

CONSECO INC

FORM 8-K (Current report filing)

Filed 03/15/96 for the Period Ending 03/11/96

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

CONSECO INC

FORM 8-K (Unscheduled Material Events)

Filed 3/15/1996 For Period Ending 3/11/1996

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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report: March 11, 1996

CONSECO, INC.

State of Incorporation:
Indiana

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

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

Telephone No.
(317) 817-6100

CONSECO, INC. AND SUBSIDIARIES

ITEM 5. OTHER EVENTS. On March 11, 1996, Consec, Inc. ("Consec") signed a definitive merger agreement with Life Partners Group, Inc. ("LPG"). Under the merger agreement, LPG would become a wholly owned subsidiary of Consec. Attached as Exhibits 2.5 and 99.1, are the Agreement and Plan of Merger and the press release reporting such event.

CONSECO, INC. AND SUBSIDIARIES

ITEM 7(c). EXHIBITS.

- | | |
|------|---|
| 2.5 | Agreement and Plan of Merger dated as of March 11, 1996 by and among Conseco, Inc., LPG Acquisition Company and Life Partners Group, Inc. |
| 99.1 | Press release dated March 12, 1996. |

CONSECO, INC. AND SUBSIDIARIES

SIGNATURE

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

Date: March 14, 1996

CONSECO, INC.

By: /s/ROLLIN M. DICK

Rollin M. Dick
Executive Vice President
and Chief Financial Officer

AGREEMENT AND PLAN OF MERGER

DATED AS OF MARCH 11, 1996

By and Among

CONSECO, INC.,

LPG ACQUISITION COMPANY

and

LIFE PARTNERS GROUP, INC.

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of March 11, 1996 by and among CONSECO, INC., an Indiana corporation ("Conseco"), LPG ACQUISITION COMPANY, a Delaware corporation and wholly-owned subsidiary of Conseco ("LPG Acquisition"), and LIFE PARTNERS GROUP, INC., a Delaware corporation (the "Company").

PREAMBLE

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

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

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

ARTICLE I

THE MERGER

1.1 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as such term is defined in Section 1.3 hereof), LPG Acquisition shall be merged with and into the Company (the "Merger"), in a transaction intended to qualify as a tax-free reorganization under Sections 368(a)(1) and 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended (the "Code"), in accordance with the Delaware General Corporation Law (the "Delaware Code") and the separate corporate existence of LPG Acquisition shall cease and the Company shall continue as the surviving corporation under the laws of the State of Delaware (the "Surviving Corporation") with all the rights, privileges, immunities and powers, and subject to all the duties and liabilities, of a corporation organized under the Delaware Code. The Merger shall have the effects set forth in the Delaware Code.

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

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

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

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

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

1.6 Directors. The directors of LPG Acquisition at the Effective Time shall be the directors of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected or appointed and qualify in the manner provided in the Certificate of Incorporation and By-Laws of the Surviving Corporation, or as otherwise provided by law

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

1.8 Conversion of LPG Acquisition Shares. Each share of common stock of LPG Acquisition issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become one validly issued, fully paid and nonassessable share of common stock of the Surviving Corporation.

1.9 Conversion of Shares. (a) Outstanding Shares. Each of the shares of common stock, \$.001 par value, of the Company (the "Shares") issued and outstanding immediately prior to the Effective Time (other than Shares held as treasury shares by the Company) shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into a right to receive the fraction (rounded to the nearest ten-thousandth of a share) of a validly issued, fully paid and nonassessable share of common stock, without par value, of Conseco ("Conseco Common Stock") determined by dividing \$21.00 by the Conseco Share Price (as defined below). The "Conseco Share Price" shall be equal to the Trading Average (as defined below); provided, however, that if the Trading Average is less than \$60.00, then the Conseco Share Price shall be \$60.00, and if the Trading Average is greater than \$72.00, then the Conseco Share Price shall be \$72.00. The "Trading Average" shall be equal to the average of the closing prices of the Conseco Common Stock on the New York Stock Exchange ("NYSE") Composite Transactions Reporting System, as reported in The Wall Street Journal, for the 20 trading days immediately preceding the second trading day prior to the Effective Time. The Conseco Common Stock to be issued to holders of Shares in accordance with this Section and any cash to be paid in accordance with Section 1.10 in lieu of fractional shares of Conseco Common Stock are referred to collectively as the "Merger Consideration."

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

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

1.10 Exchange of Certificates. (a) Paying Agent. As of the Effective Time, Conseco shall deposit with its transfer agent and registrar (the "Paying Agent"), for the benefit of the holders of Shares, certificates representing the shares of Conseco Common Stock to be issued to holders of Shares pursuant to

Section 1.9(a) (such certificates, together with any dividends or distributions with respect to such certificates, being hereinafter referred to as the "Payment Fund").

(b) Exchange Procedures. As soon as practicable after the Effective Time, each holder of an outstanding certificate or certificates which prior thereto represented Shares shall, upon surrender to the Paying Agent of such certificate or certificates and acceptance thereof by the Paying Agent, be entitled to a certificate representing that number of whole shares of Conseco Common Stock (and cash in lieu of fractional shares of Conseco Common Stock as contemplated by this Section 1.10) which the aggregate number of Shares previously represented by such certificate or certificates surrendered shall have been converted into the right to receive pursuant to Section 1.9(a) of this Agreement. The Paying Agent shall accept such certificates upon compliance with such reasonable terms and conditions as the Paying Agent may impose to effect an orderly exchange thereof in accordance with normal exchange practices. If the consideration to be paid in the Merger (or any portion thereof) is to be delivered to any person other than the person in whose name the certificate representing Shares surrendered in exchange therefor is registered, it shall be a condition to such exchange that the certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such exchange shall pay to the Paying Agent any transfer or other taxes required by reason of the payment of such consideration to a person other than the registered holder of the certificate surrendered, or shall establish to the satisfaction of the Paying Agent that such tax has been paid or is not applicable. After the Effective Time, there shall be no further transfer on the records of the Company or its transfer agent of certificates representing Shares and if such certificates are presented to the Company for transfer, they shall be cancelled against delivery of the Merger Consideration as hereinabove provided. Until surrendered as contemplated by this Section 1.10(b), each certificate representing Shares (other than certificates representing Shares to be cancelled in accordance with Section 1.9(b)), shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration, without any interest thereon, as contemplated by Section 1.9. No interest will be paid or will accrue on any cash payable as Merger Consideration.

(c) Letter of Transmittal. Promptly after the Effective Time (but in no event more than five business days thereafter), the Surviving Corporation shall require the Paying Agent to mail to each record holder of certificates that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.9, a form of letter of transmittal and instructions for use in surrendering such certificates and receiving the consideration to which such holder shall be entitled therefor pursuant to Section 1.9.

(d) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to Consecro Common Stock with a record date after the Effective Time shall be paid to the holder of any certificate that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.9, until the surrender for exchange of such certificate in accordance with this Article I. Following surrender for exchange of any such certificate, there shall be paid to the holder of such certificate, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the number of whole shares of Consecro Common Stock into which the Shares represented by such certificate immediately prior to the Effective Time were converted pursuant to Section 1.9, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time, but prior to such surrender, and with a payment date subsequent to such surrender, payable with respect to such whole shares of Consecro Common Stock.

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

(f) No Fractional Shares. (i) No certificates or scrip representing fractional shares of Conseco Common Stock shall be issued upon the surrender for exchange of certificates that immediately prior to the Effective Time represented Shares which have been converted pursuant to Section 1.9, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a shareholder of Conseco.

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

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

(h) No Liability. None of Conseco, LPG Acquisition, the Surviving Corporation or the Paying Agent shall be liable to any person in respect of any cash, shares, dividends or distributions payable from the Payment Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any certificates representing Shares shall not have been surrendered prior to five years after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration in respect of such certificate would otherwise escheat to or become the property of any Governmental Entity (as defined in Section 2.3)), any such cash, shares, dividends or distributions payable in respect of such certificate shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth under the heading "General Matters" in the Disclosure Schedule, dated the date hereof and delivered concurrently herewith (the "Disclosure Schedule"), the Company hereby represents and warrants to Consec and LPG Acquisition as follows:

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

2.2 Capital Structure. The authorized capital stock of the Company consists of (i) 50,000,000 Shares and (ii) 10,000,000 shares of Preferred Stock \$.01 par value (the "Preferred Stock"). At the close of business on March 8, 1996: (i) 27,910,918 Shares were issued and outstanding, 1,449,793 Shares were reserved for issuance pursuant to outstanding options or warrants to purchase Shares which have been granted to directors, officers or employees of the Company or others ("Company Stock Options"); and (ii) no shares of Preferred Stock were issued and outstanding. Except as set forth above, at the close of business on March 8, 1996, no shares of capital stock or other equity securities of the Company were issued, reserved for issuance or outstanding. All outstanding shares of capital stock of the Company are, and all shares which may be issued pursuant to the Life Partners Group, Inc. 1992 Incentive and Nonstatutory Stock Option Plan, as amended to the date hereof (the "Company Stock Option Plan"), or any outstanding Company Stock Options will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. Except as set forth in Section 2.2 of

the Disclosure Schedule, no bonds, debentures, notes or other indebtedness of the Company or any Significant Subsidiary of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which the stockholders of the Company or any Significant Subsidiary of the Company may vote are issued or outstanding. Except as disclosed in Section 2.2 of the Disclosure Schedule, all the outstanding shares of capital stock of each Significant Subsidiary of the Company have been validly issued and are fully paid and nonassessable and are owned by the Company, by one or more subsidiaries of the Company or by the Company and one or more such subsidiaries, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens") except as may be provided by law. Except as set forth above or in Section 2.2 of the Disclosure Schedule, neither the Company nor any Significant Subsidiary of the Company has any outstanding option, warrant, subscription or other right, agreement or commitment which either (i) obligates the Company or any Significant Subsidiary of the Company to issue, sell or transfer, repurchase, redeem or otherwise acquire or vote any shares of the capital stock of the Company or any Significant Subsidiary of the Company or (ii) restricts the transfer of Shares.

2.3 Authority; Noncontravention. The Company has the requisite corporate power and authority to enter into this Agreement and, subject to the approval of its stockholders as set forth in Section 6.1(a) with respect to the consummation of the Merger, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject, in the case of the Merger, to the approval of its stockholders as set forth in Section 6.1(a). This Agreement has been duly executed and delivered by the Company and, assuming this Agreement constitutes the valid and binding agreement of Conesco and LPG Acquisition, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except that the enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or

similar laws now or hereafter in effect relating to creditor's rights generally and (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity. Except as disclosed in Section 2.3 of the Disclosure Schedule, the execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions hereof will not, (i) conflict with any of the provisions of the Certificate of Incorporation or By-laws of the Company or the comparable documents of any Significant Subsidiary of the Company, (ii) subject to the governmental filings and other matters referred to in the following sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or require the consent of any person under, any indenture or other agreement, permit, concession, franchise, license or similar instrument or undertaking to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their assets is bound or affected, or (iii) subject to the governmental filings and other matters referred to in the following sentence, contravene any law, rule or regulation of any state or of the United States or any political subdivision thereof or therein, or any order, writ, judgment, injunction, decree, determination or award currently in effect. No consent, approval or authorization of, or declaration or filing with, or notice to, any governmental agency or regulatory authority (a "Governmental Entity") which has not been received or made, is required by or with respect to the Company or any of its subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except for (i) the filing of premerger notification and report forms under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") with respect to the Merger, (ii) the filings and/or notices required under the insurance laws of the jurisdictions set forth in Section 2.3 of the Disclosure Schedule, (iii) the filing with the SEC of (x) a proxy statement relating to the approval by the stockholders of the Company of the Merger (such proxy statement, together with the proxy statement relating to the approval of the

issuance of Conseco Common Stock in the Merger by an affirmative vote of the holders of a majority of the votes entitled to be cast by the holders of Conseco Common Stock and Conseco PRIDES present, or represented, and entitled to vote thereon at the meeting to be called therefor (the "Conseco Stockholder Approval"), in each case as amended or supplemented from time to time, the "Joint Proxy Statement"), and (y) such reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as may be required in connection with this Agreement and the transactions contemplated by this Agreement, (iv) the filing of the certificate of merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (v) such other consents, approvals, authorizations, filings or notices as are set forth in Section 2.3 of the Disclosure Schedule and (vi) any applicable filings under state anti-takeover laws.

2.4 SEC Documents. (i) The Company has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1994 (such reports, schedules, forms, statements and other documents are hereinafter referred to as the "SEC Documents"); (ii) as of their respective dates, the SEC Documents complied with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) the consolidated financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Rule 10-01 of Regulation S-X) and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited quarterly statements, to normal year-end audit adjustments).

2.5 Absence of Certain Changes or Events. Except as disclosed in the SEC Documents filed and publicly available prior to the date of this Agreement (the "Filed SEC Documents") or in Section 2.5 of the Disclosure Schedule, since the date of the most recent audited financial statements included in the Filed SEC Documents, the Company and its subsidiaries have conducted their business only in the ordinary course, and there has not been (i) any change which would have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries taken as a whole, (ii) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's outstanding capital stock (other than regular quarterly cash dividends of \$.03 per Share, in accordance with usual record and payment dates and in accordance with the Company's present dividend policy), (iii) any split, combination or reclassification of any of its outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its outstanding capital stock, (iv) (x) any granting by the Company or any of its subsidiaries to any executive officer or other employee of the Company or any of its subsidiaries of any increase in compensation, except in the ordinary course of business consistent with prior practice or as was required under employment agreements in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents, (y) any granting by the Company or any of its subsidiaries to any such executive officer or other employee of any increase in severance or termination pay, except in the ordinary course of business consistent with prior practice or as was required under any employment, severance or termination agreements in effect as of the date of the most recent audited financial statements included in the Filed SEC Documents or (z) any entry by the Company or any of its subsidiaries into any employment, severance or termination agreement with any such executive officer or other employee or (v) any change in accounting methods, principles or practices by the Company or any of its subsidiaries materially affecting its assets, liability or business, except insofar as may have been required by a change in generally accepted accounting principles.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 Brokers. Except with respect to Hicks, Muse, Tate & Furst Incorporated ("HMTF") and Donaldson, Lufkin & Jenrette Securities Corp. ("DLJ"), all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Company directly with Conseco, without the intervention of any person on behalf of the Company in such manner as to give rise to any valid claim by any person against Conseco, the Company or any subsidiary for a finder's fee, brokerage commission, or similar payment. The Company has provided Conseco with true and complete copies of the agreements between the Company and each of Hicks, Muse, Tate & Furst Incorporated and Donaldson, Lufkin & Jenrette Securities Corp., and the Company has no other agreements or understandings (written or oral) with respect to such services.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CONSECO AND LPG ACQUISITION

Conseco and LPG Acquisition hereby represent and warrant to the Company as follows:

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

3.2 Conseco Capital Structure. The authorized capital stock of Conseco consists of 500,000,000 shares of Conseco Common Stock and 20,000,000 shares of preferred stock, without par value. At the close of business on March 8, 1996,

(i) 20,297,299 shares of Conseco Common Stock, 5,669,226 shares of \$3.25 Series D Cumulative Convertible Preferred Stock of Conseco (the "Conseco Series D Preferred Stock") and 4,370,000 shares of Preferred Redeemable Increased Dividend Equity Securities of Conseco (the "Conseco PRIDES") were issued and outstanding (net of treasury shares or shares held by subsidiaries), (ii) 7,027,925 shares of Conseco Common Stock were reserved for issuance pursuant to outstanding options to purchase shares of Conseco Common Stock and other benefits granted under Conseco's benefit plans (the "Conseco Stock Plans"),

(iii) 4,446,373 shares of Conseco Common Stock were reserved for issuance upon conversion of the Conseco Series D Preferred Stock and (iv) 4,370,000 shares of Conseco Common Stock were reserved for issuance upon conversion of the Conseco PRIDES. Except (x) as set forth above, (y) for outstanding options to purchase an aggregate of 1,148,960 shares of Bankers Life Holding Corporation under its Stock Option Plan and (z) with respect to stock units awarded under the Conseco Stock Option Plans, at the close of business on March 8, 1996, no shares of capital stock or other voting securities of Conseco were issued, reserved for issuance or outstanding. All outstanding shares of capital stock of Conseco are, and all shares which may be issued pursuant to this Agreement will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. The authorized capital stock of LPG Acquisition consists of 1,000 shares of common stock, par value \$.001 per share, all of which have been validly issued, are fully paid and nonassessable and are owned by Conseco free and clear of any Lien. No bonds, debentures, notes or other indebtedness of Conseco or any Significant Subsidiary of Conseco having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which the stockholders of Conseco or any Significant Subsidiary of Conseco may vote are issued or outstanding. All the outstanding shares of capital stock of each Significant Subsidiary of Conseco have been validly issued and are fully paid and nonassessable and (other than Bankers Life Holding Corporation) are owned by Conseco, free and clear of all Liens. Except as set forth above, neither Conseco nor any Significant Subsidiary of Conseco has any outstanding option, warrant, subscription or other right, agreement or commitment which either (i) obligates Conseco or any Significant Subsidiary of Conseco to issue, sell or transfer, repurchase, redeem or otherwise acquire or vote any shares of the capital stock of Conseco or any Significant Subsidiary of Conseco or (ii) restricts the transfer of Conseco Common Stock.

3.3 Authority; Noncontravention. Conseco and LPG Acquisition have all requisite corporate power and authority to enter into this Agreement and, subject to the Conseco Stockholder Approval with respect to the issuance of Conseco Common Stock in the Merger, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Conseco and LPG Acquisition and the consummation by Conseco and LPG Acquisition of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Conseco and LPG Acquisition and by the stockholder of LPG Acquisition, subject, in the case of the issuance of Conseco Common Stock in the Merger, to the Conseco Stockholder Approval. This Agreement has been duly executed and delivered by and, assuming this Agreement constitutes the valid and binding agreement of the Company, constitutes a valid and binding obligation of each of Conseco and LPG Acquisition, enforceable against such party in accordance with its terms except that the enforcement thereof may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditor's rights generally and (b) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated by this Agreement and compliance with the provisions of this Agreement will not (i) conflict with any of the provisions of the Articles of Incorporation or By-laws of Conseco, the Certificate of Incorporation or By-laws of LPG Acquisition or the comparable documents of any Significant Subsidiary of Conseco, (ii) subject to the governmental filings and other matters referred to in the following sentence, conflict with, result in a breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or require the consent of any person under, any indenture, or other agreement, permit, concession, franchise, license or similar instrument or undertaking to which Conseco or any of its subsidiaries is a party or by which Conseco or any of its subsidiaries or any of their assets is bound or affected,

or (iii) subject to the governmental filings and other matters referred to in the following sentence, contravene any law, rule or regulation of any state or of the United States or any political subdivision thereof or therein, or any order, writ, judgment, injunction, decree, determination or award currently in effect. No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by or with respect to Conseco or LPG Acquisition in connection with the execution and delivery of this Agreement by Conseco or LPG Acquisition or the consummation by Conseco or LPG Acquisition, as the case may be, of any of the transactions contemplated by this Agreement, except for (i) the filing of premerger notification and report forms under the HSR Act with respect to the Merger, (ii) the filings and/or notices required under the insurance laws of the jurisdictions set forth in Section 2.3 of the Disclosure Schedule, (iii) the filing with the SEC of the registration statement on Form S-4 to be filed with the SEC by Conseco in connection with the issuance of Conseco Common Stock in the Merger (the "Form S-4"), the Joint Proxy Statement relating to the Conseco Stockholder Approval and such reports under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby, (iv) the filing of the certificate of merger with the Delaware Secretary of State, and appropriate documents with the relevant authorities of the other states in which the Company is qualified to do business, (v) such other consents, approvals, authorizations, filings or notices as are set forth in Section 2.3 of the Disclosure Schedule and (vi) any applicable filings under state anti-takeover laws.

3.4 SEC Documents. Conseco and its subsidiaries have filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1994 (the "Conseco SEC Documents"). As of their respective dates, the Conseco SEC Documents complied with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Conseco SEC Documents, and none of the Conseco SEC Documents as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial

statements of Conseco included in the Conseco SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of unaudited statements, as permitted by Rule 10-01 of Regulation S-X) and fairly present, in all material respects, the consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

3.5 Absence of Certain Changes or Events. Except as disclosed in the Conseco SEC Documents filed and publicly available prior to the date of this Agreement (the "Filed Conseco SEC Documents"), since the date of the most recent audited financial statements included in the Filed Conseco SEC Documents, Conseco has conducted its business only in the ordinary course, and there has not been (i) any change which would have a material adverse effect on the business, financial condition or results of operations of Conseco and its subsidiaries, taken as a whole, (ii) any declaration, setting aside or payment of any dividend or distribution (whether in cash, stock or property) with respect to any of Conseco's outstanding capital stock (other than the payment of cash dividends in the aggregate amount of \$.31 per share, and the declaration of a cash dividend payable April 1, 1996 of \$.04 per share, on Conseco Common Stock and regular cash dividends on the Conseco Series D Preferred Stock and the Conseco PRIDES, in each case in accordance with usual record and payment dates and in accordance with Conseco's dividend policy and Articles of Incorporation at the date of such payment), (iii) except for the two-for-one stock split to be paid April 1, 1996 to holders of record of Conseco Common Stock at the close of business on March 20, 1996 (the "Conseco Stock Split"), any split, combination or reclassification of any of its outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iv) any change in accounting methods, principles or practices by Conseco materially affecting its assets, liabilities or business, except as may have been required by a change in generally accepted accounting principles.

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

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

3.7 No Prior Activities. LPG Acquisition has not incurred, and will not incur, directly or through any subsidiary, any liabilities or obligations for borrowed money or otherwise, except incidental liabilities or obligations not for borrowed money incurred in connection with its organization and except in connection with obtaining financing in connection with the Merger. Except as contemplated by this Agreement, LPG Acquisition (i) has not engaged, directly or through any subsidiary, in any business activities of any type or kind whatsoever, (ii) has not entered into any agreements or arrangements with any person or entity, and (iii) is not subject to or bound by any obligation or undertaking.

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

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

ARTICLE IV

ADDITIONAL AGREEMENTS

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

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

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

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

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

4.3 Letter of the Company's Accountants. The Company shall use its best efforts to cause to be delivered to Conseco a letter of Coopers & Lybrand L.L.P., the Company's independent public accountants, and a letter of Ernst & Young LLP, formerly the accountants for Lamar Life Insurance Company, each dated a date within two business days before the date on which the Form S-4 shall become effective and letters of Coopers & Lybrand L.L.P. and Ernst & Young LLP, each dated a date within two business days before the Closing Date, each addressed to Conseco, in form and substance reasonably satisfactory to Conseco and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the Form S-4.

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

4.5 Access to Information; Confidentiality. Upon reasonable notice, each of the Company and Conseco shall, and shall cause each of its respective subsidiaries to, afford to the other party and to the officers, employees, counsel, financial advisors and other representatives of such other party reasonable access during normal business hours during the period prior to the Effective Time to all its properties, books, contracts, commitments, personnel and records and, during such period, each of the Company and Conseco shall, and shall cause each of its respective subsidiaries to, furnish as promptly as practicable to the other party such information concerning its business, properties, financial condition, operations and personnel as such other party may from time to time reasonably request. Except as required by law, Conseco will hold, and will cause its respective directors, officers, partners, employees, accountants, counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information obtained from the Company in confidence to the extent required by, and in accordance with, the provisions of the letter dated February 23, 1996, between Conseco and the Company (the "Confidentiality Agreement"). Except as required by law, the Company will hold, and will cause its directors, officers, partners, employees, accountants, counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information obtained from Conseco in confidence to the same extent that Conseco is required to hold information of the Company in confidence pursuant to the Confidentiality Agreement.

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

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

4.8 Acquisition Proposals. The Company shall not, nor shall it permit any of its subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative of, the Company or any of its subsidiaries to, directly or indirectly, (i) solicit, initiate or encourage the submission of any Acquisition Proposal (as hereinafter defined) or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any

Acquisition Proposal; provided, however, that nothing contained in this Section 4.8 shall prohibit the Board of Directors of the company from furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited Acquisition Proposal if, and only to the extent that (A) the Board of Directors of the Company, after consultation with and based upon the advice of outside counsel, determines in good faith that such action is necessary for the Board of Directors of the Company to comply with its fiduciary duties to stockholders under applicable law and (B) prior to taking such action, the Company (x) provides reasonable notice to Conseco to the effect that it is taking such action and (y) receives from such person or entity an executed confidentiality agreement in reasonably customary form. Notwithstanding anything in this Agreement to the contrary, the Company shall promptly advise Conseco orally and in writing of the receipt by it (or any of the other entities or persons referred to above) after the date hereof of any Acquisition Proposal, or any inquiry which could lead to any Acquisition Proposal, the material terms and conditions of such Acquisition Proposal or inquiry, and the identity of the person making any such Acquisition Proposal or inquiry. The Company will keep Conseco fully informed of the status and details of any such Acquisition Proposal or inquiry. For purposes of this Agreement, "Acquisition Proposal" means any bona fide proposal with respect to a merger, consolidation, share exchange or similar transaction involving the Company or any Significant Subsidiary of the Company, or any purchase of all or any significant portion of the assets of the Company or any Significant Subsidiary of the Company, or any equity interest in the Company or any Significant Subsidiary of the Company, other than the transactions contemplated hereby.

4.9 Fiduciary Duties. The Board of Directors of the Company shall not

(i) withdraw or modify, in a manner materially adverse to Conseco or LPG Acquisition, the approval or recommendation by such Board of Directors of this Agreement or the Merger, (ii) approve or recommend an Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal, unless the Company receives an Acquisition Proposal and the Board of Directors of the Company determines in good faith, following consultation with outside counsel, that in order to comply with its fiduciary duties to stockholders under applicable law it is necessary for the Board of Directors to withdraw or modify, in a manner materially adverse to Conseco or LPG Acquisition, its approval or recommendation of this Agreement or the Merger, approve or recommend such Acquisition Proposal, enter into an agreement with respect to such Acquisition Proposal or terminate this Agreement. In the event the Board of Directors of the

Company takes any of the foregoing actions, the Company shall, concurrently with the taking of any such action, pay to Conseco the Section 4.11 Fee pursuant to Section 4.11. Nothing contained in this Section 4.9 shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company's stockholders which, in the good faith reasonable judgment of the Board of Directors of the Company based on the advice of outside counsel, is required under applicable law; provided that the Company does not withdraw or modify, in a manner materially adverse to Conseco or LPG Acquisition, its position with respect to the Merger or approve or recommend an Acquisition Proposal. Notwithstanding anything contained in this Agreement to the contrary, any action by the Board of Directors permitted by this Section 4.9 shall not constitute a breach of this Agreement by the Company.

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

4.11 Certain Fees. (a) The Company shall pay to Conseco upon demand \$20 million (the "Section 4.11 Fee"), payable in same-day funds, if a bona fide Acquisition Proposal is commenced, publicly proposed, publicly disclosed or communicated to the Company (or the willingness of any person to make such an Acquisition Proposal is publicly disclosed or communicated to the Company) and (i) the Board of Directors of the Company, in accordance with Section 4.9, withdraws or modifies in a manner materially adverse to Conseco its approval or recommendation of this Agreement or the Merger, approves or recommends such Acquisition Proposal, enters into an agreement with respect to such Acquisition Proposal, or terminates this Agreement or (ii) the requisite approval of the Company's stockholders for the Merger is not obtained at the Stockholders Meeting.

(b) Unless Conseco is materially in breach of this Agreement or is unable to satisfy the condition of Section 6.3(a) hereof, the Company shall pay to Conseco upon demand \$20 million, payable in same-day funds, if the requisite approval of the Company's stockholders for the Merger is not obtained (other than in the circumstances specified in Section 4.11(a) hereof) and all other conditions contained in Section 6.1 of this Agreement have been satisfied, waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before September 30, 1996, through the exercise of best efforts to procure the satisfaction thereof; provided, however, in the event that the Mailing Date Trading Average (as defined below) is less than \$52.80, then in lieu of the \$20 million fee payable above, Conseco shall receive reimbursement of its Expenses (as defined below) not to exceed \$2,000,000.

(c) Unless the Company is materially in breach of this Agreement or is unable to satisfy the condition of Section 6.2(a) hereof, Conseco shall pay to the Company upon demand \$20 million, payable in same-day funds, if the requisite approval of Conseco's stockholders for the Merger is not obtained and all other conditions contained in Section 6.1 of this Agreement have been satisfied, waived or, with respect to any condition not then satisfied, it is substantially likely that such condition will be satisfied on or before September 30, 1996, through the exercise of best efforts to procure the satisfaction thereof.

(d) For purposes of this Section 4.11, "Mailing Date Trading Average" shall be equal to the average of the closing prices of the Conseco Common Stock on the NYSE Composite Transactions Reporting System, as reported in The Wall Street Journal, for the 20 trading days immediately preceding the second trading day prior to the date on which the Joint Proxy Statement is first mailed to stockholders of the Company. For purposes of this Section 4.11, "Expenses" shall mean all documented out-of-pocket fees and expenses incurred or paid by or on behalf of Conseco to third parties in connection with the Merger or the consummation of any of the transactions contemplated by this Agreement, including all bank fees, financing fees, printing costs and reasonable fees and expenses of counsel, investment banking firms, accountants, experts and consultants to Conseco.

4.12 Affiliates and Certain Stockholders. Prior to the Closing Date, the Company shall deliver to Conseco a letter identifying all persons who are, at the time the Merger is submitted for approval to the stockholders of the Company, "affiliates" of the Company for purposes of Rule 145 under the Securities Act. The Company shall use its best efforts to cause to each such person to deliver to Conseco on or prior to the Closing Date a written agreement substantially in the form attached as Exhibit A hereto. Conseco shall maintain the effectiveness of the Form S-4 subsequent to the Closing Date for the purpose of resales of Conseco Common Stock by such affiliates, but shall not thereafter be required to file any post-effective amendment thereto in accordance with Item 512(a) of Regulation S-K under the Securities Act. Subject to the remainder of this Section 4.12, Conseco shall not otherwise be required to maintain the effectiveness of the Form S-4 or any other registration statement under the Securities Act for the purposes of resale of Conseco Common Stock by such affiliates. Notwithstanding the foregoing, if at such time as the Form S-4 is no longer available for the purpose of resales by such affiliates, any such affiliate is unable because of the volume limitations of Rule 144 of the SEC to sell pursuant to Rule 144 at least 75% of the shares of Conseco Common Stock received by such affiliate as Merger Consideration and still held by such affiliate, such affiliate shall have the right, for so long as any such balance of the affiliate's Merger Consideration is not eligible for immediate sale under the applicable provisions of Rule 144, to require Conseco to elect, in Conseco's sole discretion, with respect to such balance, either to (i) acquire such shares directly from such affiliate at the current market price, (ii) amend the Form S-4 and maintain its effectiveness to provide for registration of such shares or (iii) file a Registration Statement on Form S-3 with the SEC to register such shares for resale by such affiliate.

In the case of the Form S-4 to be maintained effective following the Closing Date with respect to affiliate resales in accordance with the third sentence of this Section 4.12 and in such other cases as Conseco chooses option

(ii) or (iii) of the preceding sentence, Conseco shall (i) provide to such affiliate such reasonable number of copies of the registration statement, the prospectus, and such other documents as the affiliates may reasonably request in order to facilitate the public offering of such securities; (ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement; (iii) pay all expenses of such registration other than underwriting or sales commissions; and (iv) indemnify such affiliates, each of their officers and directors and partners, and each person controlling such affiliates within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in such registration statement or prospectus, or any amendment or supplement thereto, incident to any such registration, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances in which they were made, not misleading, or any violation by Conseco of the Securities Act or any rule or regulation in connection with such registration, and reimburse each such person for any legal and any other expenses reasonably incurred (as they are incurred) in connection with investigating, preparing or defending any such claim, loss, damage, liability or action.

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

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

4.15 Indemnification. (a) The certificate of incorporation and by-laws of the Surviving Corporation and each of its subsidiaries shall contain the provisions with respect to indemnification set forth in the Certificate of Incorporation and By-Laws of the Company on the date of this Agreement, and such provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of the Company or any of its subsidiaries (the "Indemnified Parties") in respect of actions or omissions occurring at or prior to the Effective Time (including, without limitation, the transactions contemplated by this Agreement), unless such modification is required by law. Conseco agrees to be jointly and severally liable for the indemnification obligations of the Company to the Indemnified Parties, as set forth above.

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

4.16 Financing. Conseco shall have funds available sufficient to repay when due all indebtedness outstanding under the Company's senior credit facility and to pay when due the aggregate Change of Control Purchase Price (as defined) for any of the Company's 12 3/4% Senior Subordinated Notes due 2002 which are required to be repurchased by the Company in accordance with Section 4.09 of the indenture pursuant to which such notes were issued.

4.17 Officers' Certificates Relating to Tax Treatment. Conseco shall provide to the Tax Opinion Provider (as defined in Section 6.3(c) hereof), a certificate in the form agreed to by Conseco dated the Closing Date and signed on behalf of Conseco by the chief executive officer and the chief financial officer of Conseco. The Company shall provide to the Tax Opinion Provider a certificate in the form agreed to by the Company dated the Closing Date and signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company. The Company shall use its best efforts to cause each of its affiliates to deliver to the Tax Opinion Provider on or before the Closing Date a signed certificate in the form agreed to by the Company.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS PRIOR TO MERGER

5.1 Conduct of Business by the Company. Except as contemplated by this Agreement or as set forth in the Section 6.1 of the Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Company shall, and shall cause its subsidiaries to, act and carry on their respective businesses in the ordinary course of business and, to the extent consistent therewith, use reasonable efforts to preserve intact their current business organizations, keep available the services of their current key officers and employees and preserve the goodwill of those engaged in material business relationships with them. Without limiting the generality of the foregoing, during the period from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any of its subsidiaries to, without the prior consent of Conseco:

(i) (x) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of the Company's outstanding capital stock (other than regular quarterly cash dividends not in excess of \$.03 per Share, with usual record and payment dates and in accordance with the Company's present dividend policy), (y) split, combine or reclassify any of its outstanding capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its outstanding capital stock, or (z) purchase, redeem or otherwise acquire any shares of outstanding capital stock or any rights, warrants or options to acquire any such shares;

(ii) issue, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities other than upon the exercise of Company Stock Options outstanding on the date of this Agreement;

(iii) amend its articles of organization, By-laws or other comparable charter or organizational documents;

(iv) acquire any business or any corporation, partnership, joint venture, association or other business organization or division thereof;

(v) sell, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its properties or assets that are material to the Company and its subsidiaries taken as a whole, except in the ordinary course of business;

(vi) (x) incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, other than indebtedness owing to or guarantees of indebtedness owing to the Company or any direct or indirect wholly-owned subsidiary of the Company or (y) make any loans or advances to any other person, other than to the Company, or to any direct or indirect wholly-owned subsidiary of the Company and other than routine advances to employees;

(vii) make any tax election or settle or compromise any income tax liability that would reasonably be expected to be material to the Company and its subsidiaries taken as a whole;

(viii) pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company included in the Filed SEC Documents or incurred since the date of such financial statements in the ordinary course of business consistent with past practice;

(ix) invest its future cash flow, any cash from matured and maturing investments, any cash proceeds from the sale of its assets and properties, and any cash funds currently held by it, in any investments other than cash equivalent assets or in short-term investments (consisting of United States government issued or guaranteed securities, or commercial paper rated A-1 or P-1), except (i) as otherwise required by law, (ii) as required to provide cash (in the ordinary course of business and consistent with past practice) to meet its actual or anticipated obligations or (iii) publicly-traded corporate bonds that are rated investment grade by at least two nationally recognized statistical rating organizations;

(x) except as may be required by law,

(i) make any representation or promise, oral or written, to any employee or former director, officer or employee of the Company or any subsidiary which is inconsistent with the terms of any Benefit Plan;

(ii) make any change to, or amend in any way, the contracts, salaries, wages, or other compensation of any employee or any agent or consultant of the Company or any subsidiary other than routine changes or amendments that are required under existing contracts;

(iii) adopt, enter into, amend, alter or terminate, partially or completely, any Benefit Plan or any election made pursuant to the provisions of any Benefit Plan, to accelerate any payments, obligations or vesting schedules under any Benefit Plan; or

(iv) approve any general or company-wide pay increases for employees;

(xi) except in the ordinary course of business, modify, amend or terminate any material agreement, permit, concession, franchise, license or similar instrument to which the Company or any subsidiary is a party or waive, release or assign any material rights or claims thereunder; or

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

Without limiting the generality of this Section 5.1, during the period from the date of this Agreement to the Effective Time, the Company shall and the Company shall cause its subsidiaries, where applicable, to exercise their rights to obtain all extensions through August 28, 1996, to the expiration of that certain Data Processing Services Agreement, dated October 28, 1991 by and among Perot Systems Corporation ("Perot"), Wabash Life Insurance Company and the Company, as amended ("the "DPS Agreement"); provided, however, that in the event the Company is unable to obtain an extension to the DPS Agreement from August 28, 1996 through the date of the Closing on terms acceptable to the Company, the Company shall be permitted to enter into a new data processing services agreement with such third party provider or providers and upon such terms as are acceptable to the Company in its sole discretion; provided further, however, that (i) prior to entering into such new agreement, the Company shall give Consecoco written notice and Consecoco shall have 15 days to arrange for alternative data processing services to be provided to the Company, which services must be mutually acceptable to Consecoco and the Company, (ii) Consecoco shall be presumptively acceptable to the Company as the provider of services under such new agreement if Consecoco guarantees that the costs and other terms of such services will not be less favorable to the Company than those offered by any other prospective provider and (iii) if Consecoco is not the provider of services under such new agreement, the Company shall use its best efforts consistent with negotiations to-date with Perot and other possible providers and subsequent negotiations after the date hereof to obtain the lowest possible cost and the shortest term under any such new agreement.

5.2 Conduct of Business by Consecoco. During the period from the date of this Agreement to the Effective Time, Consecoco shall, and shall cause its subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, keep available the services of their current officers and employees and preserve their relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with them to the end that their goodwill and ongoing businesses shall be unimpaired at the Effective Time. Without limiting the generality of the foregoing, during the period from the date of this Agreement to the Effective Time, Consecoco shall not, and shall not permit any of its subsidiaries to:

(i) (x) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any outstanding capital stock of Conseco (other than regular quarterly cash dividends of \$.04 per share of Conseco Common Stock (without giving effect to the Conseco Stock Split) and regular cash dividends on the Conseco Series D Preferred Stock and the Conseco PRIDES, in each case with usual record and payment dates and in accordance with Conseco's Articles of Incorporation and its present dividend policy) or (y) split, combine or reclassify any of its outstanding capital stock (other than the Conseco Stock Split) or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of Conseco's outstanding capital stock (other than under the Conseco Stock Plans);

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

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

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

5.3 Stock Options and Warrants. The Company agrees to use its best efforts, including without limitation additional actions by its Board of Directors or the committee thereof which administers the Company Stock Option Plan, to cause to be made such clarifications, modifications, amendments or supplements to the Company Stock Option Plan and to the agreements evidencing outstanding Company Stock Options to give effect to the following desires and intentions of the parties with respect to Company Stock Options which remain outstanding immediately prior to the Effective Time:

(a) Company Stock Options held by persons who are officers or employees of the Company at the Effective Time shall become options to purchase, for the same aggregate consideration payable to exercise such Options, the number of shares of Conseco Common Stock which the holder would have been entitled to receive at the Effective Time if such Options had been exercised for Shares prior to the Effective Time;

(b) Company Stock Options held by persons who are not currently officers or employees of the Company shall be required to be exercised prior to the Effective Time or forfeited;

(c) Company Stock Options held by the officers of the Company identified in Paragraph 4 of Section 2.5 to the Disclosure Schedule shall be amended as described in such Paragraph, subject to subsection (e) below;

(d) Company Stock Options held by officers of the Company covered by Paragraph 5 of Section 2.5 to the Disclosure Schedule shall be amended as described in such Paragraph, subject to subsection (e) below;

(e) Company Stock Options held by an officer or employee of the Company shall expire and be forfeited if not exercised within three (3) months after the date such person ceases to be an officer or employee of the Company, the Surviving Corporation, Conseco, or any other subsidiary of Conseco;

(f) Company Stock Options held by an officer subject to Section 16 of the Exchange Act who would incur liability under Section 16(b), if such Options were to be exercised on the date on which such options would otherwise expire under subsections (b), (c), (d) or (e) above, shall otherwise remain exercisable for five (5) business days from the date after which no such liability would be incurred; and

(g) Conseco shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Conseco Common Stock for delivery upon exercise of the Company Stock Options assumed in accordance with this Section

5.3. As soon as practicable after the Effective Time, Conseco shall file a registration statement on Form S-8 (or any successor form) or another appropriate form with respect to the shares of Conseco Common Stock subject to the Company Stock Options and shall use its best efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as Company Stock Options remain outstanding.

If necessary to effectuate the foregoing provisions regarding Company Stock Options, the parties agree to enter into an appropriate amendment to this Merger Agreement to provide that LPG Acquisition shall be the Surviving Corporation at the Effective Time rather than the Company. The parties agree that after the date hereof, except for the Company Stock Options outstanding on the date hereof and the changes thereto, as described in the Disclosure Schedule, no options, warrants or other rights of any kind to purchase capital stock of the Company shall be granted or made, under the Company Stock Plan or otherwise, and no amendment, repricing or other change to the outstanding Company Stock Options shall be made, without the prior written consent of Conseco, and any such grant, issuance, amendment, repricing or other change without Conseco's consent shall be null, void and unenforceable against the Surviving Corporation or Conseco.

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

5.5 Conduct of Business of LPG Acquisition. During the period from the date of this Agreement to the Effective Time, LPG Acquisition shall not engage in any activities of any nature except as provided in or contemplated by this Agreement.

ARTICLE VI

CONDITIONS PRECEDENT

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

(a) Stockholder Approval. This Agreement and the Merger shall have been approved and adopted by the affirmative vote of the stockholders of the Company entitled to cast at least a majority of the votes which all stockholders of the Company are entitled to cast thereon and the Conseco Stockholder Approval shall have been obtained.

(b) Governmental and Regulatory Consents. All required consents, approvals, permits and authorizations to the consummation of the transactions contemplated hereby by the Company, Conseco and LPG Acquisition shall be obtained from (i) the Insurance Regulators in the jurisdictions set forth in Section 6.1(b) of the Disclosure Schedule, and (ii) any other Governmental Entity whose consent, approval, permission or authorization is required by reason of a change in law after the date of this Agreement, unless the failure to obtain such consent, approval, permission or authorization would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its subsidiaries, taken as a whole, or on the validity or enforceability of this Agreement.

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

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

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

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

6.2 Conditions to Obligations of Conseco and LPG Acquisition. The obligations of Conseco and LPG Acquisition to effect the Merger are further subject to the following conditions:

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

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Conseco shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect.

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

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

(b) Performance of Obligations of Conseco and LPG Acquisition. Conseco and LPG Acquisition shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Conseco by the chief executive officer and the chief financial officer of Conseco to such effect.

(c) Opinion of Counsel. The Company shall have received the opinion dated the Closing Date of Weil, Gotshal & Manges LLP, counsel to the Company, or such other legal counsel reasonably acceptable to the Company and Conseco (the "Tax Option Provider") substantially in the form of Exhibit B, to the effect that the Merger will be treated as a reorganization under Section 368(a)(1) of the Code and that shareholders of LPG will not be subject to federal income tax on the receipt of shares of Conseco Common Stock in exchange for Shares pursuant to the Merger.

ARTICLE VII

TERMINATION, AMENDMENT AND WAIVER

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

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

(b) by either Conseco or the Company:

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

(ii) if the Merger shall not have been consummated on or before September 30, 1996, unless the failure to consummate the Merger is the result of a willful and material breach of this Agreement by the party seeking to terminate this Agreement;

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

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

7.2 Effect of Termination. In the event of termination of this Agreement by either the Company or Conseco as provided in Section 7.1, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Conseco, LPG Acquisition or the Company, other than the last two sentences of Section 4.5 and Sections 2.13, 3.8, 4.11, 7.2 and 10.2. Nothing contained in this Section shall relieve any party from any liability resulting from any material breach of the representations, warranties, covenants or agreements set forth in this Agreement.

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

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

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

ARTICLE VIII

SURVIVAL OF PROVISIONS

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

ARTICLE IX

NOTICES

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

If to the Company, to:

Life Partners Group, Inc.
7887 East Belleview Avenue
Englewood, Colorado 80111

Attention: Don Campbell Telephone: (303) 779-1111 Telecopy: (303) 796-7576

with copies to:

Hicks, Muse, Tate & Furst Incorporated 200 Crescent Court, Suite 1600 Dallas, Texas 75201

Attention:	Thomas O. Hicks Lawrence D. Stuart, Jr.
Telephone:	(214) 740-7300
Telecopy:	(214) 740-7313

Weil, Gotshal & Manges LLP 100 Crescent Court, Suite 1300 Dallas, Texas 75201

Attention:	R. Scott Cohen, Esq.
Telephone:	(214) 746-7738
Telecopy:	(214) 746-7777

If to Conseco, to:

Conseco, Inc.
11825 N. Pennsylvania Street
Carmel, Indiana 46032

Attention: Lawrence W. Inlow, Esq.

Telephone: (317) 817-6163

Telecopy: (317) 817-6327

If to LPG Acquisition, to:

LPG Acquisition Company
11825 N. Pennsylvania Street
Carmel, Indiana 46032

Attention: Lawrence W. Inlow, Esq.

Telephone: (317) 817-6163

Telecopy: (317) 817-6327

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

ARTICLE X

MISCELLANEOUS

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

10.2 Expenses. Except as otherwise expressly provided in Section 4.11, whether or not the Merger is consummated, each of the Company, Conesco and LPG Acquisition will pay its own costs and expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the transactions contemplated hereby except that the expenses incurred in connection with the printing, mailing and distribution of the Joint Proxy Statement and the preparation and filing of the Form S-4 shall be borne equally by Conesco and the Company. The Company agrees and covenants that the fees and expenses of the Company's legal and investment banking advisors (including DLJ and HMTF) incurred in connection with the Merger (but excluding reasonable fees and expenses incurred in connection with related litigation or Acquisition Proposals) shall not exceed \$5,500,000.

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

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

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

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

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

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

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

CONSECO, INC.

By: /s/ STEPHEN C. HILBERT

Stephen C. Hilbert
Chairman of the Board

LPG ACQUISITION COMPANY

By: /s/ ROLLIN M. DICK

Rollin M. Dick
Executive Vice President

LIFE PARTNERS GROUP, INC.

By: /s/ JOHN H. MASSEY

John H. Massey
Chairman of the Board and
Chief Executive Officer

EXHIBIT A

[Closing Date]

CONSECO, INC.

11825 N. Pennsylvania Street
Carmel, IN 46032

Gentlemen:

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

Pursuant to the terms of an Agreement and Plan of Merger dated March 11, 1996 (the "Merger Agreement"), by and among Consecoco, Inc., an Indiana corporation ("Consecoco"), LPG Acquisition Company, a Delaware corporation ("LPG Acquisition") and a wholly-owned subsidiary of Consecoco, and the Company, LPG Acquisition will be merged with and into the Company (the "Merger"). As a result of the Merger, I will receive Merger Consideration (as defined in the Merger Agreement), including shares of Common Stock, without par value, of Consecoco ("Consecoco Common Stock") in exchange for shares of Common Stock, \$.001 par value, of the Company ("Shares") owned by me at the effective time of the Merger as determined pursuant to the Merger Agreement.

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

1. I shall not make any sale, transfer or other disposition of the Consecoco Common Stock I receive as a result of the Merger in violation of the Securities Act or the Rules and Regulations.

2. I have been advised that the issuance of Consecoco Common Stock to me as a result of the Merger has been registered with the Commission under the Securities Act on a Registration Statement on Form S-4. However, I have also been advised that, because at the time the Merger was submitted for a vote of the stockholders of the Company I may have been an "affiliate" of the Company and, accordingly, any sale by me of the shares of Consecoco Common Stock I receive as a result of the Merger must be (i) registered under the Securities Act,

(ii) made in conformity with the provisions of Rule 145 promulgated by the Commission under the Securities Act or (iii) made pursuant to a transaction which, in the opinion of counsel, reasonably satisfactory to Conseco or as described in a "no action" or interpretive letter from the staff of the Commission, is not required to be registered under the Securities Act.

3. I have carefully read this letter and the Merger Agreement and have discussed the requirements of the Merger Agreement and other limitations upon the sale, transfer or other disposition of the shares of Conseco Common Stock to be received by me, to the extent I have felt necessary, with my counsel or with counsel for the Company.

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

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

C. Conseco hereby represents, warrants and agrees that:

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

Very truly yours,

EXHIBIT B

-----, 1996

Life Partners Group, Inc.
7887 East Belleview Avenue
Englewood, Colorado 80111

Ladies and Gentlemen:

You have requested our opinion regarding certain federal income tax consequences of the merger (the "Merger") of LPG Acquisition Company ("Acquisition"), a Delaware corporation and a direct wholly-owned subsidiary of Conseco, Inc. ("Conseco"), an Indiana corporation, with and into Life Partners Group, Inc. ("LPG"), a Delaware corporation.

In formulating our opinion, we examined such documents as we deemed appropriate, including the Agreement and Plan of Merger among Conseco, Acquisition, and LPG dated March 11, 1996, as amended (the "Merger Agreement"), the Joint Proxy Statement filed by Conseco and LPG with the Securities and Exchange Commission (the "SEC") _____ on _____, 1996 (the "Joint Proxy Statement"), and the Registration Statement on Form S-4, as filed by Conseco with the SEC on _____, 1996, in which the Joint Proxy Statement will be included as a prospectus, (with all amendments thereto, the "Registration Statement"). In addition, we have obtained such additional information as we have deemed relevant and necessary through consultation with various officers and representatives of Conseco, Acquisition and LPG.

Our opinion set forth below assumes (1) the accuracy of the statements and facts concerning the Merger set forth in the Merger Agreement, the Joint Proxy Statement, and the Registration Statement, (2) the consummation of the Merger in the manner contemplated by, and in accordance with the terms set forth in, the Merger Agreement, the Joint Proxy Statement and the Registration Statement and (3) the accuracy of (i) the representations made by Conseco, which are set forth in the Officers' Certificate delivered to us by Conseco, dated the date hereof, (ii) the representations made by LPG, which are set forth in the Officers' Certificate

delivered to us by LPG, dated the date hereof and (iii) the representations made by certain shareholders of LPG in Certificates delivered to us by such persons pursuant to the terms of the Merger Agreement.

Based upon the facts and statements set forth above, our examination and review of the documents referred to above and subject to the assumptions set forth above, we are of the opinion that for federal income tax purposes:

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

We express no opinion concerning any tax consequences of the Merger other than those specifically set forth herein.

Our opinion is based on current provisions of the Code, the Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service and case law, any of which may be changed at any time with retroactive effect. Any change in applicable laws or facts and circumstances surrounding the Merger, or any inaccuracy in the statements, facts, assumptions and representations on which we have relied, may affect the continuing validity of the opinions set forth herein. We assume no responsibility to inform you of any such change or inaccuracy that may occur or come to our attention.

Very truly yours,

Contacts:
Conseco--Jim Rosensteele (317) 817-2893
Life Partners Group--Roy Winnick, Kekst and Company (212) 593-2655

FOR IMMEDIATE RELEASE

**CONSECO AND LIFE PARTNERS GROUP SIGN DEFINITIVE MERGER
AGREEMENT;
CONSECO TO PURCHASE ALL LPG SHARES FOR \$600 MILLION IN
STOCK;
CONSECO TERMINATES ITS ACQUISITION PARTNERSHIP**

Carmel, Ind. and Englewood, Col.: March 12, 1996 -- Conseco, Inc. (NYSE:CNC) and Life Partners Group, Inc. (NYSE:LPG) today jointly announced that they have signed a definitive merger agreement providing for all LPG shareholders to receive \$21.00 in Conseco stock for each of their shares.

In the merger, each of the issued and outstanding shares of LPG common stock would be converted into the right to receive a fraction of a share of Conseco common stock determined by dividing \$21.00 by the average pre-split closing price of Conseco common stock during the 20 trading days ending two days prior to the merger (such fraction on a pre-split basis to be not more than 0.3500 nor less than 0.2917). (As previously reported, Conseco common stock will split two-for-one effective April 1, 1996.) The total value of the transaction would be approximately \$840 million--including \$600 million to purchase LPG's 28.6 million fully diluted common shares and \$240 million of existing LPG long-term debt to be assumed by Conseco. Under the merger agreement, LPG would become a wholly owned subsidiary of Conseco.

Consummation of the merger, which is subject to customary terms and conditions, including approval by the stockholders of both LPG and Conseco and regulatory approvals, is expected before the end of June. A termination fee of \$20 million is payable under certain circumstances by either party if its shareholders do not approve the transaction.

Conseco Chairman Stephen C. Hilbert said, "The merger with Life Partners Group is expected to be accretive to Conseco's earnings per share and should boost our projected annual EBIT (earnings before interest and taxes) cash flow to approximately \$500 million. There is a fundamental reason why we are taking this major strategic step: we view product distribution as the key to our continued growth. LPG's universal life, traditional life and deferred annuity businesses will complement Conseco's current products, and LPG's 30 marketing organizations and 25,000 agents will significantly expand Conseco's current distribution capability and provide new opportunities to cross-sell our current products. Conseco currently distributes: (1) Medicare supplement, long-term care, life insurance and annuities to America's seniors through approximately 200 branch offices and 3,300 career agents; (2) tax-qualified annuities primarily to school teachers and administrators through approximately 3,000 educator market specialists; and (3) retirement annuity and life insurance products through approximately 9,000 professional independent producers. We believe that joining forces with LPG will create a company with unexcelled product diversity and distribution strength," Hilbert said.

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"The combined organization will have stronger profitability, more diversified operations and greater financial flexibility than either company now enjoys," Hilbert said. "These benefits, we believe, will translate over time into significantly higher claims-paying ratings for the life insurance operating companies. Further, we believe that Conseco's proven administrative systems and customer-focused operating philosophy will result in improved service for LPG's agents and policyholders.

"In LPG we see an innovative approach to marketing life products and a group of highly motivated producers who have formed partnerships with the company. We are eager to work with those partnering agents and to expand their product offerings."

John H. Massey, chairman and chief executive officer of Life Partners Group, said, "The strategic business combination of Conseco and Life Partners Group is a unique opportunity for both companies to build value for their respective shareholders, policyholders, agents and other business partners.

"The combined organization will rank among the top life and health insurance companies in the nation," Massey said. "It will bring together Conseco, a Wall Street and insurance industry star that views life insurance distribution as a key to its continued success--and that values highly our Client Company concept--and Life Partners, with our outstanding life insurance distribution system, broad product line, 25,000-agent network, and, through Lamar Life, our international capabilities. As such, this proposed transaction will benefit the entire Life Partners Group organization, making it part of one of the strongest, most dynamic, and fastest-growing companies in the highly competitive insurance industry."

Upon completion of the LPG merger, Conseco would have shareholders' equity of \$1.9 billion, a debt-to-capital ratio of 32 percent, \$29 billion of invested assets under management, \$23 billion of assets on its balance sheet, and combined annual collected premiums of \$2.8 billion.

Separately, Conseco announced today that it is terminating its acquisition partnership, Conseco Capital Partners II, L.P. Hilbert said the decision stems from two changes. "First," Hilbert said, "the regulatory environment has changed for insurance company acquisitions. Second, Conseco, too, has changed since the partnership was forming in 1993. We have achieved the size and financial strength needed to accomplish acquisitions without outside capital. We will manage the partnership's investment in American Life Group to enable us to make a distribution to the limited partners as soon as is practicable. We've formed some great relationships with our limited partners and we look forward to working with them in the future."

Life Partners Group, headquartered in Englewood, Col., is a life insurance holding company that, through its insurance subsidiaries, Massachusetts General Life, Philadelphia Life and Lamar Life, sells a diverse portfolio of universal life insurance and annuity products.

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Conseco/Life Partners Group (3) March 12, 1996

Life Partners Group was formed in 1990 when a group of investors led by Hicks, Muse, Tate & Furst Incorporated of Dallas, a leading private investment firm, purchased seven life insurance companies, including Massachusetts General Life and Philadelphia Life, from I.C.H. Corp.

Conseco, a financial services organization headquartered in Carmel, Ind., owns and operates life insurance companies and provides investment management, administrative and other services for fees.

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End of Filing

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