

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
SOUTHERN DIVISION

FRANZ SCHLEICHER, et al.,

Plaintiffs,

-against-

GARY C. WENDT, WILLIAM J. SHEA,
CHARLES B. CHOKEL and JAMES S.
ADAMS,

Defendants.

No. 02 CV 1332 TWP-TAB

**NOTICE OF PROPOSED SETTLEMENT OF CLASS
ACTION, MOTION FOR ATTORNEYS' FEES AND
SETTLEMENT FAIRNESS HEARING**

**IF YOU PURCHASED OR ACQUIRED CONSECO, INC. COMMON STOCK BETWEEN APRIL 24, 2001 AND AUGUST 9, 2002, YOU
COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.**

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Your legal rights are affected whether you act, or don't act.

Read this Notice carefully.

Security and Time Period: Consecro, Inc. ("Consecro") common stock (stock symbol: CNC; cusip no: 208464107) purchased or acquired between April 24, 2001 and August 9, 2002 (the "Class Period"). During the Class Period, the stock symbol for Consecro on the New York Stock Exchange was "CNC".

Settlement Fund: \$41,465,000 in cash. Your recovery will depend on the number of shares of Consecro common stock you, and other Class Members who file claims, purchased and sold and the prices at which you, and the other Class Members who file claims, purchased and sold those shares. The estimated average recovery per share of common stock, based on the 476,761,149 Consecro common shares which were available to be traded during the Class Period, will be approximately \$0.087 per share before deduction of Court-approved fees and expenses and costs of notice and claims administration. The number of shares claimed in the Settlement is likely to be different than 476,761,149 shares because some Class Members may not file claims on shares they purchased during the Class Period, and certain shares may have traded more than once during the Class Period and more than one Class Member may file claims on those shares.

Reasons for Settlement: This action (the "Action") arises from decline in Consecro's stock price during the Class Period, which eventually led to the company's bankruptcy. The Plaintiffs allege that, during the Class Period, Consecro's stock price was artificially inflated as a result of untrue or materially misleading statements concerning, *inter alia*, the affect of Consecro Inc.'s and CFC's improper loss mitigation techniques on loan delinquency rates and the value of interest only securities, corporate guarantee exposure on certain B-2 tranche securities, the disclosure of and the accounting for guarantees made by Consecro Inc. in connection with its Directors and Officers loan program, and the reporting of CFC's loan servicing revenues and costs. Plaintiffs further contend that Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of the alleged inflation. The case has been litigated since August 2002, for over 8 years. The Class Representatives and Lead Counsel believe that the Settlement provides the Class with a benefit now instead of years of further uncertain litigation, including disposition of the summary judgment motions, a contested trial and likely appeals, with the possibility of no recovery at all.

The Defendants have denied and continue to deny each and all of the claims and contentions alleged in the Second Amended and Consolidated Class Action Complaint and believe that they have meritorious defenses to those claims and contentions. The Settlement shall in no event be construed as, or deemed to be evidence of, an admission or concession by any of Defendants with respect to any claim of any fault or liability or wrongdoing or damage to the Class Members in this Action.

Nevertheless, Defendants have concluded that further defense of the Action would be protracted and expensive, and also have taken into account the uncertainty, risks and distractions inherent in any litigation.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested dispositive motions, trial and likely appeals. A trial is a risky proposition and Plaintiffs may not prevail. The claims in the Action involve numerous complex legal and factual issues, many of which would require expert testimony. The Parties disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Plaintiffs were to have prevailed on each claim alleged. Among the many key issues about which Plaintiffs and the Defendants do not agree are: (1) whether the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the misrepresentations and omissions alleged by the Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) the extent (if any) to which the alleged misrepresentations and omissions influenced the trading prices of Consecro common stock during the relevant period; and (4) the method for determining whether, and the extent to which, purchasers of Consecro stock suffered injury and damages that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work or expenses incurred in investigating the facts, conducting this litigation and negotiating the Settlement on behalf of the Class Representatives and the Class. Lead Counsel will ask the Court for attorneys' fees not to exceed one-third (1/3) of the Settlement Fund and expenses not to exceed \$2,300,000 to be paid from the Settlement Fund. The two Class Representatives will also request reimbursement of their actual costs and expenses (including lost wages) directly related to their representation of the Class, not to exceed \$50,000 each.

If the above amounts are requested and approved by the Court, the average cost per share of common stock (based on the estimated 476,761,149 damaged Consecro shares) will be approximately \$0.033 per share, making the estimated recovery per share after fees and expenses \$0.053 per share.

Dismissal and Releases: If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the "Judgment"). The Judgment will dismiss the Released Claims with prejudice as to the Released Persons, which include the Defendants and their Related Parties (including, but not limited to, their parents, subsidiaries and affiliates, and all of their employees, directors and officers). The Judgment will provide that all Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Members of the Class have such claims) against all Released Persons. The terms of the releases, including the meaning of the term "Released Claims," are set forth in the Proof of Claim and Release form that is enclosed.

Deadlines:

Submit Claim:	March 23, 2011
File Objection:	January 27, 2011
Request Exclusion	January 27, 2011
Court Hearing on Fairness of Settlement:	February 17, 2011

More Information: www.gcginc.com

Claims Administrator:

Conseco, Inc. Securities Litigation
 c/o The Garden City Group, Inc.
 P.O. Box 9670
 Dublin, OH 43017-4970
 1-888-448-4492

Lead Counsel:

Peter A. Binkow, Esq.
 Glancy Binkow & Goldberg LLP
 1801 Avenue of the Stars #311
 Los Angeles, California 90067
 (310) 201-9150
 settlements@glancylaw.com

- Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may write to the Court if you do not like this Settlement.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the class claims being released in this case.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Receive no payment.

- Unless you timely request exclusion from the Class, or unless the Court rejects the proposed Settlement, you are bound by the Settlement Agreement and its Release, whether or not you submit a claim.
- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court presiding over this case must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased or acquired Conseco common stock between April 24, 2001 and August 9, 2002.

This Notice was sent because you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to those persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Southern District of Indiana, and the case is known as *Schleicher, et al v. Wendt., et al.*, Civil Action No. 02-CV-1332. Franz Schleicher and Herb Lanese, who brought this action, are called Class Representatives, and the defendants they sued, Gary Wendt, James Adams, William Shea and Charles Chokel, are collectively called the Defendants. The Parties include the Class Representatives, the certified Class (“Plaintiffs”), and the Defendants.

2. What Is This Action About?

This Action alleges violations of the Federal Securities Laws (specifically, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Securities Exchange Act of 1934) against Defendants.

Defendants Gary Wendt, Charles Chokel, William Shea and James Adams were Conseco’s CEO and three senior executives at Conseco during the class period. Conseco was a publicly traded Insurance and Finance company based in Carmel, Indiana. During the Class Period, Conseco common stock traded on the New York Stock Exchange (NYSE) under the ticker symbol “CNC.”

The Plaintiffs allege that, during the Class Period, Conseco’s stock price was artificially inflated as a result of untrue or materially misleading statements concerning, *inter alia*, the affect of Conseco Inc.’s and CFC’s improper loss mitigation techniques on loan delinquency rates and the value of interest only securities, corporate guarantee exposure on certain B-2 tranche securities, the disclosure of and the accounting for guarantees made by Conseco Inc. in connection with its Directors and Officers loan program, and the reporting of CFC’s loan servicing revenues and costs. Plaintiffs further contend that Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of the alleged inflation.

3. Why Is This a Class Action?

Class actions are generally used in lawsuits that affect a large number of individuals; in effect, the class action operates to consolidate into a single action all of the claims of individuals allegedly harmed by the same conduct or course of conduct, thus alleviating the need for members of the class to file their own individual lawsuits to recover for the harm alleged. Once the class is certified, the Court is empowered to resolve all issues on behalf of members of the class, except for those members of the class, if any, who specifically choose to exclude themselves from the class.

The Action was certified as a class action on behalf of all purchasers of Conseco common stock during the Class Period, other than Defendants and certain persons affiliated with them, pursuant to an Order dated March 20, 2009. All Class Period purchasers of Conseco common stock are Members of the Class, except those persons who timely file a request for exclusion by January 27, 2011. All persons who do not timely exclude themselves from the Class will be bound by the proposed Settlement and its accompanying Release.

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a Settlement. This permits them to avoid the cost and uncertainty of a trial, and permits eligible Class Members who submit valid claims to receive compensation. The Class Representatives and their attorneys believe the Settlement is best for all Class Members. The Defendants have concluded that further defense of the Action would be protracted and expensive, and also have taken into account the uncertainty, risks and distractions inherent in any litigation, especially in a complex case such as the Action.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this Settlement, you first have to determine if you are a Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Class includes **all persons or entities who purchased or acquired shares of Conseco common stock between April 24, 2001 and August 9, 2002.**

6. What Are the Exceptions to Being Included?

You are not a Class Member if you are a Defendant, an officer or director of Conseco, Inc., members of their immediate families, and the heirs, successors or assigns of any of the foregoing.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Peter A. Binkow of Glancy Binkow & Goldberg LLP at 1-888-773-9224 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

The Settlement will result in a fund of \$41,465,000 in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing the newspaper notice (the "Net Settlement Fund") will be divided among all eligible Class Members who send in valid claim forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in, the number of Conseco common shares you purchased or acquired during the relevant period, and the timing of your purchases and sales.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. After all Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all persons submitting Claim Forms. The Recognized Claim is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is allocated among all persons submitting claims.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Class Member, send in a valid Proof of Claim and Release form, and properly document your claim as requested in the Claim Form. A Proof of Claim and Release form is enclosed with this Notice. You may also get a Proof of Claim and Release form on the internet at www.gcginc.com. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents the form asks for, sign it, and mail it postmarked no later than March 23, 2011.

11. When Will I Receive My Payment?

The Court will hold a hearing on February 17, 2011, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. Even if no appeals are filed, it will take several months for the Claims Administrator to process all of the Proof of Claim and Release forms and determine the ultimate distribution amounts.

12. What Am I Giving Up to Receive a Payment?

As a Class Member, you will not be giving up any rights that you currently have by submitting a Proof of Claim and Release form to receive a payment. Unless you timely exclude yourself from the Class by the January 27, 2011 deadline, you are a Member of the Class and will be bound by the Release of claims against the Defendants. That means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court's Orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the Release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE CLASS ACTION SETTLEMENT

If you do not want a payment from the class action Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own for the Released Claims in the class action then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Schleicher, et al v. Wendt., et al.*, Civil Action No. 02-CV-1332. You must include your name, address, telephone number, your signature, and the number of shares of Conseco common stock you purchased between April 24, 2001 and August 9, 2002, the number of shares sold during this time period, if any, and the dates of such purchases and/or sales. You must mail your exclusion request postmarked no later than January 27, 2011 to:

Conseco, Inc. Securities Litigation
EXCLUSIONS
c/o The Garden City Group, Inc.
P.O. Box 9670
Dublin, OH 43017-4970
1-888-448-4492

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the class action Settlement. You will not be legally bound by anything that happens in the class action lawsuit.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself from the Class, you give up any right to sue the Defendants or their Released Persons for the Released Claims in the class action Settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is January 27, 2011.

15. If I Exclude Myself, Can I Receive Money from the Class Action Settlement?

No. If you exclude yourself, do not send in a Claim Form. But, you may sue, continue to sue, or be part of a different lawsuit involving the Released Claims against the Defendants.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Glancy Binkow & Goldberg LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees of one-third of the Settlement Fund and for expenses up to \$2,300,000, which were advanced in connection with the Action. The two Class Representatives will also request reimbursement of their actual costs and expenses (including lost wages) directly related to their representation of the Class, not to exceed \$50,000 each. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Since the case began in 2002, Lead Counsel have conducted all of the investigation, document review, depositions, briefing and motions practice necessary to prepare the case for trial, and employed experts to testify on behalf of the Class. To date, Lead Counsel have not been paid for their services in conducting this litigation on behalf of the Class Representatives and the Class, nor for their substantial expenses. Lead Counsel have expended to date more than 50,000 hours of attorney time in prosecuting the Class's claims and have incurred almost \$2,000,000 in out of pocket expenses in prosecuting the Action. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund.

Lead Counsel shall file one or more formal motions with the District Court for approval of the Settlement, the Plan of Allocation, and the request for attorneys' fees and reimbursement of expenses not later than January 13, 2011. Within two (2) days after they are filed, those motions will be available for Class members to review on the Claims Administrator's website: www.gcginc.com, or by contacting Lead Counsel or the Claims Administrator as instructed below in Section 23. That motion will argue that Lead Counsel's requested fees are well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court determines what Lead Counsel should receive from the Settlement Fund for fees and expenses, and may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it, and the Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Schleicher, et al v. Wendt., et al.*, Civil Action No. 02-CV-1332. Be sure to include your name, address, telephone number, your signature, the number of shares of Conseco common stock purchased and/or acquired between April 24, 2001 and August 9, 2002, and the reasons you object. Any objection must be mailed or delivered such that it is received by *each* of the following no later than January 27, 2011:

Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
Birch Bayh Federal Building and United
States Courthouse
46 East Ohio Street, Room 105
Indianapolis, Indiana 46204

Lead Counsel Designee:
Peter A. Binkow, Esq.
Glancy Binkow & Goldberg LLP
1801 Avenue of the Stars #311
Los Angeles, California 90067
(310) 201-9150

Defendants' Counsel Designee:
Daniel Laytin, Esq.
Kirkland & Ellis LLP
300 North LaSalle
Chicago, IL 60654
(312) 862-2000

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

19. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Settlement Hearing at 9:00 a.m. on February 17, 2011, at the Birch Bayh Federal Building and United States Courthouse, 46 East Ohio Street, Room 105, Indianapolis, Indiana 46204. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will also consider how much to pay to Lead Counsel and whether the Plan of Allocation is fair, reasonable and adequate. The Court may decide these issues at the hearing or take them under consideration for a later decision.

20. Do I Have to Come to the Hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

21. May I Speak at the Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter saying that it is your intention to appear in *Schleicher, et al v. Wendt, et al.*, Civil Action No. 02-CV-1332. Be sure to include your name, address, telephone number, your signature, and the number of shares of Consecos common stock purchased or acquired between April 24, 2001 and August 9, 2002. Your notice of intention to appear must be received no later than January 27, 2011, by the Clerk of the Court, Lead Counsel Designee and Defendants' Counsel Designee, at the three addresses listed in question 18.

IF YOU DO NOTHING

22. What Happens if I Do Nothing at All?

If you do nothing, all of your claims against the Defendants will be released, but you will not receive any money from this Settlement because it is necessary to submit a Proof of Claim and Release form.

GETTING MORE INFORMATION

23. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement dated as of October 12, 2010. You can obtain a copy of the Settlement Agreement or more information about the Settlement by contacting Lead Counsel:

Peter A. Binkow, Esq.
Glancy Binkow & Goldberg LLP
1801 Avenue of the Stars, #311
Los Angeles, California 90067
settlements@glancylaw.com
1-888-773-9224

or the Claims Administrator:

Conseco, Inc. Securities Litigation
c/o The Garden City Group, Inc.
P.O. Box 9670
Dublin, OH 43017-4970
1-888-448-4492

or by visiting www.gcginc.com

You can also obtain a copy from the Clerk's office during regular business hours:

Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
Birch Bayh Federal Building and United States Courthouse
46 East Ohio Street, Room 105
Indianapolis, Indiana 46204

UNDERSTANDING YOUR PAYMENT

The Net Settlement Fund shall be distributed to Class Members who submit valid Proofs of Claim ("Authorized Claimants") in the following manner:

PLAN OF ALLOCATION OF NET SETTLEMENT FUND

24. GENERAL PROVISIONS

- a. The term "market loss" means the amount by which the actual purchase or acquisition price is greater than the actual sale or holding price of Consecos common stock. For short sale transactions, the amount by which the actual short sale price is lower than the actual cover or holding price. (Cover refers to a purchase that closes out the short position).
- b. The term "market profit" means the amount by which the actual purchase or acquisition price is less than the actual sale or holding price of Consecos common stock. For short sale transactions, it means the amount by which the actual short sale price is higher than the actual cover or holding price.
- c. The terms "net market loss" and "net market profits" mean any market loss or profit that occurs from the trading of Consecos common stock during the Class Period, as discussed in "Calculation Of Net Recognized Loss For Each Class Member" below.
- d. The term "Recognized Loss," as used herein, is not market loss or net market loss. Rather, it is a calculation to arrive at a loss figure for purposes of calculating an Authorized Claimant's *pro rata* participation in the Net Settlement Fund as described below.
- e. The term "Net Settlement Fund" has the same meaning as in the Stipulation of Settlement.

25. BASIS FOR RECOGNIZED LOSS FOR CLAIMS

A "Recognized Loss" will be calculated for each purchase or acquisition of Consecos common stock that occurred during the Class Period, or in the case of a short seller, each short sale and cover transaction, listed in the claim form, and for which adequate documentation is provided.

The Recognized Loss for a claimant's transactions will be calculated by the Claims Administrator in consultation with Lead Counsel in accordance with the provisions of this Plan of Allocation.

a. Computation of Loss Per Share for Common Stock Purchases/Acquisitions

Computation of the Loss Per Share reflects price changes of Conseco common stock in reaction to certain public announcements regarding Conseco, adjusting for price changes that were attributable to market and industry forces, or other company information unrelated to the alleged fraud, based on the allegations in the Second Amended Complaint and the evidence developed in support thereof.

b. Use of “FIFO” Methodology for Computation of Recognized Losses for Class Members Who Made Multiple Transactions in Conseco Common Stock During the Class Period

For Class members who made multiple purchases, acquisitions or sales of Conseco common stock during the Class Period, the earliest subsequent sale shall be matched first against the claimant’s closing position the day before the first day of the Class Period, and then matched chronologically thereafter against each purchase or acquisition made during the Class Period.

For Class members who made multiple short sales and had multiple cover transactions of Conseco common stock during the Class Period, the earliest subsequent cover purchase shall be matched first against the claimant’s closing short position before the first day of the Class Period, and then matched chronologically thereafter against each short sale made during the Class Period.

c. Acquisition by Gift, Inheritance or Operation of Law

If a Class member acquired Conseco common stock during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent those shares were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be zero.

d. Payments Less Than \$10

A payment to any Class Member that would amount to less than \$10.00 in total will not be included in the calculation of the Net Settlement Fund, and no payment to these Class Members will be distributed.

26. CALCULATION OF RECOGNIZED LOSS PER SHARE

a. Purchases or Exchange Acquisitions of Conseco Common Stock

For shares of Conseco common stock purchased or otherwise acquired during the Class Period (not used to cover short positions), and:

- A. Sold during the same transaction period as detailed in the Table below, the Recognized Loss Per Share is \$0;
- B. Sold on or before the close of trading on August 9, 2002, the Recognized Loss Per Share is the lesser of (but not less than zero): (i) the purchase price minus the sale price; or (ii) the Loss Per Share at purchase shown in the Table below minus the Loss Per Share at sale shown in the Table below;
- C. Still held as of the close of business on August 9, 2002, the Recognized Loss Per Share is the lesser of (but not less than zero): (i) the purchase price minus \$0.115; or (ii) the Loss Per Share at purchase shown in the Table below.

Transaction Period	Loss Per Share
April 24, 2001 – April 24, 2001	\$1.64
April 25, 2001 – October 2, 2001	\$2.96
October 3, 2001 – October 30, 2001	\$2.07
October 31, 2001 – November 20, 2001	\$1.33
November 21, 2001 – January 3, 2002	\$0.76
January 4, 2002 – January 7, 2002	\$0.00
January 8, 2002 – January 29, 2002	\$0.36
January 30, 2002 – March 5, 2002	\$0.90
March 6, 2002 – July 11, 2002	\$0.51
July 12, 2002 – August 1, 2002	\$0.31
August 2, 2002 – August 6, 2002	\$0.23
August 7, 2002 – August 7, 2002	\$0.18
August 8, 2002 – August 9, 2002	\$0.11

b. Short Sales and Cover Transactions of Conseco Common Stock

For shares of Conseco common stock sold short during the Class Period, and:

- A. Covered during the same transaction period as detailed in the Table above, the Recognized Loss Per Share is \$0;
- B. Covered on or before the close of trading on August 9, 2002, the Recognized Loss Per Share is the lesser of (but not less than zero): (i) the cover price minus the short sale price; or (ii) the Loss Per Share at cover shown in the Table above minus the Loss Per Share at short sale shown in the Table above;
- C. Still not covered as of the close of business on August 9, 2002, the Recognized Loss Per Share is \$0.

27. CALCULATION OF NET RECOGNIZED LOSS FOR EACH CLASS MEMBER

The Recognized Loss with respect to a purchase or acquisition of Conseco common stock is calculated by multiplying the number of shares by the appropriate Recognized Loss Per Share, as set forth above. The Net Recognized Loss equals the sum of all Recognized Losses for all transactions.

NOTE: ALL MARKET PROFITS SHALL BE SUBTRACTED FROM ALL MARKET LOSSES ON ALL TRANSACTIONS IN CONSECO COMMON STOCK DURING THE CLASS PERIOD TO DETERMINE THE NET MARKET LOSS OF EACH CLASS MEMBER.

For purposes of determining whether a Claimant had a market profit or suffered a market loss from his, her or its overall transactions in Conseco common stock during the Class Period, the Claims Administrator shall for purchases and sales not related to short selling: (i) total the amount paid (excluding commissions and other charges) for Conseco common stock purchased during the Class Period by the Claimant (the "Total Purchase Amount"); (ii) match any sales of Conseco common stock during the Class Period first against the Claimant's opening position in Conseco common stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received (excluding commissions, etc.) for sales of Conseco common stock sold during the Class Period (the "Sales Proceeds"); and (iv) assign the holding price of \$0.115 per share for Conseco common stock (the closing price of Conseco common stock on August 12, 2002) for Conseco common stock purchased or acquired during the Class Period and still held at the end of the Class Period ("Holding Value").

For purposes of determining whether a Claimant had a market profit or suffered a market loss from his, her or its overall transactions in Conseco common stock during the Class Period, the Claims Administrator shall for purchases and sales related to short selling: (v) total the amount received (excluding commissions and other charges) for Conseco common stock shorted during the Class Period by the Claimant (the "Total Short Amount"); (vi) match any covers of Conseco common stock during the Class Period first against the Claimant's opening short position in Conseco common stock (the costs of those covers will not be considered for purposes of calculating gains or losses); (vii) total the amount paid (excluding commissions, etc.) for covers of Conseco common stock covered during the Class Period (the "Cover Costs"); and (viii) assign the holding cost of \$0.115 per share for Conseco common stock (the closing price of Conseco common stock on August 12, 2002) for Conseco common stock shorted during the Class Period and not covered by the end of the Class Period ("Short Holding Cost").

The Total Purchase Amount (i) less the Sales Proceeds (iii) and less the Holding Value (iv) less the Total Short Amount (v) plus the Cover Costs (vii) and plus Short Holding Cost (viii) will be deemed a Claimant's net market profit or net market loss (a profit occurs if a negative number is calculated) on his, her or its overall transactions in Conseco common stock during the Class Period.

IF, DURING THE CLASS PERIOD, A CLASS MEMBER MADE A NET MARKET PROFIT IN HIS, HER OR ITS TRANSACTIONS IN CONSECO COMMON STOCK, THE AMOUNT OF THE CLASS MEMBER'S CLAIM SHALL BE ZERO.

IF, DURING THE CLASS PERIOD, A CLASS MEMBER HAS A NET MARKET LOSS IN HIS, HER OR ITS TRADING IN CONSECO COMMON STOCK THAT IS LESS THAN HIS, HER OR ITS NET RECOGNIZED LOSS, THE CLASS MEMBER'S CLAIM SHALL BE LIMITED TO THE CLASS MEMBER'S NET MARKET LOSS.

28. DISTRIBUTION OF THE NET SETTLEMENT FUND

The Net Recognized Loss will be used for calculating the relative amount of participation by authorized claimants in the Net Settlement Fund and does **not** reflect the actual amount an authorized claimant can expect to recover from the Net Settlement Fund. The Net Recognized Losses of all Authorized Claimants may be greater than the Net Settlement Fund. In such event, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund, which shall be his, her or its Net Recognized Loss divided by the total of Net Recognized Losses for all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

- a. Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim by the deadline for submitting claims will not share in the recovery, but nevertheless will be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Action.
- b. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Conseco common stock purchased or acquired between April 24, 2001 and August 9, 2002 as nominee for a beneficial owner, then, within twenty (20) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Conseco, Inc. Securities Litigation
c/o The Garden City Group, Inc.
P.O. Box 9670
Dublin, OH 43017-4970
1-888-448-4492

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for administrative costs actually incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.