have been furnished to each Bank, accurately present the financial condition of such Borrower at such date.

SECTION 7.4 Material Adverse Change. No Material Adverse Change has occurred since December 31, 1995 as to such Borrower.

SECTION 7.5 Litigation and Contingent Obligations. No Material Litigation is pending as to such Borrower or, to the best of such Borrower's knowledge, threatened as to such Borrower, and such Borrower has no material Contingent Obligations.

SECTION 7.6 Liens. None of the Collateral pledged by such Borrower is subject to any Lien (except for the Lien of the Administrative Agent).

SECTION 7.7 Taxes. Such Borrower has filed all material Tax Returns and Reports required by law to have been filed by such Borrower and has paid Taxes thereby shown to be owing, except any such Taxes which are being diligently contested in good faith by appropriate proceedings. There is no ongoing audit or, to such Borrower's knowledge, other governmental investigation of the tax liability of such Borrower and there is no unresolved claim by a taxing authority concerning such Borrower's tax liability, for any period for which returns have been filed or were due.

SECTION 7.8 Accuracy of Information. All factual information heretofore or contemporaneously furnished by or on behalf of such Borrower in writing to the Administrative Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of such Borrower to the Administrative Agent or any Bank will be, true and accurate in every material respect on the date as of which such information is dated or certified and, except as such information speaks solely as of a particular date, such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

SECTION 7.9 Proceeds. The proceeds of the Loans made to such Borrower will be used solely to purchase common stock of the Guarantor and/or PRIDES.

SECTION 7.10 Securities Laws. Neither such Borrower nor, to the best such Borrower's knowledge, any of its Affiliates, nor anyone acting on behalf of any such Person, has directly or indirectly offered any interest in the Loans or any other Liabilities for sale to, or solicited any offer to acquire any such interest from, or has sold any such interest to, any Person that would subject the making of the Loans or any other Liabilities to registration under the Securities Act of 1933, as amended.

SECTION 7.11 Solvency. Such Borrower is and, after consummation of this Agreement and after giving effect to all Indebtedness incurred by such Borrower in connection herewith, will be, Solvent.

SECTION 7.12 No Default. Such Borrower is not in default under any agreement or instrument to which such Borrower is a party or by which any of its properties or assets is bound or affected, which default might reasonably be expected to have a Material Adverse Effect.

SECTION 7.13 Organization, etc. Each Borrower (other than any Borrower which is an individual) is a partnership or irrevocable trust duly organized, validly existing and, with respect to any partnership, in good standing under the laws of the state of its formation and each partnership Borrower is duly qualified to transact business as a foreign partnership authorized to do business in each jurisdiction where the nature of its business makes such qualification necessary and failure to so qualify could reasonably be expected to have a Material Adverse Effect.

SECTION 7.14 Authorization. Each Borrower (other than Borrower which is an individual) has the power to execute, deliver and perform this Agreement and the other Loan Documents to which it is a party, and (b) has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and the other Loan Documents to which it is a party.

SECTION 8. COVENANTS OF BORROWERS

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

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

8.1.1 Borrower Financials. As soon as available, but in any event within ninety (90) days after December 31 of each calendar year, a financial statement of such Borrower in a form acceptable to the Required Banks;

8.1.2 Tax Returns and Reports. If requested by the Administrative Agent or the Required Banks, copies of all federal, state, local and foreign Tax Returns and Reports filed by such Borrower;

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

(a) the occurrence of a Default;

(b) the institution of any Material Litigation or the occurrence of any Material Litigation Development as to such Borrower;

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

(d) any Material Adverse Change as to such Borrower;

8.1.4 Loan Ratio. Upon the request of the Administrative Agent or the Required Banks, cause the Guarantor (on behalf of the Borrowers) to provide to the Administrative Agent, for the benefit of the Banks, a computation of the ratio set forth in Sections 9.2.6 and 10.1.6 certified by its chief financial officer or a vice president with responsibility for or knowledge of financial matters of the Guarantor; and

8.1.5 Other Information. From time to time, such other information concerning such Borrower as the Administrative Agent or a Bank may reasonably request.

SECTION 8.2 Taxes and Liabilities. Pay when due all of its Taxes and other material liabilities, except as contested in good faith and by appropriate proceedings.

SECTION 8.3 Compliance with Laws. Comply with all federal, state and local laws, rules and regulations related to such Borrower, except where such failure to comply could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.4 Other Agreements. Not enter into any agreement containing any provision which (a) would be violated or breached by the performance of its obligations hereunder or under any instrument or document delivered or to be delivered by such Borrower hereunder or in connection herewith, (b) prohibits or restricts the ability of such Borrower to amend or otherwise modify this Agreement, any other Loan Document or any other document executed in connection herewith or (c) constitutes an agreement to a limitation or restriction of the type described in clauses (a) and (b) with respect to any other Indebtedness.

SECTION 9. CONDITIONS AND EFFECTIVENESS OF THIS AGREEMENT

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

SECTION 9.1 Initial Loans. Prior to or concurrent with the making of the initial Loans, the Administrative Agent shall have received all of the following, each, except to the extent otherwise specified below, duly executed by such Borrower dated the date of the initial Loans (or such earlier date as shall be satisfactory to the Administrative Agent), in form and substance satisfactory to the Administrative Agent, each in sufficient number of signed counterparts or copies to provide one for each Bank and the Administrative Agent:

9.1.1 If requested by the Administrative Agent, an appropriately completed Note from each Borrower, payable to the order of the Administrative Agent evidencing the aggregate Commitments of the Banks to make Loans to such Borrower;

9.1.2 The Pledge Agreement, together with (a) the stock certificates evidencing all shares pledged under such Pledge Agreement, and (b) appropriate stock powers for such shares endorsed in blank and/or other appropriate evidence of the perfection of the Administrative Agent's Lien, including UCC financing statements and/or registrations or acknowledgements of the Lien of the Administrative Agent on any applicable brokerage account of each Borrower;

9.1.3 The Guaranty, together with the documents provided in Article IV and Article VI of the Guaranty;

9.1.4 A favorable opinion of Lawrence W. Inlow, general counsel of the Guarantor and its Subsidiaries (including BLHC), substantially in the form of Exhibit E-1, and addressing such other legal matters as the Administrative Agent may require;

9.1.5 A favorable opinion of Baker & Daniels, outside counsel to the Guarantor and its Subsidiaries (including BLHC), substantially in the form of Exhibit E-2, and addressing such other legal matters as the Administrative Agent may require;

9.1.6 Certified copies of each material consent, license and approval required in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the other Loan Documents; such consents, licenses and approvals shall be in full force and effect, shall be satisfactory in form and substance to the Administrative Agent and shall be all of the material consents required to be obtained or made on or before the consummation of the financing contemplated by this Agreement;

9.1.7 A certificate of each Borrower certifying that since December 31, 1995, no event has occurred which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect as to such Borrower;

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

9.1.9 Evidence satisfactory to the Administrative Agent of compliance by the Guarantor with Regulation G;

9.1.10 Evidence of each filing, registration or recordation (and payment of any necessary fee, Tax or expense relating thereto) with respect to each document (including, without limitation, any UCC financing statement) required by the Loan Documents or under law or requested by the Administrative Agent to be filed, registered or recorded in order to create, in favor of the Administrative Agent, for the benefit of the Banks a valid perfected Lien on all Collateral (free of all other Liens except as permitted under this Agreement and the other Loan Documents and, with respect to the Guaranty Collateral, the Revolving Credit Agreement) (other than UCC financing statements to be filed

in connection with the Loan Documents which will be delivered for filing on the Closing Date);

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

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

9.1.13 Certified copies of any indemnification or similar agreements or arrangements between any Borrower and the Guarantor relating to the reimbursement by such Borrower of any payments made by the Guarantor under the Guaranty, and certified copies of all documents and instruments relating to the Conseco Stock Purchase Program (including, without limitation, any plan relating thereto).

SECTION 9.2 All Loans. The obligation of the Banks to make Loans hereunder is subject to the following further conditions precedent:

9.2.1 The Administrative Agent shall have received a duly executed Notice of Borrowing;

9.2.2 No Default exists or will result from the making of the Loans, and no Default (as defined under the Revolving Credit Agreement) has occurred and is continuing;

9.2.3 The representations and warranties of the Borrowers contained in Section 7, the representations and warranties of the Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI contained in Article III of the Guaranty and the other Loan Documents are true and correct with the same effect as though made on the Borrowing Date;

9.2.4 No Material Litigation exists; and

9.2.5 No Material Adverse Change has occurred since December 31, 1995.

9.2.6 Collateral Ratio The Collateral Ratio for such Borrower is at least 2.0 to 1.0.

9.2.7 A Federal Reserve Form U-1 for each Bank, duly executed by each Borrower, the statements made in which shall be such, in the opinion of the

Administrative Agent, as to permit the transactions contemplated by this Agreement in accordance with Regulation U.

SECTION 10. EVENTS OF DEFAULT AND THEIR EFFECT

SECTION 10.1 Events of Default. An "Event of Default" shall exist with respect to a Borrower if any one or more of the following events (herein collectively called "Events of Default") shall occur and be continuing:

10.1.1 Non-Payment of Loans, etc.

- (a) Default by such Borrower in the payment or prepayment when due of any principal on the Loans made to such Borrower, or
- (b) Default by such Borrower in the payment within five (5) days of when due of any interest on the Loans made to such Borrower or any other amount owing by such Borrower pursuant to this Agreement.

10.1.2 Bankruptcy, Insolvency, etc. Such Borrower, the Guarantor or any Significant Subsidiary becomes insolvent or generally fails to pay, or admits in writing its inability to pay, debts as they become due; or such Borrower, the Guarantor or any such Significant Subsidiary applies for, consents to, or acquiesces in the appointment of, a trustee, receiver or other custodian for such Borrower, the Guarantor or such Significant Subsidiary or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for such Borrower, the Guarantor or such Significant Subsidiary or for a substantial part of the property of such Borrower, the Guarantor or such Significant Subsidiary and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or similar insolvency law is commenced in respect of such Borrower, the Guarantor or such Significant Subsidiary and if such case or proceeding is not commenced by such Borrower, the Guarantor or such Significant Subsidiary, it is consented to or acquiesced in by such Borrower, the Guarantor or such Significant Subsidiary or remains for sixty (60) days undismissed.

10.1.3 Defaults Under this Agreement. Failure by such Borrower or the Guarantor (or any of its Subsidiaries (including BLHC)) to comply with or perform any of the covenants or agreements of such Borrower, the Guarantor or any of its Subsidiaries set forth in this Agreement or the other Loan Documents applicable to such Borrower, the Guarantor or any of its Subsidiaries (other than those constituting an Event of Default under any of the other provisions of this Section 10) and continuance of such failure for thirty (30) days with respect to such Borrower and ten (10) days with respect to the Guarantor, in each case after notice thereof to such Borrower or the Guarantor, as the case may be, from the Administrative Agent.

10.1.4 Representations and Warranties. Any representation or warranty made by such Borrower or the Guarantor, New CIHC, MDSCG, BNL, CCM or CMCI in any of the Loan Documents is false or misleading in any material respect as of the date hereof or as of the date hereafter certified, or any schedule, certificate, financial statement, report, notice, or other writing furnished by such Borrower or the Guarantor to the Administrative Agent or any Bank is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

10.1.5 Material Adverse Change. The occurrence of any event which, in the reasonable judgment of the Required Banks, constitutes a Material Adverse Change.

10.1.6 Collateral Ratio. The Collateral Ratio for such Borrower is less than 1.5 to 1.0.

10.1.7 Default under Revolving Credit Agreement. An event of default shall have occurred and be continuing under the Revolving Credit Agreement.

SECTION 10.2 Effect of Event of Default. If any Event of Default described in Section 10.1.2 shall occur and be continuing, the Commitments with respect to such Borrower (or if such Event of Default relates to the Guarantor, any Significant Subsidiary or Section 10.1.7, all Borrowers) (if they have not theretofore terminated) shall immediately terminate and all Liabilities of such Borrower shall become immediately due and payable, all without presentment, demand, protest or notice of any kind; and, in the case of any other Event of Default, the Administrative Agent may (or shall, upon the written request of the Required Banks) declare the Commitments of such Borrower (or if such Event of Default relates to the Guarantor, any

Significant Subsidiary or Section 10.1.7, all Borrowers) (if they have not theretofore terminated) to be terminated and all Liabilities with respect to such Borrower to be due and payable, whereupon the Commitments with respect to such Borrower (or if such Event of Default relates to the Guarantor, any Significant Subsidiary or Section 10.1.7, all Borrowers) (if they have not theretofore terminated) shall immediately terminate and all Liabilities with respect to such Borrower or all Borrowers, as the case may be, shall become immediately due and payable, all without presentment, demand, protest or notice of any kind. The Administrative Agent shall promptly advise such Borrower or all Borrowers, as the case may be, and each Bank of any such declaration, but failure to do so shall not impair the effect of such declaration. Notwithstanding the foregoing or any provision of Section 13.1, the effect as an Event of Default of any event described in Section 10.1.2 may be waived by the written concurrence of the Banks holding 100% of the aggregate unpaid principal amount of the Loans, and the effect as an Event of Default of any other event described in this Section 10 may be waived as provided in Section 13.1.

SECTION 11. THE AGENT

SECTION 11.1 Authorization and Action. Each Bank hereby appoints and authorizes the Administrative Agent to take such action as administrative agent on its behalf and to exercise such powers to the extent provided herein or in any document or instrument delivered hereunder or in connection herewith, together with such other action as may be reasonably incidental thereto. As to matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of this Agreement or any other Loan Document) the Administrative Agent shall not be required to exercise any discretion, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Banks and such instructions shall be binding upon all Banks and, with respect to the Collateral, the holders of the Senior Notes. Under no circumstances shall the Administrative Agent have any fiduciary duties to any Bank or be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement or to the other Loan Documents or applicable law.

SECTION 11.2 Liability of the Administrative Agent. None of the Administrative Agent or any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement and the other Loan Documents, except for its own

gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may treat a Bank as such until the Administrative Agent receives an executed Assignment Agreement entered into between a Bank and an Eligible Assignee pursuant to Section 12.1 hereof; (b) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts or consultants selected by it; (c) shall not be liable for any action taken or omitted to be taken in good faith by the Administrative Agent in accordance with the advice of counsel, accountants, consultants or experts; (d) shall make no warranty or representation to any Bank and shall not be responsible to any Bank for any recitals, statements, warranties or representations, whether written or oral, made in or in connection with this Agreement or the other Loan Documents; (e) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, obligations, covenants or conditions of this Agreement on the part of any Borrower or to inspect the property (including, without limitation, any books and records) of any Borrower; (f) shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document or other support or security (including the validity, priority or perfection of any Lien), or any other document furnished in connection with any of the foregoing; and (g) shall incur no liability under or in respect of this Agreement or any other Loan Document by action upon any written notice, statement, certificate, order, telephone message, facsimile or other document which the Administrative Agent believes in good faith to be genuine and correct and to have been signed, sent or made by the proper Person.

SECTION 11.3 Administrative Agent and Affiliates. With respect to the Loans made by it, BofA shall have the same rights and powers under this Agreement and the other Loan Documents as any other Bank and may exercise the same as though it were not the Administrative Agent; and the term "Bank" or "Banks" shall, unless otherwise expressly indicated, include BofA in its individual capacity. BofA and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, any Borrower, the Guarantor and any of its Subsidiaries (including BLHC) and any Person who may do business with or own securities of the Guarantor or any such Subsidiary, all as if BofA was not the Administrative Agent and without any duty to account therefor to the Banks.

SECTION 11.4 Bank Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank and based on the

financial statements referred to in Section 7.3 hereof and Section 3.5 of the Guaranty and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 11.5 Indemnification. The Banks agree to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to their Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or assessed against the Administrative Agent in any way relating to or arising out of this Agreement or the other Loan Documents, or any action taken or omitted by the Administrative Agent under this Agreement or the other Loan Documents; provided, that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limiting any of the foregoing, each Bank agrees to reimburse the Administrative Agent promptly upon demand for their Percentage of any expenses (including reasonable counsel fees) incurred by the Administrative Agent (in its individual capacity as agent or in its capacity as representative of the Banks) in connection with the preparation, execution, delivery, administration, modification, amendment, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under this Agreement or the other Loan Documents to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrowers or the Guarantor. All obligations provided for in this Section 11.5 shall survive termination of this Agreement.

SECTION 11.6 Successor Agent. The Administrative Agent may, and at the request of the Required Banks shall, resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent resigns under this Agreement, the Required Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be approved by a majority of the Borrowers (which consent shall not be unreasonably withheld). If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Borrowers, a successor agent from among the Banks.

Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Section 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above.

SECTION 12. ASSIGNMENTS AND PARTICIPATIONS

SECTION 12.1 Assignments.

(a) Each Bank shall have the right at any time to assign with the consent of the Guarantor (on behalf of the Borrowers) and the Administrative Agent (which consent, in each case, will not unreasonably be withheld), to any Eligible Assignee, all or any part of such Bank's rights and obligations under this Agreement and each other Loan Document including its rights in respect of its Loans and Notes. Any such assignment shall be pursuant to an assignment agreement, substantially in the form of Exhibit G (an "Assignment Agreement"), duly executed by such Bank and the Eligible Assignee, and acknowledged by the Administrative Agent. Notwithstanding the foregoing, each Bank may make assignments to its Affiliates or to any Federal Reserve Bank without obtaining consent of the Administrative Agent.

(b) Each assignment shall be pro rata with respect to all rights and obligations of the assigning Bank including the Commitments, the Loans and the Notes, if any. Each assignment shall be in an amount equal to or in excess of \$5,000,000 (except for assignments of the entire unpaid balance, if less than \$5,000,000, of the Loans of a Bank or assignments to existing Banks). In the case of any such assignment, upon the fulfillment of the conditions in Section 12.1(c), this Agreement shall

be deemed to be amended to the extent, and only to the extent, necessary to reflect the addition of such Eligible Assignee, and such Eligible Assignee shall for all purposes be a Bank party hereto and shall have, to the extent of such assignment, the same rights and obligations as a Bank hereunder.

(c) An assignment shall become effective hereunder when all of the following shall have occurred:

(i) the Assignment Agreement shall have been executed by the parties thereto,

(ii) the Assignment Agreement shall have been acknowledged by the Administrative Agent,

(iii) either the assigning Bank or the Eligible Assignee shall have paid a processing fee of \$2,500 to the Administrative Agent for its own account; provided that the Eligible Assignee shall be solely responsible for such processing fee with respect to any assignment pursuant to Sections 5.4 and 13.2, and

(iv) the assigning Bank and the Administrative Agent shall have agreed upon a date upon which such assignment shall become effective. Upon such assignment becoming effective, the Administrative Agent shall forward all payments of interest, principal, fees and other amounts that would have been made to the assigning Bank, in proportion to the percentage of the assigning Bank's rights transferred, to the Eligible Assignee.

(d) Upon the effectiveness of any assignment, the assigning Bank shall be relieved from its obligations hereunder to the extent of the obligations so assigned (except to the extent, if any, that any Borrower, any other Bank or the Administrative Agent have rights against such assigning Bank as a result of any default by such Bank under this Agreement). Promptly following the effectiveness of each assignment, the Administrative Agent shall furnish to the Borrowers and each Bank a revised Schedule 2.1, revised to reflect such assignment.

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SECTION 12.2 Participations.

(a) Each Bank may grant participations in all or any part of its Loans, Commitments and, if applicable, the Notes to any commercial bank or other financial institution (other than insurance companies and Affiliates thereof unless consented to by the Guarantor). A participant shall not have any rights under this Agreement or any other document delivered in connection herewith (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating thereto, which agreement with respect to such participation shall not restrict such Bank's ability to make any modification, amendment or waiver to this Agreement without the consent of the participant except that the consent of such participant may be required in connection with matters requiring the consent of all of the Banks under Section 13.1). Notwithstanding the foregoing, each participant shall have the rights of a Bank pursuant to Section 4.6. All amounts payable by any Borrower under this Agreement shall be determined as if the Bank had not sold such participation. In the event of any such sale by a Bank of participating interests to a participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any obligation for all purposes under this Agreement, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement.

(b) Limitation of Rights of any Participant. Notwithstanding anything in the foregoing to the contrary,

(i) no participant shall have any direct rights hereunder,

(ii) the Borrowers, the Administrative Agent and the Banks, other than the selling Bank, shall deal solely with the selling Bank and shall not be obligated to extend any rights or make any payment to, or seek any consent of, the participant,

(iii) no participation shall relieve the selling Bank of any of its other obligations hereunder

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and such Bank shall remain solely responsible for the performance thereof, and

(iv) no participant, other than an affiliate of the selling Bank, shall be entitled to require such Bank to take or omit to take any action hereunder, except that such Bank may agree with such participant that such Bank will not, without participant's consent, take any action which requires the consent of all of the Banks under Section 13.1.

SECTION 12.3 Disclosure of Information. Each Borrower authorizes each Bank to disclose to any participant, assignee or Eligible Assignee (each, a "Transferee") and any prospective Transferee any and all financial and other information in such Bank's possession concerning such Borrower, the Guarantor and its Subsidiaries (including BLHC) which has been delivered to such Bank by such Borrower and the Guarantor in connection with such Bank's credit evaluation of such Borrower prior to entering into this Agreement or which has been delivered to such Bank by such Borrower and the Guarantor pursuant to this Agreement; provided, however, that each Bank, participant, assignee and Eligible Assignee shall execute a confidentiality agreement substantially in the form of Exhibit F in which it agrees that it shall hold all non-public, confidential and proprietary information obtained pursuant to the requirements of this Agreement in accordance with safe and sound banking and business practices and may make disclosure reasonably required by any bona fide participant, assignee or Eligible Assignee in connection with the contemplated transfer of any portion of the Loans or as required or requested by any Governmental Authority or representative thereof or pursuant to legal process. For the purposes of this Section 12.3, by execution of this Agreement each of the Banks shall be deemed to have agreed to and executed the confidentiality agreement contained in Exhibit F.

SECTION 12.4 Foreign Transferees. If, pursuant to this Section 12, any interest in this Agreement or any Loans or the Note is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof or upon the request of the Administrative Agent, the transferor Bank shall cause such Transferee (other than any participant), and may cause any participant, concurrently with the effectiveness of such transfer,

(a) to represent to the transferor Bank (for the benefit of the transferor Bank, the Administrative Agent and the Borrowers) that under applicable law and treaties no Taxes will be required to be withheld by the Administrative Agent,

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(b) to represent to the Borrowers or the transferor Bank that under applicable law and treaties no Taxes will be required to be withheld with respect to any payments to be made to such Transferee in respect of the Loans or, if applicable, the Notes,

(c) to furnish to the transferor Bank, the Administrative Agent and the Borrowers either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein such Transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and

(d) to agree (for the benefit of the transferor Bank, the Administrative Agent and the Borrowers) to provide the transferor Bank, the Administrative Agent and the Borrowers a new Form 4224 or Form 1001 upon the obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such Transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

SECTION 13. MISCELLANEOUS

SECTION 13.1 Waivers and Amendments. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrowers and the Required Banks; provided, that no such amendment, modification or waiver:

(a) which would modify any requirement hereunder that any particular action be taken by all Banks or by the Required Banks, shall be effective without the consent of each Bank;

(b) which would modify this Section 13.1, change the definition of "Required Banks," change any Percentage for any Bank (except pursuant to an Assignment Agreement), reduce any fees, extend the maturity date of any Loan, reduce any rate of interest payable on the Loans or subject any Bank to any additional obligations, shall be effective without the consent of each Bank;

(c) which would permit the release of all or any material portion of the Collateral (including, without limitation, any material portion of the Guaranty Collateral) shall be effective without the consent of each Bank;

(d) which would extend the due date for, or reduce the amount of, any payment or prepayment of principal of or interest on the Loans, shall be effective without the consent of each Bank; or

(e) which would affect adversely the interests, rights or obligations of the Administrative Agent (in such capacity) other than removal in accordance with Section 11.6, shall be effective without consent of the Administrative Agent.

SECTION 13.2 Failure to Consent. If any Bank shall fail to consent to any amendment, modification or waiver described in Section 13.1 (any such Bank being hereinafter referred to as a "Nonconsenting Bank") then in such case, the Guarantor (on behalf of the Borrowers) may, upon at least five (5) Business Days' written notice to the Administrative Agent and such Nonconsenting Bank, designate a substitute lender (a "Substitute Bank") acceptable to the Administrative Agent in its sole discretion, to which such Nonconsenting Bank shall assign all (but not less than all) of its rights and obligations under the Loans and Commitment hereunder. Upon any assignment by any Bank pursuant to this Section 13.2 becoming effective, the Substitute Bank shall thereupon be deemed to be a "Bank" for all purposes of this Agreement and the assigning Bank shall thereupon cease to be a "Bank" for all purposes of this Agreement and shall have no further rights or obligations hereunder (other than pursuant to Sections 5.1, 5.2, 11.5 and 13.4, and Sections 7.1 and 7.2 of the Guaranty while such Non-Consenting Bank was a Bank); provided, that all Liabilities (except Liabilities which by the terms hereof survive the payment in full of the Loans and termination of this Agreement) due and payable to the Nonconsenting Bank shall be paid in full as of the date of such assignment. Notwithstanding the foregoing, in the event that in connection with any amendment, modification or waiver more than one Bank is a Nonconsenting Bank, the Borrowers may not require one Bank to assign its rights and obligations to a Substitute Bank unless all Nonconsenting Banks are required to make such an assignment. Notwithstanding any Nonconsenting Bank's failure or refusal to assign its rights, obligations, Loans and Commitment under this Section 13.2, the Nonconsenting Bank shall cease to be a "Bank" for all purposes of this Agreement and the Substitute Bank substituted therefor upon payment to the Nonconsenting Bank by the Substitute Bank of all amounts set

forth in this Section 13.2 without any further action of the Nonconsenting Bank.

SECTION 13.3 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile or similar writing) and shall be given to such party at its address, facsimile or telex number set forth on the signature or acknowledgement pages hereof or such other address, facsimile or telex number as such party may hereafter specify for the purpose by written notice to the Administrative Agent, the Borrowers and the Guarantor. Each such notice, request or other communication shall be effective (a) if given by facsimile or telex, when such facsimile or telex is transmitted to the facsimile or telex number specified in this Section and, in the case of telex, the appropriate answerback is received, (b) if given by mail, seventy-two (72) hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (c) if given by any other means, when delivered at the address specified in this Section, provided, that notices to the Administrative Agent under Sections 3, 4 and 10 shall not be effective until received by the Administrative Agent.

SECTION 13.4 Indemnity. The Borrowers agree, jointly and severally, to indemnify each Bank and each Bank's respective directors, officers, employees, persons controlling or controlled by any of them or their respective agents, consultants, attorneys and advisors (the "Indemnified Parties") and hold each Indemnified Party harmless from and against any and all liabilities, losses, claims, damages, costs and expenses of any kind to which any of the Indemnified Parties may become subject, whether directly or indirectly (including, without limitation, the reasonable fees and disbursements of counsel for any Indemnified Party), relating to or arising out of this Agreement, the other Loan Documents, or any actual or proposed use of the proceeds of the Loans hereunder; provided, that no Indemnified Party shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. All obligations of the Borrowers and the Guarantor provided for in this Section 13.4 shall survive termination of this Agreement.

SECTION 13.5 Subsidiary References. The provisions of this Agreement relating to Subsidiaries shall apply only during such times as a Person referenced in such a provision has one or more Subsidiaries.

SECTION 13.6 Captions. Section captions used in this Agreement are for convenience only, and shall not affect the construction of this Agreement.

SECTION 13.7 GOVERNING LAW. THIS AGREEMENT, THE NOTES AND THE LOANS SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES. ALL OBLIGATIONS OF THE BORROWERS AND THE GUARANTOR AND RIGHTS OF THE ADMINISTRATIVE AGENT AND THE BANKS IN RESPECT OF THE LIABILITIES EXPRESSED HEREIN OR IN THE OTHER LOAN DOCUMENTS SHALL BE IN ADDITION TO AND NOT IN LIMITATION OF THOSE PROVIDED BY APPLICABLE LAW.

SECTION 13.8 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. When counterparts executed by all the parties shall have been lodged with the Administrative Agent (or, in the case of any Bank as to which an executed counterpart shall not have been so lodged, the Administrative Agent shall have received telegraphic, facsimile, telex or other written confirmation from such Bank of execution of a counterpart hereof by such Bank), this Agreement shall become effective as of the Effective Date hereof, and at such time the Administrative Agent shall notify the Borrowers and each Bank.

SECTION 13.9 SUBMISSION TO JURISDICTION; WAIVER OF VENUE. THE ADMINISTRATIVE AGENT, EACH BANK AND EACH BORROWER (A) HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY ILLINOIS STATE OR FEDERAL COURT SITTING IN THE NORTHERN DISTRICT OF ILLINOIS OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, AND THE ADMINISTRATIVE AGENT, EACH BANK AND EACH BORROWER HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ILLINOIS STATE OR FEDERAL COURT, AND (B) AGREE NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST ANOTHER PARTY OR THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY OF ANY THEREOF, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENTS, IN ANY COURT OTHER THAN AS HEREINABOVE SPECIFIED IN THIS SECTION 13.9. THE ADMINISTRATIVE AGENT, EACH BANK AND EACH BORROWER HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT OR THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN ANY ACTION OR PROCEEDING (WHETHER BROUGHT BY ANY BORROWER, THE ADMINISTRATIVE AGENT, ANY BANK, OR OTHERWISE) IN ANY COURT HEREINABOVE SPECIFIED IN THIS SECTION 13.9 AS WELL AS ANY RIGHT IT OR THEY MAY NOW OR HEREAFTER HAVE TO REMOVE ANY SUCH ACTION OR PROCEEDING, ONCE COMMENCED, TO ANOTHER COURT ON THE GROUNDS OF FORUM NON CONVENIENS OR OTHERWISE. THE ADMINISTRATIVE AGENT, EACH BANK AND EACH BORROWER AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE

CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 13.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that: the Borrowers may not assign or transfer their rights or obligations under this Agreement or any other Loan Document without the prior written consent of all Banks, and the rights of the Banks to make assignments or grant participations are subject to the provisions of Section 12.

SECTION 13.11 WAIVER OF JURY TRIAL. EACH BORROWER, THE ADMINISTRATIVE AGENT AND EACH BANK HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

* * *

Executed as of the day and year first above written at Chicago, Illinois.

BORROWERS:

/s/ STEPHEN C. HILBERT

Stephen C. Hilbert

Notice Address:

Address:

Attention:

Telephone:

**THOMAS C. HILBERT,
IRREVOCABLE TRUST**

By:

/s/ STEPHEN C. HILBERT

Stephen C. Hilbert, Trustee

Notice Address:

Address:

Attention:
Telephone:

**CHRISTOPHER L. MYERS,
IRREVOCABLE TRUST**

By:

/s/ STEPHEN C. HILBERT

Stephen C. Hilbert, Trustee

Notice Address:

Address:

Attention:

Telephone:

ADMINISTRATIVE AGENT:

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION**

By: /s/ _____
Name: _____
Title: _____

BANKS:

BANK OF AMERICA ILLINOIS

By: /s/

Name: _____

Title: _____

Lending Office

Address: 231 S. LaSalle Street
Chicago, IL 60697
Attention: Debra Lacy
Telephone: (312) 828-1784
Facsimile: (312) 974-9626

Notice Address:

Address: 231 S. LaSalle Street
Chicago, IL 60697
Attention: Ron Drobny
Telephone: (312) 828-3014
Facsimile: (312) 828-0889

GUARANTY

Dated as of May 13, 1996,

among

CONSECO, INC.,
as Guarantor,

and

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,**
as Administrative Agent

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EXHIBITS

EXHIBIT A	Form of Addendum and Affirmation Agreement
EXHIBIT B-1	Form of Opinion of Lawrence W. Inlow, general counsel to the Guarantor and its Subsidiaries (including BLHC)
EXHIBIT B-2	Form of Opinion of Baker & Daniels, outside counsel to the Guarantor and its Subsidiaries (including BLHC)
EXHIBIT C-1	Form of Officer's Certificate (Guarantor)
EXHIBIT C-2	Form of Officer's Certificate (New CIHC)
EXHIBIT C-3	Form of Officer's Certificate (MDSCG)
EXHIBIT C-4	Form of Officer's Certificate (BNL)
EXHIBIT C-5	Form of Officer's Certificate (CCM)
EXHIBIT C-6	Form of Officer's Certificate (CMCI)

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GUARANTY

THIS GUARANTY (this "Guaranty") is entered into as of May 13, 1996 between CONSECO, INC., an Indiana corporation ("Guarantor"), in favor of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as administrative agent (the "Administrative Agent") for the financial institutions (the "Banks" and together with Administrative Agent, the "Guarantied Parties") who are or from time to time may become party to the Credit Agreement (as hereinafter defined). Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to such terms pursuant to Article I.

WITNESSETH:

WHEREAS, pursuant to a Credit Agreement, dated as of May 13, 1996 (as from time to time, in whole or in part, the same may be amended, modified, supplemented, restated, refinanced, refunded or renewed, the "Credit Agreement"), among the individuals listed as borrowers on the signature pages thereto (herein, collectively called, the "Borrowers" and each individually, a "Borrower"), the Banks and the Administrative Agent, the Banks have extended Commitments to make Loans to each of the Borrowers on the terms and subject to the conditions contained in the Credit Agreement;

WHEREAS, the Guarantor has established a stock purchase program for certain of its officers and directors to increase the Guarantor's ability to attract and retain able officers and directors and, accordingly, promote the interest of the Guarantor and its stockholders, while at the same time providing these individuals with additional incentive to work toward the Guarantor's future success;

WHEREAS, as a condition precedent to the making of the initial Loans and any subsequent Loans under the Credit Agreement, Guarantor is required to execute and deliver this Guaranty;

WHEREAS, Guarantor has been duly authorized to execute, deliver and perform this Guaranty; and

WHEREAS, it is in the best interest of Guarantor to execute this Guaranty inasmuch as Guarantor will derive substantial direct and indirect benefits from the Loans made from time to time to the Borrowers by the Banks pursuant to the Credit Agreement;

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NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Banks to make Loans (including the initial Loans) to the Borrowers pursuant to the Credit Agreement, Guarantor agrees, for the benefit of each Guarantied Party, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Terms. Capitalized terms used herein, unless otherwise defined herein, shall have the meanings assigned thereto in the Credit Agreement; provided that such definitions shall survive any termination of the Credit Agreement. In addition, when used herein the following terms shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Addendum and Affirmation Agreement" - see Section 4.1(a).

"Administrative Agent" - see Preamble.

"Guaranty" shall mean this Guaranty, as amended or modified.

"Banks" or "Bank" - see Preamble.

"Borrowers" or "Borrower" - see first recital.

"Cash Collateral Account" shall mean the custody account, account number 72-80556, maintained in the name of, and subject to the sole dominion and control of, the Administrative Agent for the sole benefit of the Banks, for the purpose of holding prepayments of the Obligations of the Borrowers by the Guarantor pursuant to Section 7.1.

"Collateral" shall mean all of the collateral security described or provided for in Article IV of this Guaranty together with all property and/or rights on or in which a Lien is now or hereafter granted by any Person to the Administrative Agent (or to any agent, trustee or other party acting on behalf of the Administrative Agent) for the benefit of the Banks pursuant to this Guaranty, the Pledge Agreement, the Addendum and Affirmation Agreement and any other instruments or documents provided for herein or therein or delivered hereunder or thereunder or in connection herewith or therewith.

"Credit Agreement" - see first recital.

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"Guarantied Party" - see Preamble

"Guaranty" - see Preamble.

"Indemnified Parties" - see Section 8.2.

"Obligations" - see Section 2.1.

"Subrogation Rights" - see Section 2.6.

"UCC" shall mean the Uniform Commercial Code or comparable statute or any successor statutes thereto, as in effect from time to time in the relevant jurisdiction.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1. Guaranty. Guarantor hereby absolutely, unconditionally and irrevocably:

(a) guaranties to the Guarantied Parties the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, and at all times thereafter, of all obligations of each Borrower to the Guarantied Parties, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, or now or hereafter existing, or due or to become due under the Credit Agreement whether for principal, interest, fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay provisions under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. ss.362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. ss.502(b) and ss.506(b)) (all such obligations hereinafter collectively called the "Obligations"); and

(b) indemnifies and holds harmless each Guarantied Party or any holder of any Loan for any and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by such Guarantied Party or such holder, as the case may be, in enforcing any rights under this Guaranty;

This Guaranty constitutes a guaranty of payment when due and not of collection, and Guarantor specifically agrees that it shall not be necessary or required that any Guarantied Party or any holder of any Loan exercise any right, assert any claim or demand

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or enforce any remedy whatsoever against any Borrower or any other obligor (or any other Person) before the performance of, or as a condition to, the obligations of Guarantor hereunder.

SECTION 2.2. Acceleration of Guaranty. Guarantor agrees that, in the event of the insolvency of any Borrower, any other obligor with respect to the Obligations of such Borrower, or Guarantor, as the case may be, or the inability or failure of such Borrower, such other obligor or Guarantor to pay debts as they become due, or an assignment by such Borrower, such other obligor or Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of such Borrower, such other obligor or Guarantor under any bankruptcy, insolvency or similar federal or state laws, and if such event shall occur at a time when any of the Obligations of such Borrower or such other obligor may not then be due and payable, Guarantor will pay to the Banks forthwith (a) if such event relates to such Borrower or any other obligor with respect to the Obligations of such Borrower, the full amount which would be payable hereunder by Guarantor if all Obligations of such Borrower were then due and payable and (b) if such event relates to Guarantor or any other obligor with respect to the obligations of Guarantor, the full amount which would be payable hereunder by Guarantor if all the Obligations of all Borrowers were then due and payable.

SECTION 2.3. Guaranty Absolute, etc. This Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until all Obligations of the Borrowers and each other obligor have been paid in full, all obligations of Guarantor hereunder shall have been paid in full and all Commitments shall have terminated. Guarantor guarantees that the Obligations of the Borrowers and each other obligor and their respective Subsidiaries, if any, will be paid strictly in accordance with the terms of the Credit Agreement and each other Loan Document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Guaranteed Party or any holder of the Note of any Borrower with respect thereto. The liability of Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of the Credit Agreement, any Note or any other Loan Document;

(b) the failure of any Guaranteed Party or any holder of any Note:

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(i) to assert any claim or demand or to enforce any right or remedy against any Borrower, any other obligor or any other Person under the provisions of the Credit Agreement, any Note, any other Loan Document or otherwise; or

(ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Obligations of any Borrower or any other obligor;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of any Borrower or any other obligor, or any other extension, compromise or renewal of any Obligations of any Borrower or any other obligor;

(d) any reduction, limitation, impairment or termination of the Obligations of any Borrower or any other obligor for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations of any Borrower, any other obligor or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to any departure from, any of the terms of the Credit Agreement, any Note or any other Loan Document;

(f) any addition, exchange, release, surrender or non- perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to any departure from, any other guaranty, held by any Guaranteed Party or any holder of any Note securing any of the Obligations of any Borrower or any other obligor; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Borrower, any other obligor, any surety or any guarantor.

SECTION 2.4. Reinstatement, etc. Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be restored by any Guaranteed Party or any holder of any Note, upon

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the insolvency, bankruptcy or reorganization of any Borrower, any other obligor or otherwise, all as though such payment had not been made.

SECTION 2.5. Waiver, etc. Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of the Borrower or any other obligor, and this Guaranty and any requirement that the Administrative Agent, any other Guarantied Party or any holder of any Note protect, secure, perfect or insure any security interest or Lien, or any property subject thereto, or exhaust any right or take any action against any Borrower, any other obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations of any Borrower or any other obligor, as the case may be.

SECTION 2.6. Waiver of Subrogation; Subordination. Guarantor hereby irrevocably waives with respect to any Borrower, until termination of the Commitments of the Banks with respect to such Borrower and thereafter until the prior indefeasible payment in full in cash of all Obligations of such Borrower under the Loan Documents, any claim or other rights which it may now or hereafter acquire against such Borrower or any other obligor that arises from the existence, payment, performance or enforcement of Guarantor's obligations under this Guaranty or any other Loan Document or otherwise, including any right of subrogation, reimbursement, exoneration, or indemnification, any right to participate in any claim or remedy of the Guarantied Parties against such Borrower or any other obligor or any collateral which the Administrative Agent now has or hereafter acquires, whether or not such claim, remedy or right (all such claims, remedies and rights being collectively called "Subrogation Rights") arises in equity, or under contract, statute or common law, including the right to take or receive from such Borrower or any other obligor, directly or indirectly, in cash or other property or by set-off or in any manner, payment or security on account of such claim or other rights. If any amount shall be paid to Guarantor in violation of the preceding sentence and the Obligations shall not have been paid in cash, in full, and the Commitments of the Banks with respect to such Borrower have not been terminated, such amount shall be deemed to have been paid to Guarantor for the benefit of, and held in trust for, the Guarantied Parties, and shall forthwith be paid to the Guarantied Parties to be credited and applied upon the Obligations of such Borrower, whether matured or unmatured. Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Credit Agreement and that the waiver set forth in this Section is knowingly made in contemplation of such benefits. Notwithstanding the foregoing, the Subrogation Rights of Guarantor shall not include (and the

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Guarantor acknowledges that it has no interest in) any of the collateral pledged by any of the Borrowers under the Pledge Agreement.

SECTION 2.7. Successors, Transferees and Assigns; Transfers of Notes, etc. This Guaranty shall:

- (a) be binding upon Guarantor, and its successors, transferees and assigns; and
- (b) inure to the benefit of and be enforceable by the Administrative Agent and each other Guarantied Party.

Without limiting the generality of clause (b), any Bank may assign or otherwise transfer (in whole or in part) any Note or Loan held by it to any other Person, and such other Person shall thereupon become vested with all rights and benefits in respect thereof granted to such Bank under any Loan Document (including this Guaranty) or otherwise. Notwithstanding anything contained in this Section 2.7 to the contrary, this Section 2.7 shall not be deemed to enlarge or create additional rights with respect to any Bank's ability to assign any portion of its Loans or rights under any Note or any other Loan Document pursuant to Section 12 of the Credit Agreement, and this Section 2.7 is expressly made subject thereto.

SECTION 2.8. Payments Free and Clear of Taxes, etc. Guarantor hereby agrees that:

- (a) any and all payments made by such Guarantor hereunder shall be made in accordance with Section 4.7 of the Credit Agreement free and clear of, and without deduction for, any and all Charges, to the same extent as if Guarantor were a Borrower.
- (b) Guarantor hereby indemnifies and holds harmless each Guarantied Party and each holder of a Loan for the full amount of any Charges paid by such Guarantied Party or such holder, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Charges were correctly or legally asserted.
- (c) Without prejudice to the survival of any other agreement of Guarantor hereunder, the agreements and obligations of Guarantor contained in this Section 2.8 shall survive the payment in full of the principal of and interest on the Loans.

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SECTION 2.9. Right of Offset. In addition to and not in limitation of all rights of offset that any Guaranteed Party or other holder of a Note may have under applicable law or any other Loan Document, subject to the terms of the Credit Agreement, each Guaranteed Party or other holder of a Note shall upon the occurrence of any Event of Default and whether or not such Guaranteed Party or such holder has made any demand or Guarantor's obligations are matured, have the right to appropriate and apply to the payment of Guarantor's obligations hereunder all deposits (general or special, time or demand, provisional or final) then or thereafter held by, and other indebtedness or property then or thereafter owing to, such Guaranteed Party or other holder, whether or not related to this Guaranty or any transaction hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES; INCORPORATION BY REFERENCE

To induce the Guaranteed Parties to enter into the Credit Agreement and to make the Loans thereunder, Guarantor represents and warrants to each Guaranteed Party that:

SECTION 3.1. Organization, etc. Guarantor and each of its Subsidiaries is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of the state of its incorporation or formation and each of Guarantor and its Subsidiaries is duly qualified to transact business and in good standing as a foreign corporation, partnership or limited liability company authorized to do business in each jurisdiction where the nature of its business makes such qualification necessary and failure to so qualify could reasonably be expected to have a Material Adverse Effect.

SECTION 3.2. Authorization. Each of Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI (a) has (or, at the time of execution and delivery thereof, had) the power to execute, deliver and perform this Guaranty and the other Loan Documents to which it is a party, and (b) has (or, at the time of execution and delivery thereof, had) taken all necessary action to authorize the execution, delivery and performance by it of this Guaranty and the other Loan Documents to which it is a party.

SECTION 3.3. No Conflict. The execution, delivery and performance by each of Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI of this Guaranty and the other Loan Documents to which it is a party did not, does not and will not (a) contravene or conflict with any provision of any law, statute, rule or regulation, (b) contravene or conflict with, result in any breach of, or

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constitute a default under, any material agreement or instrument binding on Guarantor or any of its Subsidiaries (including, without limitation, any writ, judgment, injunction or other similar court order), (c) result in the creation or imposition of or the obligation to create or impose any Lien (except for Permitted Liens) upon any of the property or assets of the Borrower or any of its Subsidiaries or (d) contravene or conflict with any provision of the articles of incorporation or by-laws of Guarantor, New CIHC, MDSCG, BNL, CCM or CMCI.

SECTION 3.4. Margin Regulations.

- (a) None of the transactions contemplated hereunder or in connection herewith will in any way contravene or conflict with any of the provisions of Regulation G or Regulation U;
- (b) None of the obligations of any Borrower to the Guarantor is or will be directly or indirectly secured by "margin stock" (as defined in Regulation G and Regulation U);
- (c) Neither the Guarantor nor any third party acting on behalf of the Guarantor has taken or will take possession of any Borrower's "margin stock" (as defined in Regulation G and Regulation U) to secure, directly or indirectly, any of the obligations or the Borrowers or the Guarantor under any of the Loan Documents;
- (d) The Guarantor does not and will not have any right to prohibit any Borrower from selling, pledging, encumbering or otherwise disposing of any margin stock owned by such Borrower so long as this Guaranty is in effect or any of the Obligations of the Borrowers or the obligations of the Guarantor under the Loan Documents remain outstanding;
- (e) None of the Borrowers have granted or will grant the Guarantor or any third party acting on behalf of the Guarantor the right to accelerate repayment of any of the Obligations of such Borrower if any of the margin stock owned by such Borrower is sold by such Borrower or otherwise; and
- (f) There is no agreement or other arrangement between any Borrower and the Guarantor or any third party acting on behalf of the Guarantor (and no such agreement or arrangement shall be entered into so long as this Guaranty is in effect or any of the Obligations of the Borrowers or the obligations of the Guarantor under the Loan Documents remain outstanding) under which the margin stock of such Borrower would be made more readily available as security to the Guarantor than to other creditors of such Borrower.

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SECTION 3.5. Incorporation by Reference. Guarantor agrees that the representations and warranties of Guarantor set forth in Section 7 of the Revolving Credit Agreement (other than Sections 7.1, 7.2 and 7.3) shall be incorporated by reference in this Guaranty in their entirety as if fully set forth herein with the same effect as if applied to this Guaranty. All capitalized terms set forth in such Sections shall have the meanings provided in the Revolving Credit Agreement; provided that for purposes of this Guaranty, to the extent set forth in the Revolving Credit Agreement (a) the term "Borrower" shall be deemed to refer to Guarantor and (b) the terms "Administrative Agent", "Agreement", "Banks", "Liabilities", "Required Banks", "Loan Documents", "Collateral", "Material Adverse Effect", and "Material Adverse Change" shall have the respective meanings provided in the Credit Agreement. Such representations and warranties shall not be affected in any manner by the termination of the Revolving Credit Agreement.

ARTICLE IV

COLLATERAL AND OTHER SECURITY

SECTION 4.1. Collateral Documents. Concurrently with or prior to the Closing Date, the Guarantor shall execute and deliver, and cause each of New CIHC, MDSCG, BNL, CCM and CMCI to execute and deliver, to the Administrative Agent, for the benefit of the Banks, an Addendum and Affirmation to Loan Documents, substantially in the form of Exhibit A (herein, as the same may be amended or modified, called the "Addendum and Affirmation Agreement"), whereby each of Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI will amend the Pledge Agreements and the Service Assignment (each as defined in the Revolving Credit Agreement) to the extent a party thereto in order to grant a security interest in the Collateral (as defined in the respective Pledge Agreements and the Service Assignment) pledged pursuant to the Pledge Agreements and the Service Assignment, respectively, to secure the obligations of the Guarantor under this Guaranty (such obligations herein, as more fully set forth in Section 7.14, sometimes called the Additional Secured Borrower Obligations or Additional Secured Borrower Indebtedness).

SECTION 4.2. Application of Proceeds from Collateral. All proceeds from the sale or disposition of any of the Collateral set forth in Section 4.1 shall be applied to the Additional Secured Borrower Obligations in accordance with Section 6.2 of the Credit Agreement.

SECTION 4.3. Further Assurances. Guarantor agrees that upon request of the Administrative Agent (a) it shall promptly

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deliver or cause to be delivered to the Administrative Agent, in due form for transfer, all chattel paper, instruments, securities and documents of title, if any, at any time representing all or any of the Collateral, and (b) it shall forthwith execute and deliver or cause to be executed and delivered to the Administrative Agent, in due form for filing or recording (and pay the cost of filing or recording the same in all public offices deemed necessary by the Administrative Agent), such further assignment agreements, security agreements, pledge agreements, instruments, consents, waivers, financing statements, stock or bond powers, searches, releases, and other documents, and do such other acts and things, all as the Administrative Agent may from time to time reasonably request to establish and maintain to the satisfaction of the Administrative Agent a valid perfected Lien on all Collateral to secure payment of the Additional Secured Borrower Obligations.

ARTICLE V

COVENANTS

SECTION 5.1. Guarantor agrees that, on and after the Effective Date until the termination or expiration of the Commitments and for so long thereafter as any of the Obligations or the obligations of Guarantor hereunder remain unpaid or outstanding (except Obligations which by the terms hereof survive the payment in full of the Loans and termination of this Guaranty), the Guarantor will comply with the covenants set forth Sections 8, 9 and 10 of the Revolving Credit Agreement and the terms and provisions set forth therein shall be incorporated by reference in this Guaranty in their entirety as if fully set forth herein with the same effect as if applied to this Guaranty. All capitalized terms set forth in Sections 8, 9 and 10 of the Revolving Credit Agreement shall have the meanings provided in the Revolving Credit Agreement; provided that for purposes of this Guaranty, to the extent set forth in the Revolving Credit Agreement (a) the term "Borrower" shall be deemed to refer to Guarantor and (b) the terms "Administrative Agent", "Agreement", "Banks", "Liabilities", "Required Banks", "Loan Documents", "Collateral", "Material Adverse Effect", and "Material Adverse Change" shall have the respective meanings provided in the Credit Agreement. Such covenants shall not be affected in any manner by the termination of the Revolving Credit Agreement.

SECTION 5.2. Certain Indebtedness. Guarantor shall not, and shall not permit any of its Subsidiaries to amend or modify any provision of the Revolving Credit Agreement, the Addendum and Affirmation Agreement or the other Revolving Credit Loan Documents if such amendment or modification could have an adverse

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effect on the Banks or any material provision of the Loan Documents.

SECTION 5.3. Margin Regulations. Guarantor shall take such actions from time to time as the Administrative Agent shall reasonably request to maintain continuous compliance with Regulation G and U.

ARTICLE VI

CONDITIONS AND EFFECTIVENESS OF THIS AGREEMENT

The obligation of the Banks to make the Loans is (in addition to the conditions precedent set forth in Section 9 of the Credit Agreement) subject to the performance by the Guarantor of all of the obligations under this Agreement and to the satisfaction of the following conditions precedent:

SECTION 6.1. Initial Loans. Prior to or concurrent with the making of the initial Loans, the Administrative Agent shall have received all of the following, each, except to the extent otherwise specified below, duly executed by a Responsible Officer of Guarantor, dated the date of the initial Loans (or such earlier date as shall be satisfactory to the Administrative Agent), in form and substance satisfactory to the Administrative Agent, each in sufficient number of signed counterparts or copies to provide one for each Bank and the Administrative Agent:

6.1.1. The Addendum and Affirmation Agreement;

6.1.2. A favorable opinion of Lawrence W. Inlow, general counsel of the Guarantor and its Subsidiaries (including BLHC), substantially in the form of Exhibit B-1, and addressing such other legal matters as the Administrative Agent may require;

6.1.3. A favorable opinion of Baker & Daniels, outside counsel to the Guarantor and its Subsidiaries (including BLHC), substantially in the form of Exhibit B-2, and addressing such other legal matters as the Administrative Agent may require;

6.1.4. An officer's certificate of the Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI, substantially in the form of Exhibits C-1 through C-6, respectively, and dated as of the Closing Date, signed by a Responsible Officer of the Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI, as the case may be, and attested to by the

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secretary thereof, together with certified copies of the Guarantor's, New CIHC's, MDSCG's, BNL's, CCM's and CMCI's articles of incorporation, by-laws and directors resolutions;

6.1.5. Evidence of the good standing or certificates of compliance of the Guarantor, New CIHC, MDSCG, BNL, CCM and CMCI in the jurisdiction in which such entity was incorporated as of the Closing Date;

6.1.6. Evidence that the Guarantor paid to the Administrative Agent the fees and expenses provided for herein;

6.1.7. Evidence satisfactory to the Administrative Agent of compliance by the Guarantor with Regulation G; and

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

ARTICLE VII

SALE AND RELEASE OF PLEDGED SHARES; CASH COLLATERAL

SECTION 7.1. Sale of Pledged Shares. Notwithstanding any provision set forth in any of the Loan Documents to the contrary, the Administrative Agent agrees that after the occurrence and during the continuance of a Default under Section 10.1.2 of the Credit Agreement or any Event of Default with respect to any Borrower the effect of which is to cause the Obligations of such Borrower to be due and payable under the Credit Agreement (a "Borrower Default"), subject to the provisions of Section 7.2 and 7.4 below, it will not demand that the Guarantor pay the Obligations of such Borrower (constituting outstanding principal and interest of such Borrower), until after the Administrative Agent has uses its reasonable best efforts, in good faith, to sell the Pledged Shares of such Borrower, such sale to be consummated in one or a series of open market transactions through one or more reputable broker-dealers at the then fair market value of such Pledged Shares.

SECTION 7.2. Conditions. The obligation of the Administrative Agent not to demand payment hereunder pursuant to Section 7.1 is subject to the following conditions:

(a) the Guarantor, within three (3) Business Days after receipt of written notice of a Borrower Default from the Administrative Agent, shall deposit with the Administrative Agent

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in the Cash Collateral Account an amount equal to the then outstanding Obligations of the Borrower related to such Borrower Default and, thereafter, upon written notice from the Administrative Agent, the Guarantor continues to deposit funds in the Cash Collateral Account in sufficient amounts to pay in full any additional interest accrued on the Loans of such Borrower after the date of the initial deposit to the Cash Collateral Account; and

(b) none of the following has occurred at the time of such Borrower Default or shall occur thereafter:

(i) a suspension or material limitation in trading in securities generally or trading in the common stock and/or PRIDES of the Guarantor on the New York Stock Exchange;

(ii) a general moratorium on commercial banking activities in New York is declared by any Federal or New York State authorities;

(iii) the Administrative Agent is prohibited or materially limited from selling the Pledged Shares as a result of any federal or state securities laws (including, without limitation, the rules promulgated thereunder relating to the disclosure of material information); or

(iv) any other event (including, without limitation, commencement of any suit, action or litigation, filing of any claim or any other similar proceeding or any change in any applicable law) has occurred which, in the reasonable opinion of the Administrative Agent, would prohibit, have a material adverse effect on, or materially limit the Administrative Agent's ability to sell the Pledged Shares as contemplated by the terms of this Section 7.1.

The Guarantor agrees that in any sale of any of the Pledged Shares, the Administrative Agent is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise the Administrative Agent is necessary, in the reasonable opinion of such counsel, in order to avoid any violation of applicable law (including, without limitation, compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own

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account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official, and the Guarantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Administrative Agent be liable or accountable to the Guarantor for any discount allowed by reason of the fact that such Pledged Shares is sold in compliance with any such limitation or restriction.

The Guarantor further agrees to indemnify and hold harmless the Administrative Agent and the Banks and each of their respective officers, directors, employees, agents, successors and assigns, and any Person in control of any thereof, from and against any loss, liability, claim, damage and expense, including, without limitation, reasonable attorneys' fees actually incurred (in this paragraph collectively called the "Indemnified Liabilities"), under federal and state securities laws or otherwise resulting from the action or failure to act by the Guarantor or any Borrower.

Section 7.3. Release of Pledged Shares. The Administrative Agent agrees that, so long as the Guarantor is in compliance with Section 7.2(a) and none of the events set forth in Section 7.2(b) has occurred, it shall not release any of the Pledged Shares of any Borrower from the Lien granted under the Pledge Agreement until after the termination of this Guaranty and the obligations of the Guarantor hereunder with respect to such Borrower. Notwithstanding the foregoing, the Administrative Agent shall be entitled to release the Pledged Shares of such Borrower if such Pledged Shares are replaced by additional common stock of the Guarantor and/or PRIDES.

SECTION 7.4. Borrower Event of Default. The Guarantor hereby acknowledges and agrees that Sections 7.1 and 7.3 shall not apply to any Default or Event of Default relating to the Guarantor or any of its Subsidiaries and, upon the occurrence of an Event of Default relating to the Guarantor or any of its Subsidiaries the Administrative Agent expressly reserves its rights and remedies under this Guaranty to demand payment hereunder to satisfy the Obligations of all Borrowers and the obligations of Guarantor hereunder whether or not the Administrative Agent has sold or attempted to sell the Pledged Shares of any Borrower or otherwise exercised its rights and remedies under the Pledge Agreement. Furthermore nothing contained herein shall be deemed to prohibit or limit in any way whatsoever the Administrative Agent's or any Bank's right to receive any portion of the Collateral (as defined under the Revolving Credit Agreement) upon the exercise by the Revolving

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Credit Agent or the Revolving Credit Banks of their rights and remedies under the Revolving Credit Loan Documents.

SECTION 7.5. Application of Cash Collateral. If after compliance by the Administrative Agent with the provisions set forth in Section 7.1 any Obligations remain unpaid with respect to any applicable Borrower, any funds held in the Cash Collateral Account may be applied by the Administrative Agent against the payment of the Obligations of such Borrower. The Administrative Agent, prior to applying such funds against the Obligations of such Borrower, will certify to the Guarantor (a) if the Pledged Shares of such Borrower are sold pursuant to Section 7.1, the net proceeds (including a calculation thereof in reasonable detail) received by the Administrative Agent from the sale of such Pledged Shares and (b) if the Pledged Shares of such Borrower are not sold pursuant to Section 7.1, the reason or reasons why such sale could not be accomplished. Any funds remaining in the Cash Collateral Account after application thereof to the Obligations as set forth above shall be returned to the Guarantor. The Administrative Agent agrees that it shall deliver to the Guarantor, after the application of such funds to the Obligations of such Borrower, a calculation in reasonable detail of the Obligations of such Borrower (including principal and interest of the Loans of such Borrower) and the application of such funds thereto.

ARTICLE VIII

MISCELLANEOUS

8.1. The Guarantor agrees to pay on demand all reasonable expenses of the Administrative Agent (including the non-duplicative fees and reasonable expenses of counsel (including expenses of in-house counsel) and of local counsel, if any, who may be retained by such counsel) in connection with:

(a) the negotiation, preparation, execution, syndication and delivery of the Credit Agreement, this Guaranty and the other Loan Documents, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to the Credit Agreement, this Guaranty or the other Loan Documents as may from time to time hereafter be required, whether or not the transactions contemplated hereby or thereby are consummated; and

(b) the preparation and/or review of the form of any document or instrument relevant to the Credit Agreement, this Guaranty or any other Loan Document.

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The Guarantor further agrees to pay, and to save the Administrative Agent and the Banks harmless from all liability for, any stamp or other Taxes (other than income taxes of the Administrative Agent or the Banks) which may be payable in connection with the execution or delivery of the Credit Agreement, any Borrowing thereunder, the issuance of the Notes, this Guaranty or any other Loan Document. The Guarantor also agrees to reimburse the Administrative Agent and each Bank upon demand for all reasonable expenses (including attorneys' fees and legal expenses) incurred by the Administrative Agent or such Bank in connection with the enforcement of any Obligations or obligations hereunder and the consideration of legal issues relevant hereto and thereto whether or not such expenses are incurred by the Administrative Agent on its own behalf or on behalf of the Banks. All obligations of the Guarantor provided for in this Section 8.1 shall survive termination of this Agreement. Notwithstanding the foregoing, the Administrative Agent or a Bank shall not have the right to reimbursement under this Section 8.1 for amounts determined by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of the Administrative Agent or a Bank.

8.2. The Guarantor agrees to indemnify each Bank and each Bank's respective directors, officers, employees, persons controlling or controlled by any of them or their respective agents, consultants, attorneys and advisors (the "Indemnified Parties") and hold each Indemnified Party harmless from and against any and all liabilities, losses, claims, damages, costs and expenses of any kind to which any of the Indemnified Parties may become subject, whether directly or indirectly (including, without limitation, the reasonable fees and disbursements of counsel for any Indemnified Party), relating to or arising out of the Credit Agreement, this Guaranty, the other Loan Documents, or any actual or proposed use of the proceeds of the Loans hereunder; provided, that no Indemnified Party shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. All obligations of the Borrowers and the Guarantor provided for in this Section 8.2 shall survive termination of the Credit Agreement and this Guaranty.

8.3. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex, facsimile or similar writing) and shall be given to such party at its address, facsimile or telex number set forth on the signature or acknowledgement pages hereof or such other address, facsimile or telex number as such party may hereafter specify for the purpose by written notice to the Administrative Agent and the Guarantor. Each such notice, request or other communication shall be effective (a) if given by facsimile or telex, when such

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facsimile or telex is transmitted to the facsimile or telex number specified in this Section and, in the case of telex, the appropriate answerback is received,

(b) if given by mail, seventy-two (72) hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (c) if given by any other means, when delivered at the address specified in this Section.

8.4. This Guaranty, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns, except Guarantor shall not be permitted to assign this Guaranty nor any interest herein nor in the Collateral, nor any part thereof, nor otherwise pledge, encumber or grant any option with respect to the Collateral, nor any part thereof, except in accordance with the terms of the Credit Agreement.

8.5. EACH OF GUARANTOR AND THE ADMINISTRATIVE AGENT (I) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY ILLINOIS STATE OR FEDERAL COURT SITTING IN THE NORTHERN DISTRICT OF ILLINOIS OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE OTHER LOAN DOCUMENTS, AND EACH OF GUARANTOR AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ILLINOIS STATE OR FEDERAL COURT, AND (II) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST THE OTHER PARTY HERETO OR THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY OF ANY THEREOF, ARISING OUT OF OR RELATING TO THIS GUARANTY, IN ANY COURT OTHER THAN AS HEREINABOVE SPECIFIED IN THIS SECTION 8.5. EACH OF GUARANTOR AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN ANY ACTION OR PROCEEDING (WHETHER BROUGHT BY GUARANTOR, ANY OF ITS SUBSIDIARIES, THE ADMINISTRATIVE AGENT, ANY BANK OR OTHERWISE) IN ANY COURT HEREINABOVE SPECIFIED IN THIS SECTION

8.5 AS WELL AS ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO REMOVE ANY SUCH ACTION OR PROCEEDING, ONCE COMMENCED, TO ANOTHER COURT ON THE GROUNDS OF FORUM NON CONVENIENS OR OTHERWISE. EACH OF THE GUARANTOR AND THE ADMINISTRATIVE AGENT AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

8.6. Subject to Section 13.1 of the Credit Agreement, the provisions of this Guaranty may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by Guarantor and by the Administrative Agent (at the request of the Required Banks), and then any such amendment, modification, waiver or consent shall be

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effective only in the specific instance and for the specific purpose for which given.

8.7. The section headings in this Guaranty are inserted for convenience of reference and shall not be considered a part of this Guaranty or used in its interpretation.

8.8. No action of the Administrative Agent permitted hereunder shall in any way affect or impair the rights of the Administrative Agent and the obligations of Guarantor under this Guaranty. Guarantor hereby acknowledges that there are no conditions to the effectiveness of this Guaranty.

8.9. All obligations of Guarantor and rights of the Administrative Agent or obligation expressed in this Guaranty shall be in addition to and not in limitation of those provided in applicable law or in any other written instrument or agreement relating to any of the Obligations.

8.10. GOVERNING LAW. THIS GUARANTY SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES. ALL OBLIGATIONS OF THE BORROWERS AND THE GUARANTOR AND RIGHTS OF THE ADMINISTRATIVE AGENT AND THE BANKS IN RESPECT OF THE OBLIGATIONS AND THE OBLIGATIONS OF THE GUARANTOR EXPRESSED HEREIN OR IN THE OTHER LOAN DOCUMENTS SHALL BE IN ADDITION TO AND NOT IN LIMITATION OF THOSE PROVIDED BY APPLICABLE LAW.

8.11. This Guaranty may be executed in any number of counterparts, each of which shall for all purposes be deemed an original, but all such counterparts shall constitute but one and the same agreement. Guarantor hereby acknowledges receipt of a true, correct and complete counterpart of this Guaranty.

8.12. The Administrative Agent acts herein as agent for itself, the Banks and any and all future holders of the Obligations.

8.13. WAIVER OF JURY TRIAL. EACH OF GUARANTOR AND THE ADMINISTRATIVE AGENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS GUARANTY, ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS GUARANTY AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS GUARANTY.

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8.14. Additional Secured Borrower Obligations; Additional Secured Borrower Indebtedness. Guarantor agrees and acknowledges that for purposes of the Revolving Credit Loan Documents, each reference to Additional Secured Borrower Obligations and Additional Secured Borrower Indebtedness thereunder shall be deemed to refer to any and all obligations of the Guarantor hereunder however created arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due, and each reference to any or all such obligations of the Guarantor hereunder shall be deemed to refer to the Additional Secured Borrower Obligations and the Additional Secured Borrower Indebtedness thereunder.

* * *

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IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CONSECO, INC.

By: /s/ ROLLIN M. DICK

Name: Rollin M. Dick

*Title: Executive Vice President
and Chief Financial Officer*

BORROWER PLEDGE AGREEMENT

dated as of May 13, 1996

among

THE INDIVIDUALS LISTED ON THE SIGNATURE PAGES HERETO

and

**BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,**

as Administrative Agent

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BORROWER PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "Agreement"), dated as of May 13, 1996, is made among the individuals listed as pledgors on the signature pages hereto (herein, collectively called the "Pledgors" and each individually, a "Pledgor"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent for the Banks (each as hereinafter defined). This is the Borrower Pledge Agreement referred to in that certain Credit Agreement (as from time to time, in whole or in part, amended, modified, supplemented, restated, refinanced, refunded or renewed, the "Credit Agreement"), dated as of May 13, 1996, among the Pledgors, the financial institutions who are or from time to time become party thereto (the "Banks") and Bank of America National Trust and Savings Association, as Administrative Agent for the Banks (the "Administrative Agent").

BACKGROUND:

1. Pursuant to the terms of the Credit Agreement, the Banks have agreed to make certain Loans to each Pledgor which shall be used by such Pledgor as provided in the Credit Agreement.
2. As security for the Loans and as a condition precedent to the making thereof, the Banks have required that each Pledgor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of any Loan or other financial accommodation heretofore or hereafter at any time made or granted by the Banks to the Pledgors and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Pledgor agrees with the Administrative Agent, for the benefit of the Banks, as follows:

SECTION 1 Definitions. Capitalized terms used herein, unless otherwise specified, shall have the meanings assigned thereto in the Credit Agreement; provided that such definitions shall survive any termination of the Credit Agreement. In addition, when used herein the following terms shall have the following meanings:

"Collateral" - see Section 2.

"Indemnified Liabilities" - see Section 7(b)(vi).

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"Issuer" shall mean Consecro, Inc., an Indiana corporation.

"Permitted Actions" - see Section 5(b).

"Pledged Shares" - see Section 2.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the State of Illinois.

SECTION 2 Pledge. To secure the prompt and complete payment and performance of the respective Liabilities of each such Pledgor, such Pledgor hereby grants, pledges, hypothecates, assigns, transfers, sets over and delivers unto the Administrative Agent, for the benefit of the Banks, a Lien on the following (herein collectively called the "Collateral"):

(a) the shares of capital stock of the Issuer described in Schedule 1 hereto, whether in certificated form or otherwise, including the certificates representing or evidencing such shares of capital stock (herein called the "Pledged Shares"), together with all cash, securities, interests, dividends, rights, notes, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Shares;

(b) all additional shares of capital stock of the Issuer from time to time acquired by the Pledgor and purchased with proceeds of the Loans including, without limitation, any uncertificated Securities (which additional shares of capital stock shall constitute a part of, and be, "Pledged Shares"), and, in the case of certificated capital stock of the Issuer, the certificates representing or evidencing such additional shares, together with all cash, securities, interest, dividends, rights, notes, instruments and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such additional shares;

(c) all other property hereafter delivered to the Administrative Agent in substitution for or in addition to any of the foregoing, and all certificates and instruments representing or evidencing such other property, together with all cash, securities, interest, dividends, rights and

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other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof; and

(d) all proceeds, rents, issues, profits and returns of and from all of the foregoing;

TO HAVE AND TO HOLD the Collateral, together with all rights, titles, interests, privileges and preferences appertaining or incidental thereto, unto the Administrative Agent, its successors and assigns, for the benefit of the Banks, forever; subject, however, to the terms, covenants and conditions hereafter set forth.

Each Pledgor agrees to deliver to the Administrative Agent, promptly upon receipt and in the case of the Pledged Shares in due form for transfer (i.e., endorsed in blank accompanied by undated stock or bond powers executed in blank or registered on the books of the Issuer) and, subject to the provisions of Section 6 hereof, any Collateral which may at any time or from time to time be in or come into possession or control of any Pledgor; and prior to the delivery thereof to the Administrative Agent, such Collateral shall be held by such Pledgor separate and apart from its other property and in express trust for the Administrative Agent, for the benefit of the Banks.

SECTION 3 Representations, Warranties and Covenants.

(a) Each Pledgor represents and warrants to the Administrative Agent, for the benefit of the Banks, that: (i) except for Liens, claims and rights of third parties arising solely through acts of the Administrative Agent, the Administrative Agent has and will continue to have at all times as security for the Liabilities of such Pledgor, for the benefit of the Banks, a valid, first priority perfected Lien on the Collateral pledged by such Pledgor and the proceeds thereof free of all Liens (except for the Lien granted hereunder), claims and rights of third parties whatsoever; (ii) all of the Pledged Shares of such Pledgor representing shares of stock pledged under this Agreement are evidenced by certificates, and such Pledgor has delivered to the Administrative Agent, for the benefit of the Banks, for pledge under this Agreement on the date hereof all of the certificates representing all such Pledged Shares; (iii) the Pledged Shares of such Pledgor represent and will continue to represent all of the issued and outstanding capital stock of the Issuer purchased with proceeds of the Loans made to such Pledgor; and (iv) such Pledgor will, at all times, keep pledged to the Administrative Agent, for the benefit of the Banks, pursuant hereto all of the capital stock

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of the Issuer of such Pledgor purchased with proceeds of the Loans made to such Pledgor.

Each Pledgor agrees to endorse and deliver to the Administrative Agent for pledge hereunder, promptly upon its obtaining any thereof, any additional Collateral and to hold such Collateral, pending such delivery, in trust for the Administrative Agent, for the benefit of the Banks, separate and distinct from any other property of such Pledgor. As of the date of any such delivery of additional Collateral, certificates or instruments to the Administrative Agent, such Pledgor represents and warrants that (1) it will own such Collateral, certificates and instruments free and clear of any rights of any other Person (other than the rights created in the Administrative Agent hereunder), (2) it will have good and marketable title to said Collateral, certificates and instruments and have the right to pledge such Collateral, certificates and instruments to the Administrative Agent, for the benefit of the Banks, pursuant to this Agreement, and (3) it will have pledged to the Administrative Agent, for the benefit of the Banks, as at such date, all of the capital stock of the Issuer purchased with proceeds of the Loans made to such Pledgor. By the delivery of any additional Collateral, certificates or instruments, such Pledgor shall automatically be deemed to have represented and warranted to the Administrative Agent, for the benefit of the Banks, that at the time of such delivery the Administrative Agent, for the benefit of the Banks, has a valid, first priority perfected Lien on such Collateral, certificates or instruments and the proceeds thereof free of all Liens, claims and rights of third parties whatsoever. All documentary, stamp and other taxes and fees owing in connection with the issuance, transfer and/or pledge of the Pledged Shares of such Pledgor, certificates or instruments have been paid and will hereafter be paid by such Pledgor as such become due and payable.

(b) Each Pledgor further represents and warrants to the Administrative Agent, for the benefit of the Banks, that it is the lawful owner of the Collateral pledged by such Pledgor, free of all Liens, other than the Lien granted hereunder, with full right to deliver, pledge, assign and transfer such Collateral to the Administrative Agent, for the benefit of the Banks, as Collateral hereunder. The pledge of the Collateral of such Pledgor effected by this Agreement is effective to vest in the Administrative Agent, for the benefit of the Banks, the rights of the Administrative Agent in such Collateral set forth herein.

(c) Each Pledgor additionally represents and warrants to the Administrative Agent, for the benefit of the Banks, that

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(i) such Pledgor has received all material consents and approvals (if any shall be required) necessary for the execution, delivery and performance of this Agreement, and such execution, delivery and performance does not and will not contravene or conflict with, result in any breach of, or constitute a default under, any material agreement or instrument binding on such Pledgor or result in the creation or imposition of or the obligation to create or impose any Lien (except for the Lien granted hereunder) on any of the Collateral pledged by such Pledgor and (ii) this Agreement is the legal, valid and binding obligation of such Pledgor, enforceable against such Pledgor in accordance with its terms, except to the extent such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws affecting the enforcement of creditors' rights generally and by the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding in equity (including, without limitation, good faith, materiality and reasonableness) or at law).

(d) Each Pledgor additionally covenants and agrees with the Administrative Agent, for the benefit of the Banks, that, until the expiration or termination of the Commitments as to such Pledgor and thereafter so long as any of the Liabilities of such Pledgor remain outstanding, such Pledgor will, unless the Administrative Agent and the Required Banks, for the benefit of the Banks, shall otherwise consent in writing:

(i) at such Pledgor's sole expense, promptly deliver to the Administrative Agent, from time to time, upon request of the Administrative Agent or the Required Banks, such stock powers and other documents (including UCC financing statements), satisfactory in form and substance to the Administrative Agent, with respect to the Collateral pledged by such Pledgor as the Administrative Agent or the Required Banks may reasonably request, to perfect, preserve and protect the Lien created hereby, and to enable the Administrative Agent to enforce its rights and remedies hereunder;

(ii) not permit any of the Collateral pledged by such Pledgor to be evidenced by uncertificated securities, provided, however, that should for whatsoever reason any of such Collateral become evidenced by uncertificated Securities, such Pledgor shall automatically, without request by the Administrative Agent, forthwith (A) notify the Administrative Agent thereof, (B) cause the books and records of the Issuer to contain a notation of the

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Lien of the Administrative Agent, for the benefit of the Banks, thereon, and (C) take such other action as the Administrative Agent shall reasonably request so that the Administrative Agent shall have at all times as security for the Liabilities of such Pledgor, for the benefit of the Banks, a valid, first priority perfected Lien on the Collateral pledged by such Pledgor and the proceeds thereof free of all Liens (except for the Lien granted hereunder), claims and rights of third parties whatsoever; and

(iii) except as otherwise may be permitted by the Credit Agreement, (A) not sell, assign, exchange, pledge or otherwise dispose of or transfer any of its rights to any of the Collateral pledged by such Pledgor, (B) not create or suffer to exist any Lien on or with respect to any of such Collateral except for the Lien created hereby, (C) not make or consent to any amendment or other modification or waiver with respect to any of such Collateral, or enter into any agreement or permit to exist any restriction with respect to any of such Collateral other than pursuant hereto, and (D) not take or fail to take any action which would in any manner impair the enforceability of the Administrative Agent's Lien, for the benefit of the Banks, on any of such Collateral.

SECTION 4 Care of Collateral. The Administrative Agent shall exercise reasonable care in the custody and preservation of the Collateral. In addition, the Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral pledged by any Pledgor if it takes such action for that purpose as such Pledgor requests in writing, but failure of the Administrative Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Administrative Agent to preserve or protect any rights with respect to such Collateral against prior or other parties, or to do any act with respect to preservation of such Collateral not so requested by the Pledgor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

SECTION 5 Certain Rights Regarding Collateral and Liabilities.

(a) Subject to Sections 5(c) and 6 hereof the Administrative Agent may, and upon the request of the Required Banks shall, from time to time, after the occurrence and during

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the continuance of a Default pursuant to Section 10.1.2 of the Credit Agreement as a Pledgor or an Event of Default as to such Pledgor, without notice to such Pledgor, (i) transfer all or any part of the Collateral pledged by such Pledgor into the name of the Administrative Agent or its nominee or sub-agent, with or without disclosing that such Collateral is subject to the Lien hereunder, (ii) notify any Person obligated on any of the Collateral of such Pledgor to make payment to the Administrative Agent of any amounts due or to become due thereunder, and (iii) enforce collection of any of the Collateral pledged by such Pledgor by suit or otherwise.

(b) If at any time the Administrative Agent takes any or all of the Permitted Actions (as hereinafter defined) whether such actions are taken before or after any of the Liabilities of such Pledgor shall be due and payable and without notice to such Pledgor, such actions shall not affect the enforceability of this Agreement. The Administrative Agent shall have taken a "Permitted Action" if it shall (to the extent permitted by the Credit Agreement and the other Loan Documents): (i) retain or obtain a Lien upon any property to secure payment and performance of any of the Liabilities or any obligation hereunder, (ii) retain, obtain or release the primary or secondary obligation of any Person, in addition to such Pledgor, with respect to one or more of the Liabilities, (iii) create, extend or renew for any periods (whether or not longer than the original period) or alter or exchange any of the Liabilities, or release or compromise any obligation of any nature of any Person with respect to any of the Liabilities, (iv) release or fail to perfect its Lien upon, or impair, surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or create, extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any Person with respect to any such property or (v) resort to the Collateral pledged by such Pledgor for payment of any of the Liabilities of such Pledgor whether or not the Administrative Agent (A) shall have resorted to any other property securing any of the Liabilities of such Pledgor or any obligation hereunder or (B) shall have proceeded against any Person primarily or secondarily obligated with respect to any of the Liabilities of such Pledgor (all of the actions referred to in preceding clauses (A) and (B) being hereby expressly waived by each Pledgor).

(c) The Administrative Agent shall have no right to vote the Pledged Shares or other Collateral of any Pledgor or give consents, waivers or ratifications in respect thereof prior to the occurrence and during the continuance of a Default

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pursuant to Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor. After the occurrence and during the continuance of a Default pursuant to Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor, such Pledgor shall have the right to vote any and all of the Pledged Shares and other Collateral of such Pledgor and give consents, waivers and ratifications in respect thereof unless and until it receives notice from the Administrative Agent that such right has been terminated. Each Pledgor agrees to deliver (properly endorsed when required) to the Administrative Agent, after a Default pursuant to Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor shall have occurred and shall be continuing, promptly upon request of the Administrative Agent, such proxies and other documents as may be necessary for the Administrative Agent to exercise the voting power with respect to the Pledged Shares and other Collateral of such Pledgor then or previously owned by such Pledgor.

SECTION 6 Dividends, etc.

(a) So long as no Default pursuant to Section 10.1.2 of the Credit Agreement as to a particular Pledgor or an Event of Default as to such Pledgor shall have occurred and shall be continuing:

(i) Subject to the provisions of the Credit Agreement and notwithstanding the provisions of Section 2(a) of this Agreement, such Pledgor shall be entitled to receive any and all cash dividends and payments on the Collateral pledged by such Pledgor which it is otherwise entitled to receive, but any and all capital stock and/or liquidating dividends, payments, distributions in property, returns of capital made on or in respect of the Collateral pledged by such Pledgor, whether resulting from a subdivision, combination, reclassification or conversion of the outstanding capital stock of the Issuer, or received in exchange for such Collateral or any part thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which the Issuer may be a party or otherwise, and any and all cash and other property received in exchange for such Collateral shall be and become part of the Collateral pledged hereunder and, if received by such Pledgor, shall forthwith be delivered to the Administrative Agent or its designated nominee (accompanied, if appropriate, by proper instruments of assignment and/or stock powers executed by such Pledgor in accordance with the

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Administrative Agent's instructions) to be held subject to the terms of this Agreement.

(ii) If the Collateral pledged by any Pledgor or any part thereof shall have been registered in the name of the Administrative Agent or its sub-agent, the Administrative Agent shall execute and deliver (or cause to be executed and delivered) to such Pledgor all such dividend orders and other instruments as such Pledgor may request for the purpose of enabling such Pledgor to receive the dividends or other payments which it is authorized to receive and retain pursuant to Section 6(a)(i) above.

(b) Upon the occurrence and during the continuance of a Default pursuant to Section 10.1.2 of the Credit Agreement as to Pledgor or an Event of Default as to such Pledgor, all rights of such Pledgor pursuant to Section 6(a)(i) hereof shall cease and the Administrative Agent shall have the sole and exclusive right and authority to receive and retain the dividends and other payments in respect of the Collateral which such Pledgor would otherwise be authorized to retain. All such dividends and payments, and all other distributions made on or in respect of the Collateral which may at any time and from time to time be held by such Pledgor, shall, until delivery to the Administrative Agent, be held by such Pledgor separate and apart from its other property in trust for the Administrative Agent, for the benefit of the Banks. Any and all money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this paragraph (b) shall be retained by the Administrative Agent as additional Collateral hereunder and be applied in accordance with the provisions hereof and until delivery to the Administrative Agent, shall be held by such Pledgor separate and apart from its other property in trust for the Administrative Agent, for the benefit of the Banks.

SECTION 7 Default.

(a) Upon the occurrence and during the continuance of a Default pursuant to Section 10.1.2 of the Credit Agreement as to Pledgor or an Event of Default as to such Pledgor, the Administrative Agent may exercise from time to time any rights and remedies available to it under the Credit Agreement, the Uniform Commercial Code or the other Loan Documents or otherwise available to it, including, without limitation, sale, assignment, or other disposal of the Collateral pledged by such Pledgor in exchange for cash or credit. If any notification of intended disposition of any of such Collateral is required by law, such notification, if mailed, shall be deemed reasonably

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and properly given if mailed to such Pledgor at least ten (10) days before such disposition as provided in Section 13.3 of the Credit Agreement. Any proceeds of any disposition of Collateral pledged by such Pledgor shall be applied as provided in Section 8 hereof. No rights and remedies of the Administrative Agent expressed hereunder are intended to be exclusive of any other right or remedy, but every such right or remedy shall be cumulative and shall be in addition to all other rights and remedies herein conferred, or conferred upon the Administrative Agent under any other agreement or instrument relating to any of the Liabilities of such Pledgor or security therefor or now or hereafter existing at law or in equity or by statute. No delay on the part of the Administrative Agent in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Administrative Agent of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

(b)(i) Each Pledgor agrees that in any sale of any of the Collateral pledged by such Pledgor, the Administrative Agent is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise the Administrative Agent is necessary in order to avoid any violation of applicable law (including, without limitation, compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official, and such Pledgor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Administrative Agent nor any Bank be liable or accountable to such Pledgor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

(iv) Each Pledgor, upon the occurrence and during the continuance of a Default under Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor, further agrees that the Administrative Agent shall have the right, for and in the name, place and stead of such Pledgor to execute endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral pledged by such Pledgor, and may, without demand, presentment or notice of any kind appropriate and apply toward the payment of the Liabilities of such Pledgor in order

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of application set forth in Section 8 any balances, credits, deposits, accounts or monies of such Pledgor held by the Administrative Agent.

(v) Without limiting the foregoing paragraph, upon the occurrence and during the continuance of a Default pursuant to Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor, the Administrative Agent may, to the fullest extent permitted by applicable law, without notice, advertisement, hearing or process of law of any kind, (A) sell any or all of the Collateral, free of all rights and claims of such Pledgor therein and thereto at any public or private sale or brokers' board, and (B) bid for and purchase any or all of such Collateral at any such public sale free from rights of redemption, stay or appraisal of such Pledgor.

SECTION 8 Application of Proceeds. All of the proceeds from the sale or disposition of any item of the Collateral pledged by the Pledgors pursuant to the terms of Section 7 hereof and/or, after a Default pursuant to Section 10.1.2 of the Credit Agreement as to such Pledgor or an Event of Default as to such Pledgor, the cash held as Collateral hereunder, shall be applied by the Administrative Agent pursuant to Section 6.2(a) of the Credit Agreement.

SECTION 9 Authority of the Administrative Agent. The Administrative Agent shall have, and be entitled to exercise, all such powers hereunder (to the extent permitted by the Credit Agreement) as are specifically delegated to the Administrative Agent by the terms hereof, together with such powers as are incidental thereto, for the benefit of the Banks. As to matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of this Agreement) the Administrative Agent shall not be required to exercise any discretion, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Banks and such instructions shall be binding upon all Banks. The Administrative Agent may execute any of its duties hereunder by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the reasonable advice of such counsel concerning all matters pertaining to its duties hereunder. Neither the Administrative Agent, the Banks nor any director, officer or employee thereof shall be liable for any action taken or omitted to be taken by it hereunder or in connection herewith, except for its own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent shall not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this

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Agreement or any other Loan Document or other support or security (including the validity, priority or perfection of any Lien), or any other document furnished in connection with any of the foregoing; provided that notwithstanding the foregoing, the Administrative Agent shall comply with Section 4. Each Pledgor agrees to reimburse the Administrative Agent, on demand, for all reasonable costs and expenses actually incurred by the Administrative Agent in connection with the administration and enforcement of this Agreement and for all costs and expenses of the enforcement of this Agreement (including, without limitation, reasonable costs and expenses actually incurred by any agent employed by the Administrative Agent) and agrees to indemnify (which indemnification shall survive any termination of this Agreement) and hold harmless the Administrative Agent and the Banks (and any such agent) from and against any and all liability incurred by the Administrative Agent or any Bank or any such agent thereof hereunder or in connection herewith, unless such liability shall be due to gross negligence or willful misconduct on the part of the Administrative Agent or any Bank or such agent, as the case may be.

SECTION 10 Termination. Each Pledgor agrees that its pledge hereunder shall (notwithstanding, without limitation, that at any time or from time to time all Liabilities of such Pledgor may have been paid in full) terminate only when all such Liabilities (except such Liabilities which by the terms of the Credit Agreement survive the payment in full of the Loans and the termination of this Agreement) (including, without limitation, any extensions or renewals of any thereof) and all expenses (including, without limitation, reasonable attorneys' fees and legal expenses) paid or actually incurred by the Administrative Agent in endeavoring to enforce this Agreement, the Credit Agreement and the other Loan Documents to which the Administrative Agent is a party or of which it is a beneficiary shall have been finally paid in full and all other obligations of such Pledgor hereunder and thereunder have been fully performed, and all Commitments under the Credit Agreement have been terminated, at which time the Administrative Agent shall reassign and redeliver (or cause to be reassigned and redelivered) to such Pledgor, or to such Person or Persons as such Pledgor shall designate, such of the Collateral (if any) as shall not have been sold or otherwise applied by the Administrative Agent pursuant to the terms hereof and shall still be held by it hereunder, together with appropriate instruments of reassignment and release. Any such reassignment shall be without recourse upon, or representation or warranty by, the Administrative Agent or any Bank and at the sole cost and expense of such Pledgor.

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SECTION 11 Miscellaneous.

(a) All notices or other communications hereunder shall be given in the manner specified under Section 13.3 of the Credit Agreement, whether or not then in effect.

(b) This Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns, except the Pledgors shall not be permitted to assign this Agreement nor any interest herein nor in the Collateral pledged by such Pledgor, nor any part thereof, nor otherwise pledge, encumber or grant any option with respect to such Collateral, nor any part thereof, except in accordance with the terms of the Credit Agreement.

(c) SUBMISSION TO JURISDICTION; WAIVER OF VENUE. EACH PLEDGOR AND THE ADMINISTRATIVE AGENT (I) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY ILLINOIS STATE OR FEDERAL COURT SITTING IN THE NORTHERN DISTRICT OF ILLINOIS OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, AND EACH PLEDGOR AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ILLINOIS STATE OR FEDERAL COURT, AND (II) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST ANY OTHER PARTY HERETO OR THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY OF ANY THEREOF, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, IN ANY COURT OTHER THAN AS HEREINABOVE SPECIFIED IN THIS SECTION

11(c). EACH PLEDGOR AND THE ADMINISTRATIVE AGENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN ANY ACTION OR PROCEEDING (WHETHER BROUGHT BY ANY PLEDGOR, THE ADMINISTRATIVE AGENT, ANY BANK OR OTHERWISE) IN ANY COURT HEREINABOVE SPECIFIED IN THIS SECTION 11(c) AS WELL AS ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO REMOVE ANY SUCH ACTION OR PROCEEDING, ONCE COMMENCED, TO ANOTHER COURT ON THE GROUNDS OF FORUM NON CONVENIENS OR OTHERWISE. EACH PLEDGOR AND THE ADMINISTRATIVE AGENT AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(d) At the option of the Administrative Agent, this Agreement, or a carbon, photographic or other reproduction of this Agreement or of any Uniform Commercial Code financing statement covering the Collateral or any portion thereof, shall be sufficient as a Uniform Commercial Code financing statement and may be filed as such.

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(e) Subject to Section 13.1 of the Credit Agreement, the provisions of this Agreement may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Pledgors and by the Administrative Agent (at the request of the Required Banks), and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(f) The section headings in this Agreement are inserted for convenience of reference and shall not be considered a part of this Agreement or used in its interpretation.

(g) Each Pledgor hereby expressly waives: (i) notice of the acceptance by the Administrative Agent of this Agreement, (ii) notice of the existence or creation or non-payment of all or any of the Liabilities of such Pledgor, (iii) presentment, demand, notice of dishonor, protest, and all other notices whatsoever (except as otherwise required herein), and (iv) all diligence in collection or protection of or realization upon the Liabilities of such Pledgor, or any security for or guaranty of any of the foregoing.

(h) The Administrative Agent may, from time to time, without notice to any Pledgor, assign or transfer any or all of the Liabilities of such Pledgor or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Liabilities shall be and remain Liabilities of such Pledgor for the purposes of this Agreement, and each and every immediate and successive assignee or transferee of any of such Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in such Liabilities, be entitled to the benefits of this Agreement to the same extent as if such assignee or transferee were the Administrative Agent; provided, however, that, unless the Administrative Agent shall otherwise consent in writing, the Administrative Agent shall have an unimpaired right, prior and superior to that of any such assignee or transferee, to enforce this Agreement, for the benefit of the Administrative Agent, as to those of the Liabilities which the Administrative Agent has not assigned or transferred.

(i) Each Pledgor agrees that, if at any time all or any part of any payment theretofore applied by the Administrative Agent or any Bank to any of the Liabilities of such Pledgor is or must be rescinded or returned by the Administrative Agent or any Bank for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or

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reorganization of the Issuer), such Liabilities shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Administrative Agent, and the pledge by such Pledgor hereunder shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Administrative Agent or such Bank had not been made.

(j) No action of the Administrative Agent permitted hereunder shall in any way affect or impair the rights of the Administrative Agent and the obligations of any Pledgor under this Agreement. Each Pledgor hereby acknowledges that there are no conditions to the effectiveness of this Agreement.

(k) All obligations of the Pledgors and rights of the Administrative Agent or obligation expressed in this Agreement shall be in addition to and not in limitation of those provided in applicable law or in any other written instrument or agreement relating to any of the Liabilities.

(l) GOVERNING LAW. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(m) This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed an original, but all such counterparts shall constitute but one and the same agreement. Each Pledgor hereby acknowledges receipt of a true, correct and complete counterpart of this Agreement.

(n) The Administrative Agent acts herein as agent for itself, the Banks and any and all future holders of the Liabilities.

(p) WAIVER OF JURY TRIAL. EACH PLEDGOR AND THE ADMINISTRATIVE AGENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

(q) Each Pledgor agrees that the Administrative Agent may amend and replace Schedule 1 to this Agreement from time to

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time to reflect the purchase and pledge of Additional Pledged Shares hereunder without any further action on the part of any Pledgor and amend and file financing statements to reflect the amendments to Schedule 1 from time to time.

* * *

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

PLEDGORS:

/s/STEPHEN C. HILBERT

Stephen C. Hilbert

Notice Address:

Address:

Attention:

Telephone:

**THOMAS C. HILBERT,
IRREVOCABLE TRUST**

By: /s/STEPHEN C. HILBERT

Stephen C. Hilbert, Trustee

Notice Address:

Address:

Attention:

Telephone:

**CHRISTOPHER L. MYERS,
IRREVOCABLE TRUST**

By: /s/STEPHEN C. HILBERT

Stephen C. Hilbert, Trustee

Notice Address:

Address:

Attention:
Telephone:

**BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as
Administrative Agent**

By: /s/

Name:
Its:

End of Filing

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