

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

In re SCOR HOLDING (SWITZERLAND) AG : **MASTER FILE 04 Civ. 7897 (DLC)**
LITIGATION :
: :
: :
: :

**STIPULATION OF SETTLEMENT
AS TO SCOR HOLDING (SWITZERLAND) AG**

TABLE OF CONTENTS

Page

STIPULATION OF SETTLEMENT AS TO SCOR HOLDING (SWITZERLAND) AG.....1

I. INTRODUCTION AND DEFINITIONS.....2

 A. Procedural History2

 B. Settlement Discussions8

 C. Discovery9

 D. Settlement Considerations10

 E. Definitions.....12

II. TERMS AND CONDITIONS OF THE SETTLEMENT25

 A. Withdrawal of Pending Motions.....25

 B. The Escrow Account.....25

 C. The Escrow Agent.....26

 D. Qualified Settlement Fund27

 E. Distribution of the Net Settlement Amount29

 F. Plan of Allocation30

III. NOTICE TO THE CERTIFIED CLASS33

 A. Individual Notice33

 B. Summary Notice33

IV. APPOINTMENT OF CLAIMS ADMINISTRATOR33

V. RIGHT TO COMMUNICATE WITH CLASS MEMBERS35

VI. REQUESTS FOR EXCLUSION FROM THE CLASS36

VII. OBJECTIONS TO SETTLEMENT37

VIII. RELEASE AND WAIVER, AND ORDER OF DISMISSAL.....38

 A. Release and Waiver.....38

B.	Final Judgment and Order of Dismissal.....	41
IX.	ATTORNEYS’ FEES AND EXPENSES.....	41
A.	Attorneys’ Fees and Expenses	41
X.	PRELIMINARY APPROVAL HEARING AND PRELIMINARY APPROVAL ORDER.....	43
XI.	FINAL APPROVAL, AND FINAL JUDGMENT AND ORDER OF DISMISSAL	43
XII.	MODIFICATION OR TERMINATION OF THIS SETTLEMENT AGREEMENT	47
XIII.	SHS’ TERMINATION RIGHTS.....	49
XIV.	GENERAL MATTERS AND RESERVATIONS.....	49

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

_____X
:
In re SCOR HOLDING (SWITZERLAND) AG : **MASTER FILE 04 Civ. 7897 (DLC)**
LITIGATION :
:
:
_____X

**STIPULATION OF SETTLEMENT
AS TO SCOR HOLDING (SWITZERLAND) AG**

WHEREAS SCOR Holding (Switzerland) AG (referred to herein as “SHS” and more fully defined in Section I.E. below), formerly known as Converium Holding AG (referred to herein as “Converium” and more fully defined in Section I.E. below), Dirk Lohmann, Martin Kauer and Richard Smith (the "Officer Defendants" and, together with SHS, "Defendants") have been named as defendants in one or more class actions brought by the Public Employees’ Retirement System of Mississippi (“Mississippi PERS”), Avalon Holdings, Inc. (“Avalon”) and the Louisiana State Employees’ Retirement System (“LASERS”) (together “Plaintiffs”), on their own behalf and on behalf of specified class members, alleging that the defendants engaged in certain conduct in violation of the United States federal securities laws; and

WHEREAS the class actions are pending before the Honorable Denise Cote, in the United States District Court for the Southern District of New York (the “Court”), and the Court has consolidated the class actions under the caption *In re SCOR Holding (Switzerland) AG Litigation*, Master File No. 04 Civ. 7897 (DLC) (referred to herein as the “Action” and more fully defined in Section I.E. below); and

WHEREAS Mississippi PERS and SHS have agreed to a settlement of the Action that, as set forth more fully below, is intended fully and finally to resolve the claims that purchasers of Converium's American Depositary Shares ("ADSs") on the New York Stock Exchange and U.S. residents who purchased Converium Common Stock on the SWX Swiss Exchange have or could have asserted in the Action against SHS and the Officer Defendants;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the undersigned, including Mississippi PERS (individually and in its representative capacity) and SHS, by and through their duly authorized counsel, that the Action and the matters raised by it are hereby settled and compromised as to SHS and the Officer Defendants, that the Action will be dismissed on the merits and with prejudice as to SHS and the Officer Defendants, and that the Released Plaintiffs' Claims (as defined in Section I.E. below) will be released as to the Releasees (as defined in Section I.E. below) based upon the terms and conditions set forth in this Stipulation of Settlement ("Settlement Agreement" or "Stipulation"), including the Release (as described in Section VIII.a. below), subject to the Court's approval and its becoming Final (as defined in Section I.E. below).

I. INTRODUCTION AND DEFINITIONS

A. Procedural History

1. Beginning in October 2004, seven putative class actions were filed in federal court by certain purchasers of Converium's securities against Converium, certain of Converium's officers and directors, and Zurich Financial Services (referred to

herein as “ZFS” and more fully defined in Section I.E. below), alleging violations of the federal securities laws.

2. Pursuant to an order issued by the Court on July 14, 2005, Mississippi PERS and Avalon were appointed lead plaintiffs in the Action.

3. Pursuant to the same July 14, 2005 order, the Court appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP, Cohen, Milstein, Hausfeld & Toll, P.L.L.C., and Spector Roseman & Kodroff, P.C., as lead counsel for the putative class (“Lead Counsel”).

4. On September 23, 2005, Mississippi PERS and Avalon filed a Consolidated Amended Class Action Complaint (the “Complaint”) on behalf of all persons or entities who purchased or otherwise acquired Converium shares or ADSs during the period from December 11, 2001 through September 2, 2004, inclusive. The Complaint included as defendants: Converium; the Officer Defendants; certain directors of Converium, namely, Terry G. Clarke, Peter C. Colombo, George F. Mehl, Jürgen Foerterer, Anton K. Schnyder, Derrell J. Hendrix, and George G.C. Parker (the “Director Defendants”); ZFS; and UBS AG and Merrill Lynch International (the “Underwriter Defendants”), the lead underwriters in the initial public offering of Converium Common Stock or ADSs that took effect on or about December 11, 2001 (the “Converium IPO”). The Complaint asserted claims under the Securities Act of 1933 (the “Securities Act”) against all defendants and under the Securities Exchange Act of 1934 (the “Exchange Act”) against Converium, ZFS, the Officer Defendants, and the Director Defendants (other than Mr. Clarke).

5. On December 23, 2005, all defendants filed motions to dismiss all claims against them in the Action.

6. On April 21, 2006, Mississippi PERS and Avalon moved for leave to amend the Complaint to add Claims based on Converium's restatement of its previously issued financial results as of and for the years ended December 31, 1998 through 2004 and the quarters ended March 31, 2003 through June 30, 2005, and attached to that motion a copy of their proposed Consolidated Second Amended Class Action Complaint.

7. On May 25, 2006, defendants opposed the motion for leave to amend the Complaint.

8. Pursuant to an order issued by the Court on November 16, 2006, the following cases were consolidated into the Action: Civil Action Nos. 04 Civ. 7897, 04 Civ. 8038, 04 Civ. 8060, 04 Civ. 8295, 04 Civ. 8994, 04 Civ. 9479, and 05 Civ. 3871.

9. On December 1, 2006, Mississippi PERS and Avalon filed a notice seeking to substitute a new version of the proposed Consolidated Second Amended Class Action Complaint (the "Proposed Second Amended Complaint") as an exhibit to their then-pending motion for leave to amend.

10. On December 28, 2006, the Court issued orders: (i) dismissing the Securities Act claims against all defendants; (ii) dismissing the Exchange Act claims based on alleged misrepresentations or omissions in connection with the Converium IPO; (iii) denying dismissal of the Exchange Act claims against Converium and the Officer Defendants based on alleged misrepresentations or omissions after the Converium IPO;

and (iv) denying the motion to amend the Complaint.

11. The automatic stay of discovery imposed by the Private Securities Litigation Reform Act of 1995 was lifted as to Converium and the Officer Defendants upon entry of the Court's December 28, 2006 order denying in part their motion to dismiss.

12. On January 12, 2007, Mississippi PERS and Avalon moved for reconsideration of the Court's December 28, 2006 order to the extent that it had dismissed: (i) the Exchange Act § 10(b) claim on behalf of Converium IPO aftermarket purchasers against Converium and the Officer Defendants based on alleged misrepresentations or omissions in connection with the Converium IPO; (ii) the Exchange Act § 20(a) claims against ZFS and the Officer and Director Defendants (other than Mr. Clarke) arising from Converium's alleged liability to the Converium IPO aftermarket purchasers based on purported misrepresentations or omissions in connection with the Converium IPO; and (iii) the Securities Act claims against all defendants. Mississippi PERS and Avalon also asked the Court to reconsider its denial of leave to amend the Complaint.

13. On March 9, 2007, Mississippi PERS, Avalon, Converium, and the Officer Defendants exchanged their automatic disclosures pursuant to Federal Rule of Civil Procedure 26(a)(1) and subsequently produced documents pursuant to Federal Rule of Civil Procedure 34.

14. In addition, Mississippi PERS and Avalon sought and obtained documents from third parties pursuant to Federal Rule of Civil Procedure 45.

15. On April 9, 2007, the Court denied Mississippi PERS's and Avalon's motion for reconsideration of the dismissal of the Securities Act claims against all defendants but granted reconsideration of the dismissal of the Exchange Act § 10(b) claims against Converium and the Officer Defendants and the Exchange Act § 20(a) claims against ZFS and the Officer Defendants and the Director Defendants (other than Mr. Clarke) on behalf of Converium IPO aftermarket purchasers alleging misrepresentations or omissions in connection with the Converium IPO. The Court also declined to reconsider its refusal to allow Mississippi PERS and Avalon to amend the Complaint.

16. By order entered September 4, 2007, the Court preliminarily approved a settlement between ZFS and Mississippi PERS and Avalon, on behalf of all persons, entities, or legal beneficiaries or participants in any entities who purchased or otherwise acquired Converium's Common Stock and/or ADSs between December 11, 2001 through September 2, 2004, inclusive (the "ZFS Settlement"). If finally approved, the ZFS Settlement will resolve all of the claims that Plaintiffs asserted against ZFS, the Underwriter Defendants, and the Director Defendants, and a portion of the claims Plaintiffs asserted against the Officer Defendants. The ZFS Settlement did not resolve any of the claims Plaintiffs asserted against (i) Converium or (ii) against the Officer Defendants to the extent those claims were based on or arise out of any alleged conduct, acts, or omissions on or after December 10, 2001.

17. On September 28, 2007, Mississippi PERS and Avalon moved to: (1) certify this action as a class action pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3)

consisting of all those who purchased shares and /or ADSs of Converium during the period December 11, 2001 through September 2, 2004, inclusive, and who were damaged thereby; (2) to appoint Mississippi PERS and Avalon as Class representatives; and (3) to appoint Lead Counsel as Class Counsel in accordance with Fed. R. Civ. P. 23(g) (the “Class Motion”).

18. On October 19, 2007, Defendants filed a brief opposing the Class Motion.

19. By orders entered on March 6 and March 19, 2008, the Court certified a Class consisting of all U.S. residents who purchased shares of Converium on the SWX Swiss Exchange and all persons who purchased Converium’s ADSs on the NYSE from January 7, 2002 through September 2, 2004, inclusive (referred to herein as “the “Class” and more fully defined in Section I.E. below), and excluded from the Class all non-U.S. purchasers of Converium shares on the SWX Swiss Exchange (the “Foreign Investors”). The Court named Mississippi PERS as the sole Class Representative and excluded Avalon from the Class because it was a foreign investor that had purchased shares of Converium on the SWX Swiss Exchange.

20. On March 20, 2008, Mississippi PERS and Avalon moved for reconsideration of the Court’s March 6, 2008 opinion and order with respect to the Court’s exclusion of Avalon and foreign investors who purchased Converium Common Stock on the SWX Swiss Exchange.

21. On March 26, 2008, Mississippi PERS and Avalon moved for leave to file an amended complaint to include evidence obtained through discovery of

Defendants' alleged fraudulent conduct in the United States.

B. Settlement Discussions

1. After the filing of Mississippi PERS's and Avalon's Motion for Preliminary Approval of the ZFS Settlement, SHS' counsel and Lead Counsel commenced discussions regarding (i) the structure and terms of a proposed settlement agreement and (ii) the engagement of a private mediator to facilitate the parties' settlement discussions. Mississippi PERS, Avalon and SHS agreed to retain the Honorable Daniel Weinstein (Ret.) to mediate the settlement discussions which began on December 20, 2007 and concluded on April 4, 2008, when they reached an agreement to settle the Action in the amount of seventy-five million dollars (\$75,000,000), subject to the terms and conditions set forth in this Stipulation (the "Settlement"). The Settlement was reached following multiple mediation sessions.

2. SHS has also agreed to a separate settlement of the claims that Foreign Investors who purchased Converium stock on the SWX Swiss Exchange from January 7, 2002 through September 2, 2004 asserted or could have asserted in the Action or in any other forum against SHS and the Officer Defendants in the amount of forty million dollars (\$40,000,000). The settlement with the Foreign Investors will be reflected in a separate settlement agreement between SHS and the Stichting SCOR Securities Compensation Foundation, a Dutch entity which represents purchasers of Converium Common Stock on the SWX Swiss Exchange, excluding members of the Class, during the Class Period. The approval of the Settlement and the settlement with the Foreign Investors are mutually exclusive of one another.

3. Based upon Mississippi PERS' and Lead Counsel's belief that the terms of this Settlement Agreement are fair, reasonable, and adequate, Mississippi PERS and SHS prepared the papers supporting the settlement and executed this Settlement Agreement. The text of this Stipulation and exhibits thereto have been reviewed and approved by Mississippi PERS and SHS.

4. Throughout the pendency of the Action and the settlement negotiations, Mississippi PERS and SHS have been advised by various consultants and experts, including individuals with expertise in estimating potential damages in cases involving allegations of securities fraud, and by counsel competent in securities lawsuits such as this Action.

C. Discovery

1. Mississippi PERS and Avalon have conducted approximately thirty depositions of current and former Converium employees, including defendants Kauer and Smith, as well as representatives of third parties, including B&W Deloitte, Tillinghast Towers Perrin, and the Connecticut Department of Insurance. Mississippi PERS and Avalon have also obtained, reviewed and analyzed millions of pages of documents from Defendants and third parties. In addition, as provided for in the Stipulation of Settlement with ZFS, Mississippi PERS and Avalon reviewed and analyzed thousands of pages of documents produced by ZFS and subsequently interviewed eight (8) current and former employees of ZFS who had knowledge about the circumstances surrounding Converium's initial public offering.

2. Mississippi PERS and Avalon and Defendants each retained

experts to testify on issues relating to liability, reserving, the reinsurance industry, market efficiency, and damages. Reports of the parties' experts were exchanged and depositions were scheduled at the time the Settlement was reached.

D. Settlement Considerations

1. Based upon their investigation and evaluation of the facts and law relating to the Claims alleged in this Action; Lead Counsel's pre-filing investigations; the discovery already obtained from Converium, the Officer Defendants, and certain third parties; the confirmatory discovery from ZFS; and the Court's March 6, 2008 opinion and order with respect to class certification, Mississippi PERS and Lead Counsel have agreed to settle the Action and release the Releasees with respect to the Released Plaintiffs' Claims pursuant to the terms of this Settlement Agreement after considering, among other things: (i) the substantial benefits that the terms of this Settlement Agreement would provide to Class Members (as defined in Section I.E. below) who purchased Converium ADSs on the New York Stock Exchange and U.S. residents who purchased Converium Common Stock on the SWX Swiss Exchange from January 7, 2002 through September 2, 2004, inclusive (the "Class Period"); (ii) the attendant risks of litigation, especially in complex actions such as this, the defenses available to SHS and the Officer Defendants, and the difficulties and delays inherent in such litigation; (iii) the attendant risk that the Court would deny Mississippi PERS' and Avalon's Motion for Reconsideration of its March 6, 2008 order; (iv) the desirability of consummating this Settlement Agreement promptly to provide effective relief to Class Members, and (v) Mississippi PERS' and Lead Counsel's belief, supported by the discovery conducted in

the litigation, that the settlement is fair, reasonable, and adequate, and in the best interests of Class Members.

2. SHS and the Officer Defendants expressly deny the wrongdoing alleged in this Action and do not concede any wrongdoing or liability in connection with any facts or Claims that have been or could have been alleged against them in the Action. However, SHS and the Officer Defendants consider it desirable for the Action to be settled and dismissed because the proposed settlement will, among other things: (i) bring to an end the substantial expense, burdens, and uncertainties associated with continued litigation of the Claims made in this Action; (ii) finally put to rest those Claims and the underlying matters; (iii) confer substantial benefits upon SHS including, without limitation, the avoidance of further expense and disruption of the management and operation of SHS' business due to the pendency and defense of the Action; and (iv) protect the name and reputation of SHS and SCOR SE by avoiding the publicity and risks inherent in a jury trial. This Settlement Agreement, the offer of this Settlement Agreement, and compliance with this Settlement Agreement shall not constitute or be construed to be an admission by SHS, the Officer Defendants or the Releasees, or any of them individually, of any wrongdoing or liability.

3. Except as provided in Section XIV.P below, this Settlement Agreement shall not be admissible in any judicial, administrative, or other proceeding or cause of action as an admission of liability or for any purpose other than to enforce the terms of this Settlement Agreement; *provided, however*, for the avoidance of doubt, that this Settlement Agreement shall be admissible in any proceeding between SHS, the

Officer Defendants, and/or the Director Defendants and any of their insurers.

E. Definitions

Capitalized terms not otherwise defined in this Settlement Agreement shall have the meanings set forth below:

1. “Action” means the consolidated securities class action pending in this Court under the caption *In re SCOR Holding (Switzerland) AG Litigation*, No. 04 Civ. 7897 (DLC), including all cases consolidated into No. 04 Civ. 7897 (DLC) as of the Final Settlement Date.
2. “Approval Date” means the date on which the Final Judgment and Order of Dismissal is entered by the Court.
3. “Attorneys’ Fees and Expenses Application” means the motion for fees and expenses to be made by Lead Counsel pursuant to Section IX below.
4. “Attorneys’ Fees and Expenses Award” means the amounts awarded to Lead Counsel to compensate them for their fees and expenses in connection with investigating, prosecuting, and/or settling the Action as provided for in Section IX_ below.
5. “Authorized Claimant” means a Class Member (or the representative of such Class Member including, without limitation, agents, administrators, executors, heirs, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), or assigns) who submit a valid Proof of Claim.
6. “Claim” or “Claims” means any and all actions, causes of action, proceedings, adjustments, executions, offsets, contracts, judgments, obligations, suits,

debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, variances, covenants, trespasses, damages, demands (whether written or oral), agreements, promises, liabilities, controversies, costs, expenses, attorneys' fees, and losses whatsoever, whether in law, in admiralty, or in equity and whether based on any federal, state, or foreign statutory or common-law right of action or otherwise, foreseen or unforeseen, matured or unmatured, known or unknown, accrued or not accrued, existing now or to be created in the future, including Unknown Claims.

7. "Claims Administrator" means, subject to Court approval, the third-party agent(s) or administrator(s) that the Court appoints in the Preliminary Approval Order to effectuate the Individual Notice and website aspects of the Notice Program, process Proof of Claim forms, and administer and distribute the Net Settlement Amount in accordance with the terms of this Settlement Agreement.

8. "Class" means, pursuant to the Court's Opinion and Orders of March 6 and March 19, 2008, all persons or entities who, during the Class Period, (i) were U.S. residents and purchased Converium Common Stock on the SWX Swiss Exchange and/or (ii) purchased Converium ADSs on the NYSE. Excluded from the Class are such persons or entities who are or were: SHS; ZFS; Converium; the Director Defendants; the Officer Defendants; Family Members of any Officer or Director Defendant; Underwriters of the Converium IPO; any person who was an officer or director of Converium, ZFS, or any of the Underwriters of the Converium IPO at the time of the Converium IPO or during the Class Period; any firm, trust, corporation, officer, or other entity in which Converium, ZFS, the Officer Defendants, the Director Defendants

or the Underwriters of the Converium IPO has, have or had a Controlling Interest; and the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any person or entity excluded pursuant to this Subsection I.E.8. Also excluded from the Class are such persons or entities who submit valid and timely requests for exclusion from the Class.

9. “Class Member” means a member of the Class; *provided, however*, that any person or entity that is not a U.S. resident is a Class Member only to the extent he, she, or it purchased Converium ADSs, and is not a Class Member to the extent he, she, or it purchased Converium Common Stock on the SWX Swiss Exchange.

10. “Common Stock” means the shares of Converium Holding AG with a nominal value of CHF 5 from and after September 28, 2004 and of CHF 10 prior to that time that were traded on the SWX Swiss Exchange.

11. “Complete Bar Order” means the bar order, the text of which is set forth in Section XI.C below.

12. “Controlling Interest” means an interest in an entity where such interest is sufficient to allow the interest holder directly or indirectly to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting shares, by contract, or otherwise; *provided*, that any disputes as to whether the SHS Releasees have a Controlling Interest in an entity or whether an entity has a Controlling Interest in the SHS Releasees shall, for purposes of determining whether a Controlling Interest exists under this Settlement Agreement and for that purpose only, be submitted to the Court for resolution.

13. “Converium” and “SHS” mean Converium Holding AG, now known as SCOR Holding (Switzerland) AG, and any and all of its respective parents, successors, predecessors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries, and entities in which it has a Controlling Interest or that have a Controlling Interest in it; *provided, however*, that the terms “Converium” and “SHS” shall not include SCOR SE, ZFS, Zurich Insurance Company (including, without limitation, its Zurich Re Division), Zurich Ruckversicherung (Köln) AG, HAVG Hamburger Versicherungs-Aktiengesellschaft, Zurich Re Servizi di Riassicurazioni S.R.L., SATEC S.R.L., Zurich Re Representaciones S.A., Zurich Re Servicios Tecnicos Ltda, Zurich Re PCC Ltd., MDU Services Ltd., Zurich Reinsurance Centre Holdings, Inc., Zurich Reinsurance (North America), Inc., ZC Insurance Company, or Zurich Specialties London (f/k/a Zurich Re (UK)).

14. “Converium Restatement” means Converium’s restatement of its previously issued financial results as of and for the years ended December 31, 1998 through 2004 and the quarters ended March 31, 2003 through June 30, 2005.

15. “Damaged Shares” means shares of Converium Common Stock purchased on the SWX during the Class Period by U.S. residents, and Converium ADSs purchased on the NYSE during the Class Period by any person. For the purposes of the calculation of “Damaged Shares,” a Converium ADS shall be counted as one half of one share of Converium Common Stock.

16. “Escrow Account” means the interest-bearing account described in Section II.B into which the Settlement Amount shall be paid, which account shall be

treated for tax purposes as part of a single Qualified Settlement Fund.

17. “Escrow Agent” means the individual or entity acting as escrow agent for the Escrow Account.

18. “Escrow Balance” means the aggregate of all monies in the Escrow Account as of the date on which the payment required by Section II.B below is made.

19. “Execution Date” means the date by which this Settlement Agreement has been executed by all Settling Parties.

20. “Fairness Hearing” means the hearing at or after which the Court will be asked to make a final decision, pursuant to Fed. R. Civ. P. 23, as to whether this Settlement Agreement is fair, reasonable, and adequate to settle the Class Members’ Claims against SHS and the Officer Defendants and, therefore, should be approved by the Court.

21. “Family Members” means an individual’s father, mother, grandfather, grandmother, sister, brother, spouse/partner, son, and/or daughter.

22. “Final” means, when used in connection with any court order or judgment, that the relevant order or judgment will be final:

a. if no appeal is taken therefrom, on the date on which the time to appeal therefrom (including any potential extension of time) has expired; or

b. if any appeal is taken therefrom, on the date on which all appeals therefrom, including petitions for rehearing or reargument, petitions for rehearing *en banc*, and petitions for certiorari or

any other form of review, have been finally disposed of, such that the time to appeal therefrom (including any potential extension of time) has expired, in a manner resulting in an affirmance of the Final Judgment and Order of Dismissal.

23. “Final Judgment and Order of Dismissal” means the judgment entered by the Court as contemplated in Section XI below, which judgment shall be substantially in the form set out as Exhibit B.

24. “Final Settlement Date” means the date on which the Final Judgment and Order of Dismissal becomes Final.

25. “Foreign Investors” means all persons and entities who, during the Class Period, were not U.S. residents and purchased Converium Common Stock on the SWX Swiss Exchange.

26. “Individual Notice” means the notice described in Section III.A_ below substantially in the form of Exhibit A-1 hereto, as approved by the Court, that Lead Counsel or the Claims Administrator will disseminate to potential Class Members informing them of the settlement contemplated by this Settlement Agreement.

27. “Investment Decision” means a decision regarding an investment in Converium Common Stock and ADSs including, without limitation, a decision to hold Converium Common Stock and ADSs.

28. “Lead Plaintiff” means Mississippi PERS.

29. “Net Settlement Amount” means the balance remaining in the Escrow Account (including any interest that has accrued less Tax Expense paid or owing)

after payments of the Notice and Administrative Expenses, and after payment of the Attorneys' Fees and Expenses Award pursuant to Sections II and IX below has been made.

30. "NYSE" means the New York Stock Exchange.

31. "Nominees" means brokerage firms, banks, and other institutions that hold Converium securities in street name or other similar fashion for the benefit of another person or entity.

32. "Notice and Administrative Expenses" means all expenses associated with the administration of the settlement contemplated by this Settlement Agreement, including, but not limited to, the fees and expenses associated with: printing and sending the Individual Notice to potential Class Members; publishing the Summary Notice; assisting Class Members with filing Proofs of Claim; processing Proofs of Claim; setting up and maintaining the toll-free telephone number, and distributing the Net Settlement Amount; *provided, however*, that Notice and Administrative Expenses shall not include the amount of the Attorneys' Fees and Expenses Award.

33. "Plan of Allocation" means the terms and procedures for allocating the Net Settlement Amount among, and distributing the Net Settlement Amount to, Authorized Claimants, or such other Plan of Allocation as the Court shall approve.

34. "Preliminary Approval Date" means the date on which the Preliminary Approval Order is entered by the Court.

35. "Preliminary Approval Hearing" means the hearing at or after which the Court will preliminarily approve this Settlement Agreement.

36. “Preliminary Approval Order” means the order to be entered by the Court, substantially in the form set out in Exhibit A hereto, preliminarily approving the proposed settlement, appointing the Claims Administrator, and preliminarily determining that providing notice to potential members of the Class meets the requirements of Rule 23 of the Federal Rules of Civil Procedure, the PSLRA, the Constitution of the United States, and any other applicable law, and that such notice is the best practicable notice under the circumstances and constitutes due and sufficient notice to all persons entitled to such notice; and scheduling the Fairness Hearing.

37. “Proof of Claim” means the claim form substantially in the form of Exhibit A-2 hereto, as approved by the Court, that will be delivered to Class Members and pursuant to which Class Members will submit a claim under the procedures set out in this Settlement Agreement.

38. “PSLRA” means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §§ 78u-4, *et seq.*

39. “Qualified Settlement Fund” means a fund within the meaning of Treasury Regulations § 1.468B-1. The Escrow Account shall be treated for tax purposes as a Qualified Settlement Fund under this Settlement Agreement.

40. “Registration Statement and Prospectus” means the Registration Statement and Prospectus for the Converium IPO, which documents became effective on December 11, 2001.

41. “Released Plaintiffs’ Claims” means each and every Claim or Unknown Claim that Lead Plaintiff, LASERS, or any Class Member (i) asserted against

any of the Releasees in the Action (including all Claims asserted in the Complaint or the Proposed Second Amended Complaint) or (ii) could have asserted or could assert against any of the Releasees, whether arising under any federal, state, or foreign statutory or common-law rule, in any other court, tribunal, agency, or other forum, that arises out of or relates to (x) the purchase of, or any other Investment Decision concerning, Converium Common Stock during the Class Period by any person or entity who was a U.S. resident during that period; or (y) the purchase of, or any other Investment Decision concerning, Converium ADSs by any person or entity during the Class Period. Without limiting the generality of the foregoing, the term Released Plaintiffs' Claims includes, without limitation, any Claims or Unknown Claims arising out of or relating to:

a. any or all of the acts, failures to act, omissions, misrepresentations, facts, events, matters, transactions, statements, occurrences, or oral or written statements or representations of Releasees that have been, could have been, or could be directly or indirectly alleged, complained of, asserted, set forth, or otherwise referred to in the Action;

b. any regulatory filing (including any filing with the SEC or any other U.S. or non-U.S. governmental agency or market regulator), public statement, press release, disclosure, or representation relating to the Converium IPO, Converium ADSs and Common Stock, Converium's financial position, Converium's loss reserves, Converium's reinsurance contracts or coverage, Converium's calculation of and/or accrual of reserves for any period, or Converium's accounting treatment of

its reinsurance contracts for any period;

c. any financial statement (or portion thereof), whether audited or unaudited, or any report or opinion relating to any financial statement (or portion thereof), or any internal or external memorandum, report, analysis, or opinion relating to the Converium IPO, Converium ADSs and Common Stock, Converium's financial position, Converium's loss reserves, Converium's reinsurance contracts or coverage, Converium's calculation of and/or accrual of reserves for any period, or Converium's accounting treatment of its reinsurance contracts for any period; and

d. any or all Claims arising from or relating to the Converium IPO, the Converium Restatement, Converium's calculation of and/or accrual of reserves for any period, Converium's entering into reinsurance contracts that Converium later restated, Converium's accounting treatment of its or their reinsurance contracts for any period, Converium's use or alleged misuse of finite and traditional insurance and reinsurance or Converium's recordkeeping during the Class Period; but

e. *not* any claim by a Foreign Investor involving the purchase, sale or Investment Decision concerning Converium Common Stock.

42. "Released SHS Claims" means each and every Claim or Unknown Claim that has been or could have been asserted in the Action by SHS or the successors

and assigns of SHS against the Lead Plaintiff, LASERS, Class Members, or their attorneys, that arises out of or relates in any way to the institution, prosecution, or settlement of the Action (except for claims to enforce the Settlement).

43. “Releasee” means each and every one of, and “Releasees” means all of, the following:

- a. SHS and each and every entity that falls within the definition of “SHS Releasees” (which term does not include ZFS);
- b. the Officer Defendants, to the extent the Released Plaintiffs' Claims are based on or arise out of any alleged conduct, acts, or omissions on or after December 10, 2001;
- c. the Director Defendants;
- d. each of the SHS Releasees’ respective past and present directors, executive committee members, officers, employees, members, partners, principals, agents, attorneys (including their General Counsel and other inside or outside attorneys employed by the SHS Releasees), advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants, accounting advisors, auditors, and insurance carriers (but only to the extent each such insurance carrier provides the full amount of insurance coverage or indemnity sought from it for losses incurred in connection with the Action); *provided, however*, that the definition of “Releasee” in this Section I.E.41.b expressly excludes the release of any Claims against ZFS;
- e. Converium and each of Converium’s respective past and present directors, executive committee members, officers, employees, members,

partners, principals, agents, attorneys (including its General Counsel and other inside or outside attorneys), advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants, accounting advisors, auditors, and insurance carriers (but only to the extent each such insurance carrier provides the full amount of insurance coverage or indemnity sought from it for losses incurred in connection with the Action); and

f. SCOR SE.

44. “SHS Releasees” means each and all of SHS and any or all of its respective past or present parents, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries, and entities in which SHS has a Controlling Interest or that has a Controlling Interest in it; *provided, however*, that the definition of “SHS Releasees” in this Section I.E.42 expressly excludes ZFS.

45. “SHS’ counsel” means Skadden, Arps, Slate, Meagher & Flom LLP and Willkie Farr & Gallagher LLP.

46. “SEC Filing” means any written statement filed with or submitted to the Securities and Exchange Commission.

47. “Settlement Amount” means seventy-five million United States dollars (\$75,000,000).

48. “Settling Parties” means Lead Plaintiff (on behalf of itself, LASERS, and Class Members) and SHS.

49. “Summary Notice” means the notice described in Section III.B substantially in the form of Exhibit A-3 hereto.

50. “SWX” means the SWX Swiss Exchange.

51. “Tax Expenses” means (i) all taxes on the income of the monies in the Escrow Account and (ii) any expenses and costs incurred in connection with the taxation of the Escrow Account (including, without limitation, expenses of tax attorneys and accountants).

52. “Underwriter Defendants” means UBS AG and Merrill Lynch International, and any or all of their respective parents, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries, and entities in which they have a Controlling Interest or that have a Controlling Interest in them.

53. “Unknown Claims” means any and all Released Plaintiffs’ Claims that Lead Plaintiff, LASERS, or any Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of the Releasees, and any Released SHS Claims that SHS does not know or suspect to exist in its favor, which, if known by Lead Plaintiff, LASERS, the Class Member or SHS might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Plaintiffs’ Claims and Released SHS Claims, the Settling Parties stipulate and agree that, upon the Final Settlement Date, the Lead Plaintiff and SHS shall expressly waive, and each other Plaintiff and Class Member shall be deemed to have waived, and by operation of the Final Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States or of any other country, or any principle of common law, that is similar, comparable, or equivalent to

Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiff and SHS acknowledge, and LASERS and the Class

Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Plaintiffs’ Claims and Released SHS Claims was separately bargained for and was a key element of the Settlement.

54. “ZFS” means Zurich Financial Services and any or all of its respective past or present parents, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries, and entities in which ZFS has a Controlling Interest or that has a Controlling Interest in it; *provided, however*, that the definition of “ZFS” in this Section I.E.52 expressly excludes SHS and Converium.

II. TERMS AND CONDITIONS OF THE SETTLEMENT

A. Withdrawal of Pending Motions

Promptly following entry of the Preliminary Approval Order, Lead Plaintiff shall, and shall use its best efforts to cause Avalon to, withdraw without prejudice the pending motion for reconsideration of the Court’s March 6, 2008 opinion and order regarding class certification and the pending motion for leave to file an amended complaint.

B. The Escrow Account

1. Within ten (10) business days after entry of the Preliminary Approval Order, SHS shall pay or cause to be paid the Settlement Amount into the

Escrow Account. If the Settlement Amount is not transferred to the Escrow Account within ten (10) business days after entry of the Preliminary Approval Order, Lead Plaintiff may, subject to Section XIV_below, terminate this Settlement Agreement.

2. This is not a claims made settlement. Once the Final Settlement Date occurs, there will be no reversion or return of consideration paid, and SHS will have no right to return of any portion of the Settlement Amount.

C. The Escrow Agent

1. The Escrow Agent shall administer the Escrow Account and shall invest the Settlement Amount in instruments backed by the full faith and credit of the United States government or fully insured by the United States government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Escrow Agent shall bear all risks related to investment of the amounts in the Escrow Account. The Escrow Agent may also serve as escrow agent in connection with SHS' separate settlement with the Foreign Investors.

2. The Escrow Agent shall establish the Escrow Account as a separate bank account, segregated from all other assets of the Escrow Agent, and the proceeds of which shall be disbursed only as provided in this Settlement Agreement, by an order of the Court or, before the Final Settlement Date, with the written agreement of SHS' Counsel and Lead Counsel; provided, however, that disbursements from the Escrow Account for the payment of Tax Expenses or Notice and Administrative Expenses, as set forth herein, shall be made by the Escrow Agent at the direction of Lead

Counsel. After the Final Settlement Date, Lead Counsel shall have sole responsibility for the administration of the Escrow Account in accordance with the terms of this Settlement Agreement.

3. Subject to further order and/or direction as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Class Members as are consistent with the terms of this Settlement Agreement.

4. The Settlement Amount and the Net Settlement Amount shall be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as they are distributed pursuant to this Settlement Agreement and/or further order(s) of the Court.

5. After the Settlement Amount is deposited into the Escrow Account and before the Final Settlement Date, Lead Counsel may direct the Escrow Agent to pay from the Escrow Account all reasonable Notice and Administrative Expenses. After the Final Settlement Date, Lead Counsel may, without further Order of the Court, direct the payment of any Notice and Administrative Expenses that Lead Counsel believes in its discretion are necessary and appropriate to carry out the terms of this Settlement Agreement.

D. Qualified Settlement Fund

1. All counsel agree to take all necessary steps to enable the Escrow Account to be treated as a Qualified Settlement Fund for tax purposes, including the timely filing by Lead Counsel and/or their agents for tax purposes of all elections and statements required pursuant to Treas. Reg. §§ 1.468B-0 through 1.468B-5, or any other

relevant statutes, regulations, or published rulings now or hereafter enacted or promulgated, for all taxable years of the Escrow Account, beginning with the date of its establishment. Lead Counsel shall be the “administrator” of the Qualified Settlement Fund for tax purposes under Treas. Reg. §§ 1468 B-0 through B-5, and shall file or cause to be filed on a timely basis any required federal, state, and local tax returns and shall cause any taxes due on the income of the Qualified Settlement Fund to be paid from the Escrow Account. The parties hereto agree that the Escrow Account shall be treated as a Qualified Settlement Fund, as provided in Treas. Reg. §§ 1.468B-0 through 1.468B-5, from the earliest date possible, and hereby agree to any relation-back election required to treat the Escrow Account as a Qualified Settlement Fund from the earliest date possible. In no event shall SHS have any responsibility whatsoever for filing election or other required statements, or tax returns, or for paying the costs associated therewith, any taxes due, or the expenses of notice or administration of the Escrow Account. Lead Counsel and SHS’ Counsel shall cooperate to the extent necessary to comply with this Subsection II.C. SHS agrees to provide promptly to Lead Counsel the statement described in Treasury Regulation § 1.468B-3(e).

2. Upon request by SHS’ Counsel, Lead Counsel shall promptly provide to SHS’ Counsel all information available to Lead Counsel and requested in connection with any tax returns SHS or any Releasee must file or with any other report or filing SHS or any Releasee must make with respect to the Settlement Amount or any portion of it.

E. Distribution of the Net Settlement Amount

1. If the proposed settlement becomes Final, the Net Settlement Amount shall be distributed pursuant to such Plan of Allocation as the Court approves for the Class.

2. No person or entity shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator, the Escrow Agent, or any of their agents, or against SHS' Counsel or any Releasee, with respect to or arising out of any distributions or lack thereof made under any Court-approved Plan of Allocation, this Settlement Agreement, or orders of the Court.

3. SHS, the Releasees, and their respective counsel including, but not limited to, SHS' Counsel, shall have no role in, responsibility for, or liability with respect to the Plan of Allocation, the form, substance, method, or manner of allocation, administration, or distribution of the Net Settlement Amount, or any tax liability that a Class Member might incur as a result of this Settlement Agreement, or as a result of any action taken pursuant to this Settlement Agreement, the administration or processing of Claims including, without limitation, determinations as to the validity of Proofs of Claim, the amounts of claims or distribution of the Net Settlement Amount, or (except as set out in Section II.D above) the maintenance of the Escrow Account as a Qualified Settlement Fund.

4. Class Members shall look solely to the Net Settlement Amount for settlement and satisfaction of all Released Plaintiffs' Claims and only to the extent expressly provided by this Settlement Agreement, the Court-approved Plan of Allocation,

or an order of the Court. Under no circumstances will any of the Settling Parties or any Releasee be responsible for the payment of any fees, costs, expenses, or other funds associated with or arising out of the Settlement contemplated by this Settlement Agreement.

5. To the extent that any monies remain in the Escrow Account after the Claims Administrator has caused initial distributions to be made from the Net Settlement Amount to all Authorized Claimants, whether by reason of uncashed distributions or otherwise, such monies shall be: (a) used for the payment of any unpaid costs or fees incurred in administering the Escrow Account for such re-distribution and then (b) distributed to Class Members who have cashed their initial distribution checks and who would receive at least \$10.00 from such re-distribution. If after six (6) months after such re-distribution any funds remain in the Escrow Account, Lead Counsel shall make an application to the Court to distribute the sum of the unpaid residue to a non-sectarian, not-for-profit, section 501(c)(3) organization.

F. Plan of Allocation

1. All cash distributions to Authorized Claimants shall be from the Net Settlement Amount pursuant to a Plan of Allocation approved by the Court.

2. The Settling Parties understand and agree that, notwithstanding any other provision of this Settlement Agreement, the proposed Plan of Allocation is not a part of this Settlement Agreement, and no order or proceedings relating to the Plan of Allocation shall operate to modify, terminate, or cancel this Settlement Agreement or affect the finality of the Final Judgment and Order of Dismissal or any other orders

entered by the Court giving effect or pursuant to this Settlement Agreement. Further, the Defendants shall take no position with respect to such Plan of Allocation.

3. To receive a cash distribution from the Net Settlement Amount pursuant to any approved Plan of Allocation, a Class Member must be an Authorized Claimant pursuant to the procedures set out in this Settlement Agreement or by order of the Court, and must submit a Proof of Claim.

4. Unless otherwise authorized by the Court, each Authorized Claimant who wishes to receive a distribution from the Net Settlement Amount must complete and submit a Proof of Claim, as directed in the Individual Notice or the Proof of Claim, such that it is received at the address on the Proof of Claim form by the date stated. The address to which the Proof of Claim must be sent shall be stated in the Proof of Claim form itself.

5. The Proof of Claim must be sworn on oath or made subject to the penalties of perjury pursuant to 28 U.S.C. § 1746, and be supported by such documents and other information as called for in the Proof of Claim.

6. The validity of each filed Proof of Claim initially will be determined by the Claims Administrator in accordance with the Plan of Allocation approved by the Court. The Claims Administrator shall promptly advise the Class Member in writing if it determines to reject the claim. Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive, in the interests of achieving substantial justice, what Lead Counsel deems to be formal or technical defects in any Proofs of Claim submitted. Lead Counsel, its designees or agents, Lead Plaintiff,

SHS's Counsel, SHS, and Releasees shall not have any liability arising out of any such determination.

7. If any Class Member whose claim has been rejected in whole or in part desires to contest such rejection, the Class Member must, within twenty (20) days after the date of such rejection, submit to the Claims Administrator and to Lead Counsel a notice and statement of reasons explaining the Class Member's grounds for contesting the rejection, along with any supporting documentation, and request a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court. The administration of the Escrow Account and the Net Settlement Amount, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim or regarding the rejection or amount of any claim, shall remain under the jurisdiction of the Court. All Class Members and Settling Parties expressly waive trial by jury (to the extent any such right might exist) and any right of appeal or review with respect to such determinations. Any Class Member pursuing a dispute shall be responsible for his, her, or its own costs, including, without limitation, attorneys' fees, incurred in pursuing the dispute.

8. Lead Counsel will apply to the Court, on notice to SHS' Counsel, for an order approving the Claims Administrator's determinations concerning the acceptance and rejection of the claims submitted by Class Members and approving any fees and expenses of the Claims Administrator not previously applied for, including the balance of any unpaid fees and expenses of the Claims Administrator and, if the Final Settlement Date has occurred, directing payment of the Net Settlement Fund to

Authorized Claimants.

9. Unless otherwise ordered by the Court, any Class Member who fails to submit a valid and timely Proof of Claim shall be barred from receiving a distribution from the Net Settlement Amount but shall nevertheless be bound by the Release and all proceedings, orders, and judgments in the Action even if he, she, or it has pending, or subsequently initiates, any litigation, arbitration, or other proceeding, or has any Claim, against any or all of the Releasees that is a Released Plaintiffs' Claim.

III. NOTICE TO THE CERTIFIED CLASS

A. Individual Notice

1. Subject to the requirements of the Preliminary Approval Order, and in accordance with all applicable laws, Lead Counsel shall cause to be delivered a copy of the Individual Notice and the Proof of Claim by first-class mail to all potential Class Members who can be identified through reasonable efforts from Converium's stock-transfer records and/or from related inquiries conducted by the Claims Administrator.

B. Summary Notice

1. Subject to the requirements of the Preliminary Approval Order, and in accordance with all applicable laws, Lead Counsel shall cause to be published a copy of the Summary Notice.

IV. APPOINTMENT OF CLAIMS ADMINISTRATOR

A. As provided in the Preliminary Approval Order, the Claims Administrator shall be appointed to help implement the Settlement contemplated by this Settlement

Agreement. SHS and the Officer Defendants shall cooperate in the administration of the Settlement Agreement to the extent reasonably necessary to effectuate its terms (but not including any acts that the Claims Administrator or other Settling Parties are required to undertake pursuant to this Settlement Agreement).

B. The Claims Administrator shall perform various tasks as directed by Lead Counsel, including, without limitation: (i) distributing the Individual Notice to potential Class Members; (ii) arranging for publication of the Summary Notice; (iii) publishing the Individual Notice on the Claims Administrator's website; (iv) answering written inquiries from potential Class Members and/or forwarding such inquiries to Lead Counsel; (v) providing additional copies of the Individual Notice, upon request, to Nominees or potential Class Members; (vi) receiving and maintaining on behalf of the Court any requests for exclusion from the settlement received from potential Class Members; (vii) receiving and processing Proofs of Claim from Class Members; (viii) mailing or causing to be mailed to Authorized Claimants their distributions under the Plan of Allocation; and (ix) otherwise administering and implementing this Settlement Agreement.

C. As ordered by the Court in the Preliminary Approval Order or in subsequent orders, the Claims Administrator shall establish and staff with representatives knowledgeable about this Settlement Agreement and the Plan of Allocation a toll-free telephone number for responding to inquiries from Class Members about this Settlement Agreement and any issues relating to the Action.

V. RIGHT TO COMMUNICATE WITH CLASS MEMBERS

A. Lead Plaintiff acknowledges and agrees that the SHS Releasees have the right to communicate orally and in writing with Converium's shareholders and to respond to inquiries from Class Members, including, without limitation:

1. Communications regarding the subject matter of this Settlement Agreement between Class Members and representatives of the SHS Releasees whose responsibilities include investor relations, to the extent such communications are initiated by Class Members, and in such circumstances the SHS Releasees shall use their best efforts to direct such Class Members to the Claims Administrator or to the Claims Administrator's website, or to Lead Counsel;

2. Communications as may be necessary to implement the terms of this Settlement Agreement; and

3. Such communications as may be made in the conduct of the SHS Releasees' business.

B. Lead Plaintiff, Lead Counsel, SHS, and SHS' Counsel agree to cooperate in good faith to ensure that any comments about or descriptions of the Settlement contemplated by this Settlement Agreement are balanced, fair, and accurate. Lead Plaintiff, Lead Counsel, SHS, and SHS' Counsel agree that they will refrain from asserting that the Action was brought or defended in bad faith. Other than the Individual Notice and the Summary Notice, or as permitted by Sections IV, and V.A, the Settling Parties, Lead Counsel, and SHS' Counsel agree that none of them will comment publicly

on the merits of the Claims asserted against SHS and the Officer Defendants in the Action.

VI. REQUESTS FOR EXCLUSION FROM THE CLASS

A. Any potential Class Member who wishes to be excluded from the Class must mail by first-class mail or otherwise deliver a written request for exclusion to the Claims Administrator, care of the address provided in the Individual Notice, such that it is received no later than twenty (20) days before the Fairness Hearing, or as the Court may otherwise direct. A list of the persons and entities who have validly and timely requested exclusion from the Class shall be provided by the Settling Parties to the Court at or before the Fairness Hearing.

B. A potential Class Member's request for exclusion shall be directed to include the following information: (i) name; (ii) address; (iii) telephone number; (iv) number of shares of Converium Common Stock purchased or sold on the SWX and/or Converium ADSs purchased or sold on the NYSE during the Class Period; (v) prices paid or value at receipt; and (vi) the date of each such transaction involving each Converium ADS and/or share of Converium Common Stock.

C. Unless otherwise ordered by the Court, any potential Class Member who does not submit a timely written request for exclusion as provided by this Section VI shall nevertheless be bound by the release of the Released Plaintiffs' Claims and by all proceedings, orders, and judgments in the Action, even if he, she, or it has pending or subsequently initiates litigation, arbitration, or any other proceeding, or has any other

Claim, against any or all of the Releasees relating to any of the Released Plaintiffs' Claims.

VII. OBJECTIONS TO SETTLEMENT

A. Any Class Member who wishes to object to the fairness, reasonableness, or adequacy of this Settlement Agreement, to any term(s) of this Settlement Agreement, to the Plan of Allocation, or to the proposed Attorneys' Fees and Expenses Award must both serve on Lead Counsel and file with the Court a statement of his, her, or its objection(s); *provided, however*, that a potential Class Member who requests exclusion from the Class shall not be entitled to submit an objection. Any such objection must be received by Lead Counsel and the Court by no later than twenty (20) days before the Fairness Hearing, or as the Court may otherwise direct.

B. The Class Member's statement of objection shall state the specific reason(s), if any, for each objection, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of such objection. Any objection also must include the following information about the Class Member: (i) name; (ii) address; (iii) telephone number; (iv) number of shares of Converium Common Stock purchased or sold on the SWX and/or Converium ADS purchased or sold on the NYSE; (v) prices paid or value at receipt, and (vi) the date of each such transaction.

C. Any Class Member may file an objection on his, her, or its own, or through an attorney hired at his, her, or its own expense. If a Class Member hires an attorney to represent him, her, or it in connection with filing an objection, the attorney

must both serve on Lead Counsel and file with the Court a notice of appearance. Any such notice of appearance must be received by Lead Counsel and the Court by no later than twenty (20) days before the Fairness Hearing, or as the Court otherwise may direct.

D. Any Class Member who files and serves a written objection pursuant to this Section VII – and, unless otherwise ordered by the Court, only such Class Members – may appear at the Fairness Hearing, either in person or through counsel hired at the Class Member’s expense, to object to the fairness, reasonableness, or adequacy of this Settlement Agreement, to any term(s) of this Settlement Agreement, to the Plan of Allocation, or to the proposed Attorneys’ Fees and Expenses Award. Class Members or their attorneys intending to make an appearance at the Fairness Hearing must both serve on Lead Counsel and file with the Court a notice of intention to appear. Any such notice must be received by Lead Counsel and the Court by no later than twenty (20) days before the Fairness Hearing, or as the Court otherwise may direct.

E. Any Class Member who fails to comply with any of the provisions of this Section VII shall waive and forfeit any and all rights he, she, or it might otherwise have to appear separately at the Fairness Hearing and/or to object to this Settlement Agreement, and shall be bound by all the terms of this Settlement Agreement and by all proceedings, orders, and judgments in the Action.

VIII. RELEASE AND WAIVER, AND ORDER OF DISMISSAL

A. Release and Waiver

1. Pursuant to the Final Judgment and Order of Dismissal, without further action by anyone, and whether or not a Proof of Claim has been executed and/or

delivered by or on behalf of any such Class Member, and subject to Section VIII.A.4 below, on and after the Final Settlement Date, Lead Plaintiff, LASERS, and any and all Class Members, on behalf of themselves, their heirs, executors, administrators, beneficiaries, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), and assigns, and any person or entity claiming by or through any of the Class Members, for good and sufficient consideration, shall be deemed to have, and by operation of law and of the Final Judgment and Order of Dismissal shall have fully, finally, and forever released, relinquished, settled, and discharged:

- a. all Released Plaintiffs' Claims against each and every one of the Releasees;
- b. all Claims, damages, and liability as to any or all of the Lead Plaintiff, LASERS, Lead Counsel, SHS' Counsel, and each and every one of the Releasees that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences, or oral or written statements or representations in connection with, or directly or indirectly relating to, the prosecution, defense, or settlement of the Action or to this Settlement Agreement; and
- c. all Claims against any of the Releasees for attorneys' fees, costs, or disbursements incurred by Lead Counsel or other counsel representing Lead Plaintiff, LASERS, or the Class Members (or any of them) in the Action, or any of them, in connection with or related in any manner to the Action, the settlement of the Action, or the

administration of the Action and/or its settlement except to the extent otherwise specified in this Settlement Agreement.

2. Pursuant to the Final Judgment and Order of Dismissal, without further action by anyone, and subject to Section VIII.A.4 below, on and after the Final Settlement Date, SHS's Counsel and the SHS Releasees, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment and Order of Dismissal shall have, fully, finally, and forever released, relinquished, settled, and discharged the Released SHS Claims.

3. Pursuant to the Final Judgment and Order of Dismissal, without further action by anyone, and subject to Subsection VIII.A.4 below, on and after the Final Settlement Date, Lead Counsel on behalf of themselves, their heirs, executors, administrators, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), assigns, and any person or entity claiming by or through any of them, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment and Order of Dismissal shall have, fully, finally, and forever released, relinquished, settled, and discharged SHS' Counsel and any or all Releasees from any and all Claims, whether known Claims or Unknown Claims, that relate in any way to any and all acts directly or indirectly relating to the prosecution, defense, or settlement of the Action, or to this Settlement Agreement.

4. Notwithstanding Subsections VIII.A.1, VIII.A.2, and VIII.A.3

above, nothing in the Final Judgment and Order of Dismissal shall bar any action or Claim by the Settling Parties to enforce the terms of this Settlement Agreement or the Final Judgment and Order of Dismissal.

5. The releases and waivers contained in this Section VIII were separately bargained for and are essential elements of this Settlement Agreement.

B. Final Judgment and Order of Dismissal

1. The Settling Parties will seek and obtain from the Court a Final Judgment and Order of Dismissal as further described in Section XI below.

IX. ATTORNEYS' FEES AND EXPENSES

A. Attorneys' Fees and Expenses

1. Lead Counsel may apply for an award of Attorneys' Fees and Expenses from the Settlement Amount at or after the time of the Fairness Hearing. The Defendants shall take no position on any request for Attorneys' Fees by Lead Counsel.

2. Subject to Sections IX.A.3 and IX.A.4, below, the Attorneys' Fees and Expenses Award shall be paid to Lead Counsel from the Escrow Account within five (5) business days after the Court issues the order setting out the Attorneys' Fees and Expenses Award. Such payment shall be made pursuant to this Section IX.A.2 notwithstanding the existence of any timely filed objections or appeals to the Attorneys' Fees and Expenses Award; *provided, however*, that such payment shall be subject to Lead Counsel's obligation to make appropriate repayment to the Escrow Account (plus interest calculated at the same net rate as earned by the balance of the Escrow Account, such calculation to begin as of the day the Attorneys' Fees and Expenses Award was paid and

to end as of the day the repayment is made pursuant to this Section IX.A.2) within five (5) business days if, as a result of any reconsideration proceedings, appellate review, and/or further proceedings on remand, the Attorneys' Fees and Expenses Award is reduced or reversed, or if this Settlement Agreement is properly and timely terminated in accordance with its terms.

3. As a condition of receiving the Attorneys' Fees and Expenses Award, Lead Counsel, on behalf of themselves and each of their partners and/or shareholders, agree that the law firms and their partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing this obligation. Without limitation, Lead Counsel and each of their partners and/or shareholders agree that the Court may, upon application of SHS, on notice to Lead Counsel, summarily issue orders including, but not limited to, judgments and attachment orders, and may make appropriate findings of or sanctions for contempt, against them or any of them (if applicable), should any of Lead Counsel fail to timely repay any amounts pursuant to this Section IX.A.

4. No Releasee shall be liable or obligated to pay any fees, expenses, costs, or disbursements to, or incur any expense on behalf of, any person or entity (including, without limitation, Lead Plaintiff and Lead Counsel), directly or indirectly, in connection with the Action or this Settlement Agreement, except as expressly provided for in this Settlement Agreement.

X. PRELIMINARY APPROVAL HEARING AND PRELIMINARY APPROVAL ORDER

Promptly after this Stipulation has been fully executed, Lead Counsel and SHS' Counsel jointly shall apply to the Court for entry of a Preliminary Approval Order, substantially in the form annexed hereto as Exhibit A.

XI. FINAL APPROVAL, AND FINAL JUDGMENT AND ORDER OF DISMISSAL

A. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and SHS' Counsel jointly shall request that the Court enter a Final Judgment and Order of Dismissal substantially in the form annexed hereto as Exhibit B.

B. The Settling Parties shall request that the Court enter a PSLRA Contribution Bar Order as follows: In accordance with 15 U.S.C. § 78u-4(f)(7)(A), any and all Claims for contribution arising out of any Released Plaintiffs' Claim: (i) by any person or entity against any of the Releasees, and (ii) by any of the Releasees against any person or entity other than as set out in 15 U.S.C. § 78u-4(f)(7)(A)(ii) are hereby permanently barred, extinguished, discharged, satisfied, and unenforceable. Accordingly, without limitation to any of the above, (i) any person or entity is hereby permanently enjoined from commencing, prosecuting, or asserting against any of the Releasees any such Claim for contribution, and (ii) the Releasees are hereby permanently enjoined from commencing, prosecuting, or asserting against any person or entity any such Claim for contribution. In accordance with 15 U.S.C. § 78u-4(f)(7)(B), any final verdict or judgment that might be obtained by or on behalf of the Class or a Class Member against any person or entity for loss for which such person or entity and any Releasees are found

to be jointly liable shall be reduced by the greater of (i) an amount that corresponds to the percentage of responsibility of any such Releasee(s) for common damages or (ii) the amount paid to the Class by or on behalf of each such Releasee for common damages.

C. The Settling Parties also shall request that the Court enter a Complete Bar Order at the time the Court approves the Settlement Agreement. The Complete Bar Order shall provide as follows:

1. Any and all persons and entities, including, without limitation, ZFS, the Officer Defendants, the Director Defendants, and the Underwriter Defendants, are permanently barred, enjoined, and restrained from commencing, prosecuting, or asserting any Claim against any Releasee arising under any federal, state, or foreign statutory or common-law rule, contract, or otherwise, however styled, whether for indemnification or contribution or otherwise denominated, including, without limitation, Claims for breach of contract and for misrepresentation, where the Claim is or arises from a Released Plaintiffs' Claim and the alleged injury to such person or entity arises from that person's or entity's alleged liability to the Class or any Class Member, including, without limitation, any Claim in which a person or entity seeks to recover from any of the Releasees (i) any amounts such person or entity has or might become liable to pay to the Class or any Class Member and/or (ii) any costs, expenses, or attorneys' fees from defending any Claim by the Class or any Class Member. All such Claims are hereby extinguished, discharged, satisfied, and unenforceable, subject to a hearing to be held by the Court, if necessary. The provisions of this Section XI.C are intended to preclude any liability of any of the Releasees to any person or entity (including ZFS, the

Officer Defendants, the Director Defendants, and the Underwriter Defendants) for indemnification, contribution, or otherwise on any Claim that is or arises from a Released Plaintiffs' Claim and where the alleged injury to such person or entity arises from that person's or entity's alleged liability to the Class or any Class Member; provided, however, that if the Class or any Class Member obtains any judgment against any such person or entity based upon, arising out of, or relating to any Released Plaintiffs' Claim for which such person or entity and any of the Releasees are found to be jointly liable, that person or entity shall be entitled to a judgment credit equal to an amount that is the greater of (i) an amount that corresponds to the percentage of responsibility of any such Releasee(s) for common damages or (ii) the amount paid to the Class by or on behalf of each such Releasee for common damages.

2. Each and every Releasee is permanently barred, enjoined, and restrained from commencing, prosecuting, or asserting any Claim against any other person or entity (including, without limitation, any other Releasee and any of ZFS, the Officer Defendants, the Director Defendants, and the Underwriter Defendants) arising under any federal, state, or foreign statutory or common-law rule, contract, or otherwise, however styled, whether for indemnification or contribution or otherwise denominated, including, without limitation, Claims for breach of contract and for misrepresentation, where the Claim is or arises from a Released Plaintiffs' Claim and the alleged injury to such Releasee arises from that Releasee's alleged liability to the Class or any Class Member, including, without limitation, any Claim in which any Releasee seeks to recover from any person or entity, including another Releasee or ZFS, the Officer Defendants, the

Director Defendants, and the Underwriter Defendants, (i) any amounts any such Releasee has or might become liable to pay to the Class or any Class Member and/or (ii) any costs, expenses, or attorneys' fees from defending any Claim by the Class or any Class Member. All such Claims are hereby extinguished, discharged, satisfied and unenforceable.

3. Notwithstanding anything stated in the Complete Bar Order, if any person or entity (for purposes of this Section XI.C.3, a "petitioner") commences against any of the Releasees any action either (i) asserting a Claim that is or arises from a Released Plaintiffs' Claim and where the alleged injury to such person or entity arises from that person's or entity's alleged liability to the Class or any Class Member or (ii) seeking contribution or indemnity for any liability or expenses incurred in connection with any such Claim, and if such action or Claim is not barred by a court pursuant to this Subsection XI.C. or is otherwise not barred by the Complete Bar Order, neither the Complete Bar Order nor the Settlement Agreement shall bar Claims by that Releasee against (a) such petitioner, (b) any person or entity who is or was controlled by, controlling, or under common control with the petitioner, whose assets or estate are or were controlled, represented, or administered by the petitioner, or as to whose Claims the petitioner has succeeded, and (c) any person or entity that participated with any of the preceding persons or entities described in items (a) and (b) of this Subsection XI.C.3 in connection with the assertion of the Claim brought against the Releasee(s); provided, however, that the Settlement Agreement and the Complete Bar Order shall not bar or enjoin the Class or any Class Member from bringing any and all Claims against any non-

Releasee; provided, further, that nothing in the Complete Bar Order or Settlement Agreement shall prevent the Settling Parties from taking such steps as are necessary to enforce the terms of the Settlement Agreement.

4. If any term of the Complete Bar Order entered by the Court is held to be unenforceable after the date of entry, such provision shall be substituted with such other provision as may be necessary to afford all of the Releasees the fullest protection permitted by law from any Claim that is based upon, arises out of, or relates to any Released Plaintiffs' Claim.

5. Notwithstanding the Complete Bar Order or anything else in the Settlement Agreement, nothing shall release, interfere with, limit, or bar the assertion by any Releasee of any Claim for insurance coverage under any insurance, reinsurance, or indemnity policy that provides coverage respecting the conduct at issue in the Action.

XII. MODIFICATION OR TERMINATION OF THIS SETTLEMENT AGREEMENT

A. The terms and provisions of this Settlement Agreement may not be altered or modified except pursuant to Section XIV.I; *provided, however*, that, after entry of the Final Judgment and Order of Dismissal, Lead Counsel, on behalf of Lead Plaintiff, and SHS' Counsel, on behalf of SHS, may by written agreement effect any amendments, modifications, or expansions of this Settlement Agreement and its implementing documents (including all exhibits to this Settlement Agreement) without notice to or approval by the Court if such changes are not materially inconsistent with the Court's

Final Judgment and Order of Dismissal and do not materially limit the rights of Class Members under this Settlement Agreement.

B. Subject to Sections XIII and XIV below, this Settlement Agreement will terminate at the sole option and discretion of SHS' Counsel (on behalf of SHS), and/or Lead Counsel (on behalf of Lead Plaintiff) if (i) the Court, or any appellate court(s), rejects, modifies, or denies approval of any portion of this Settlement Agreement or the proposed settlement that the terminating Settling Party reasonably and in good faith determines is material including, without limitation, the terms of relief, the provisions relating to notice, and/or the terms of the release of the Released Plaintiffs' Claims, or (ii) the Court, or any appellate court(s), does not enter or completely affirm, or alters or expands, any portion of the Preliminary Approval Order or the Final Judgment and Order of Dismissal that the terminating Settling Party reasonably and in good faith believes is material; *provided* that any decision to terminate the Settlement Agreement pursuant to this Section XII shall be subject to review by the Court as to whether the decision was reasonable and made in good faith. The terminating Settling Party must exercise the option to withdraw from and terminate this Settlement Agreement, as provided in this Section XII, no later than thirty (30) days after receiving actual notice of the event prompting the termination.

C. Notwithstanding the preceding Section XII.B, neither Lead Plaintiff nor Lead Counsel may terminate this Settlement Agreement on the basis of the Attorneys' Fees and Expenses Award ordered by the Court, or as modified by any appellate court(s).

XIII. SHS' TERMINATION RIGHTS

A. Without limiting any other rights under this Settlement Agreement, by no later than two (2) days before the Fairness Hearing, SHS' Counsel (on behalf of SHS) may unilaterally withdraw from and terminate this Settlement Agreement if requests for exclusion are received from potential Class Members whose allegedly Damaged Shares, in the aggregate, exceed an amount equal to or larger than four percent (4%) of the total Damaged Shares purchased by Class Members during the Class Period.

B. Lead Counsel may attempt to cause retraction of any exclusion requests by potential Class Members. If SHS has exercised its option to withdraw from and terminate the Settlement based on Section XIII.A, and if Lead Counsel succeed in causing the retraction (within the time period for such retractions specified in the next sentence) of sufficient requests for exclusion such that the remaining requests for exclusion do not exceed the amounts set forth in the preceding paragraph, SHS' notice of withdrawal from the Settlement automatically shall be deemed a nullity. To retract a prior request for exclusion, a potential Class Member must provide to SHS' Counsel, at least five (5) business days before the Settlement Hearing, or any adjournment thereof, a written notice signed by the potential Class Member stating his, her, or its desire to retract the request for exclusion from the Class.

XIV. GENERAL MATTERS AND RESERVATIONS

A. If an option to withdraw from and terminate this Settlement Agreement arises under this Settlement Agreement, (i) neither SHS nor Lead Plaintiff will be required for any reason or under any circumstance to exercise that option, and (ii) if SHS

or Lead Plaintiff exercises the option to withdraw from or terminate the Settlement, it shall exercise that option in good faith.

B. If this Settlement Agreement does not become final or is otherwise terminated pursuant to the terms hereof, then:

1. this Settlement Agreement shall be null and void and shall have no force or effect, and no party to this Settlement Agreement shall be bound by any of its terms, except for the terms set out in this Section XIV;

2. This Settlement Agreement, all of its provisions, and all negotiations, statements, and proceedings relating to it shall be without prejudice to the rights of Defendants, Lead Plaintiff, or any other Class Member, all of whom shall be restored to their respective positions existing immediately before the execution of this Settlement Agreement, except with respect to the payment from the Settlement Amount of such Notice and Administrative Expenses and Tax Expenses as have been actually expended or incurred, as described in Section II above;

3. Releasees and their current and former predecessors, successors, heirs, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), agents, attorneys, representatives, and assigns expressly and affirmatively reserve all defenses, arguments, and motions as to all Claims that have been or might later be asserted in the Action, including (without limitation) any argument that the Action may not be litigated as a class action;

4. Lead Plaintiff, LASERS, and their current and former predecessors, successors, heirs, affiliates (as defined in 17 C.F.R. Part 210.1-02.b),

agents, attorneys, representatives, and assigns expressly and affirmatively reserve all motions as to, and arguments in support of, all Claims that have been or might later be asserted in the Action, including (without limitation) any argument concerning class certification;

5. neither this Settlement Agreement, nor the fact of its having been made, shall be admissible or entered into evidence for any purpose whatsoever;

6. within five (5) days of its receipt of notice of termination, the Escrow Agent shall return to SHS any portion of the Settlement Amount in the Escrow Account; and

7. except as specifically provided herein, nothing in this Settlement Agreement shall create any obligation on the part of any Settling Party to pay any other Settling Party's fees or expenses.

C. All of the exhibits attached to this Settlement Agreement are incorporated by reference as though fully set forth herein.

D. The parties to this Settlement Agreement intend that the Settlement Agreement shall be a final and complete resolution of all disputes that were, could have been, or could be asserted by the Class Members against the Releasees with respect to Released Plaintiffs' Claims. Accordingly, Lead Plaintiff and SHS agree not to assert in any forum that any conduct of Lead Plaintiff and/or SHS in connection with this Action, the settlement of this Action, or any of the Released Plaintiffs' Claims was in bad faith or was unreasonable. No Settling Party shall assert any Claim that any other Settling Party

violated Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense, or settlement of the Action.

E. The Settling Parties agree that the amount paid and the other terms of the Settlement Agreement were negotiated at arm's-length in good faith by the Settling Parties and reflect an agreement that was reached voluntarily, after consultation with experienced legal counsel.

F. Lead Counsel and SHS' Counsel signing this Settlement Agreement each represents that he or she is authorized to enter into this Settlement Agreement on behalf of his or her clients.

H. Lead Plaintiff, through a duly authorized representative, represents that it has consulted with Lead Counsel about the Action and this Settlement Agreement.

I. This Settlement Agreement sets forth the entire agreement among the Settling Parties with respect to its subject matter and may not be altered or modified except by a written instrument executed by Lead Counsel and SHS' Counsel. Lead Plaintiff, on the one hand, and SHS, on the other, expressly acknowledge that there are no agreements, arrangements, or understandings among or between them with respect to the subject matter of this Settlement Agreement other than those expressed or referred to in this Settlement Agreement. In entering into this Settlement Agreement, no Settling Party has relied upon any representation or warranty not set forth expressly herein.

J. This Settlement Agreement shall be governed by and interpreted according to the laws of the State of New York, excluding its conflict-of-laws provisions.

K. Any action arising under or to enforce this Settlement Agreement shall be commenced and maintained only in the Court, which shall retain continuing jurisdiction over all matters relating to the Settlement.

L. Whenever this Settlement Agreement requires or contemplates that a Settling Party shall or may give notice to the other, notice shall be provided by facsimile and/or next-day (excluding Saturday, Sunday, and legal holidays) express delivery service as follows and shall be deemed effective upon such facsimile transmission or delivery to the facsimile number or address, as the case may be, below:

1. If to SHS, then to:

Joseph N. Sacca
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, NY 10036
Telephone: 212.735.3000
Facsimile: 212.735.2000

2. If to Lead Plaintiff, then to:

John P. Coffey
Bernstein Litowitz Berger & Grossmann LLP
1285 Avenue of the Americas
New York, NY 10019
Telephone: 212.554.1400
Facsimile: 212.554.1444

Robert M. Roseman
Spector Roseman & Kodroff, P.C.
1818 Market Street
Suite 2500
Philadelphia, PA 19103
Telephone: 215.496.0300
Facsimile: 215.496.6611

Mark S. Willis
Cohen Milstein Hausfeld & Toll, P.L.L.C.
1100 New York Avenue N.W.
Suite 500, West Tower
Washington, D.C. 20005
Telephone: 202.408.4600
Facsimile: 202.408.4699

M. All time periods set forth herein shall be computed in calendar days unless otherwise expressly provided. In computing any period of time prescribed or allowed by this Settlement Agreement or by order of Court, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday, or, when the act to be done is the filing of a paper in Court, a day on which weather or other conditions have made the office of the Clerk of the Court inaccessible, in which event the period shall run until the end of the next day that is not one of the aforementioned days. As used in this Section, "legal holiday" includes New Year's Day, the observance of the Birthday of Martin Luther King, Jr., Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day, and any other day appointed as a federal or New York state holiday or as a holiday in France or the Canton of Zurich, Switzerland.

N. The Settling Parties reserve the right, subject to the Court's approval, to make any reasonable extensions of time that might be necessary to carry out any of the provisions of this Settlement Agreement.

O. All Settling Parties agree that this Settlement Agreement was drafted by counsel for the Settling Parties at arm's-length and that no parol or other evidence may be

offered to explain, construe, contradict, or clarify its terms, the intent of the Settling Parties or their counsel, or the circumstances under which this Settlement Agreement was made or executed. Nor shall there be any presumption for or against any Settling Party that drafted all or any portion of this Settlement Agreement.

P. This Settlement Agreement, offer of this Settlement Agreement, and compliance with this Settlement Agreement shall not constitute or be construed as an admission by any of the Releasees of any wrongdoing or liability. This Settlement Agreement is to be construed solely as a reflection of the Settling Parties' desire to facilitate a resolution of the Claims in the Complaint and the Proposed Second Amended Complaint and of the Released Plaintiffs' Claims. The Settling Parties agree that no party was or is a "prevailing party" in this case. In no event shall this Settlement Agreement, any of its provisions, or any negotiations, statements, or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as, or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory, or other proceeding, except a proceeding to enforce this Settlement Agreement. Without limiting the foregoing, neither this Settlement Agreement nor any related negotiations, statements, or court proceedings shall be construed as, offered as, received as, used as, or deemed to be evidence or an admission or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including, but not limited to, SHS or the Officer Defendants or as a waiver by SHS or the Officer Defendants of any applicable defense, or as a waiver by Lead Plaintiff, LASERS, or the Class of any Claims, causes of action, or remedies.

Q. No opinion or advice concerning the tax consequences of the proposed settlement to individual Class Members or any of the Settling Parties is being given or will be given by SHS' Counsel and/or Lead Counsel; nor is any representation or warranty in this regard made by virtue of this Settlement Agreement. Class Members will be directed to consult their own tax advisors regarding the tax consequences of the proposed settlement and any tax reporting obligations they might have with respect to it. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

R. The Settling Parties, their successors and assigns, and their attorneys undertake to implement the terms of this Settlement Agreement in good faith and to use good faith in resolving any disputes that might arise in the implementation of the terms of this Settlement Agreement.

S. The Settling Parties, their successors and assigns, and their attorneys agree to cooperate fully with one another in seeking Court approval of this Settlement Agreement and to use all reasonable efforts to effect the prompt consummation of this Settlement Agreement and the proposed Settlement.

T. This Settlement Agreement may be signed in counterparts, each of which shall constitute a duplicate original. Execution by facsimile or other electronic means shall be fully and legally binding on a Settling Party.

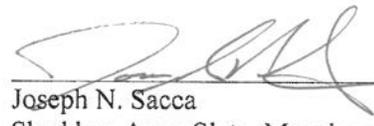
U. All Releasees who are not Settling Parties are intended third-party beneficiaries who are entitled as of the Final Settlement Date to enforce the terms of the Release set forth in this Settlement Agreement.

Agreed to as of this 25th day of July, 2008.



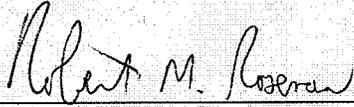
John P. Coffey
Steven B. Singer
Bernstein Litowitz Berger & Grossmann
LLP
1285 Avenue of the Americas
New York, NY 10019
Telephone: 212.554.1400
Facsimile: 212.554.1444

ON BEHALF OF LEAD PLAINTIFF,
LASERS, AND THE CLASS



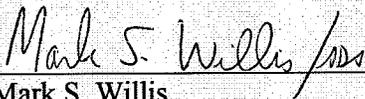
Joseph N. Sacca
Skadden, Arps, Slate, Meagher & Flom,
LLP
Four Times Square
New York, NY 10036
Telephone: 212.735.3000
Facsimile: 212.735.2000

Stephen W. Greiner
Willie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019
Telephone: 212.728.8000
Facsimile: 212.
ON BEHALF OF SCOR HOLDING
(SWITZERLAND)AG



Robert M. Roseman
Spector Roseman & Kodroff, P.C.
1818 Market Street
Suite 2500
Philadelphia, PA 19103
Telephone: 215-496-0300
Facsimile: 215-496-6611

ON BEHALF OF LEAD PLAINTIFF
AND THE CLASS



Mark S. Willis
Cohen Milstein Hausfeld & Toll, P.L.L.C.
1100 New York Avenue N.W.
Suite 500, West Tower
Washington, D.C. 20005
Telephone: 202-408-4600
Facsimile: 202-408-4699

ON BEHALF OF LEAD PLAINTIFF
AND THE CLASS