

Church Extension of the Church of God, Inc.

JUDGE GIVES FINAL APPROVAL OF SETTLEMENTS

July 26, 2006

Judge David J. Hamilton of the United States District Court of the Southern District of Indiana gave final approvals on two separate settlement agreements that provide substantial funds that will be available for distribution to the creditors of Church Extension of the Church of God, Inc (“CE”). One settlement resolved the lawsuit against the former auditing firm of CE and one resolved the litigation against the former Directors and certain Officers of CE. The Judge ruled, among other things, that the settlements were entered into in good faith, and the terms were fair, reasonable, adequate, and in the best interests of the creditors.

Funds received from both settlements total almost \$7 million and the distribution, which is expected to occur within the next 30 to 45 days, will equate to about an 8% additional recovery for creditors. These funds, when added to the \$32.3 million already distributed, will bring the recovery to date to approximately 46% of total claims. As part of the settlements, there are also various claims from which CE will be released that will benefit the remaining creditors.

The Reconstituted Board does wish to thank the Integrity Advisors Group for the generous \$4 million payment that was instrumental in settling the Directors and Officers litigation. It should also be noted that Sommer Barnard PC, who represented both classes in these lawsuits, agreed to forgo their normal contingency fees and be paid on an hourly basis. This is highly unusual for class action lawsuits and it means that far more of the settlement dollars will be available for distribution to creditors.

These settlements represent important milestones in CE’s attempt to repay creditors as much as possible. They do not, however, release CE or the Conservator from the responsibilities assigned by the Court and spelled out in the Plan for Noteholder Repayment (the “Plan”). The staff of CE, operating under the Reconstituted Board of Directors and with oversight from the Conservator and the Courts, will continue to execute the Plan. This includes marketing for sale all remaining assets of CE, resolving problems as they arise, and controlling administrative costs in order to maximize the recovery for noteholders and creditors.