

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re SCOR HOLDING (SWITZERLAND) : Case No. 04 Civ. 7897 (DLC)  
AG SECURITIES LITIGATION :  
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**NOTICE OF: (1) PENDENCY AND PROPOSED SETTLEMENTS OF CLASS ACTION AND  
(2) HEARING ON PROPOSED SETTLEMENTS**

*A Federal Court authorized this Notice. This is not a solicitation from a lawyer.*

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by a class action lawsuit pending in this Court (the "Litigation") if, during the period from January 7, 2002 through and including September 2, 2004, you (i) purchased American Depositary Shares ("ADSs") of Converium Holding AG ("Converium" or the "Company") on the New York Stock Exchange ("NYSE") or (ii) were a U.S. resident who purchased the common stock of Converium on the SWX Swiss Exchange ("SWX").

**NOTICE OF SETTLEMENTS:** Please also be advised that Lead Plaintiff, the Public Employees' Retirement System of Mississippi ("MPERS"), on behalf of the Class (as defined in ¶ 1 below), has reached two proposed settlements (the "Settlements" or the "U.S. Settlements") for a total of \$84.6 million that will resolve all of the claims that Lead Plaintiff has asserted in the Litigation. One settlement (the "SHS Settlement") will resolve all of the claims that Lead Plaintiff has asserted against Converium, now known as SCOR Holding (Switzerland) AG ("SHS"), and the Officer Defendants (as defined in ¶ 1 below). The other settlement (the "ZFS Settlement") will resolve all of the claims that Lead Plaintiff has asserted against Zurich Financial Services ("ZFS"), the Director Defendants (as defined in ¶ 1 below), and the underwriters of the initial public offering of Converium common stock and ADSs that took effect on or about December 11, 2001 and was completed in January 2002 (the "Converium IPO").

This Notice explains important rights you may have, including your possible receipt of cash from the Settlements. Your legal rights will be affected whether or not you act. Please read this Notice carefully!

Lead Plaintiff and named plaintiff Avalon Holdings, Inc. ("Avalon") have also reached separate agreements in principle with SHS and ZFS to settle the claims of all non-U.S. persons or entities who purchased Converium Common Stock on the SWX during the Class Period ("Foreign Investors") for a total of \$58.4 million (the "Foreign Investor Settlements"). The Foreign Investor Settlements will be presented for approval to the Amsterdam Court of Appeals, in the Netherlands, and are separate and distinct from the Settlements obtained for the Class that are described in this Notice. If you are a Foreign Investor who purchased both (i) Converium common stock on the SWX and (ii) Converium ADSs on the NYSE during the Class Period (as defined in ¶ 1 below), you might receive a separate notice of the Foreign Investor Settlements relating solely to your purchases of Converium Common Stock on the SWX. The Foreign Investor Settlements are entirely separate from the U.S. Settlements described in this Notice. Neither pair of settlements depends on the other pair. This Notice describes your rights only in the U.S. Settlements.

1. **Description of the Litigation and Class:** This Notice relates to the U.S. Settlements of a class action lawsuit filed against Converium, ZFS, certain officers of Converium, namely, Dirk Lohmann, Martin Kauer, and Richard Smith (the "Officer Defendants"), certain directors of Converium, namely, Terry G. Clarke, Peter C. Colombo, George F. Mehl, Jurgen Foerterer, Anton K. Schnyder, Derrell J. Hendrix, and George G.C. Parker (the "Director Defendants"), and certain underwriters of the Converium IPO. Lead Plaintiff reached the Settlements in separate Stipulations of Settlement with SHS (the "SHS Stipulation") and ZFS (the "ZFS Stipulation"; and, collectively with the SHS Stipulation, the "Stipulations"). The proposed settlements, if approved by the Court, will provide relief to (i) all persons and entities who purchased Converium ADSs on the NYSE from January 7, 2002 through September 2, 2004 (the "Class Period"), and (ii) all persons and entities who were U.S. residents during the Class Period and who purchased Converium common stock on the SWX during that period (the "Class," composed of "Class Members").

2. **Statement of Class's Recovery:** Subject to Court approval, and as described more fully in ¶¶ 30-35 below, Lead Plaintiff, on behalf of the Class, has agreed to settle all claims that were or could have been asserted against all Defendants in the Litigation in exchange for a settlement payment of \$84,600,000.00 in cash, consisting of \$75 million paid by SHS and \$9.6 million paid by ZFS. (If the Court approves only one of the two Settlements, the total settlement amount will be reduced by the amount of the settlement that is not approved.) Pending final approval of the Settlements, this amount has been contributed to two "Settlement Funds" to pay claims of Class Members. The Net Settlement Funds (the Settlement Funds less taxes, notice and administration costs, and attorneys' fees and litigation expenses awarded to counsel representing Lead Plaintiff and the Class) will be distributed in accordance with a plan of allocation (the "Plan of Allocation")

that will be approved by the Court and will determine how the Net Settlement Funds shall be allocated to the members of the Class. The proposed Plan of Allocation is included in this Notice. Lead Plaintiff's damages expert estimates that Converium common stock and ADSs ("Converium Securities") representing approximately 10 million shares of Converium stock purchased by Class Members may have been affected by the conduct at issue in the Litigation.<sup>1</sup> If all Class Members elect to participate in the Settlements, the average per-share recovery from the Settlement Fund would be approximately \$8.46 per affected share before the deduction of attorneys' fees, costs, and expenses, as approved by the Court.

3. **Statement of Average Amount of Damages Per Share:** Lead Plaintiff, Converium (now known as SHS), the Officer Defendants, the Director Defendants, and ZFS do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail. Lead Plaintiff's damages expert's theory, if accepted by a jury, would permit the jury to award damages in the range of \$200 million. Defendants deny that any Converium Securities were damaged as Lead Plaintiff has alleged. Defendants were prepared to establish that the prices of Converium Securities were not inflated as the result of any allegedly false or misleading public statement by Defendants, and that the decline in the prices of Converium Securities alleged in the Litigation did not result from the disclosure of information that Defendants allegedly had wrongfully withheld.

4. **Statement of Attorneys' Fees and Expenses Sought:** Lead Counsel (as defined in ¶ 7) will apply to the Court for an award of attorneys' fees from the Settlement Fund equal to 20% of the Settlement Fund. At that time, Lead Counsel also will apply for the reimbursement of litigation expenses not to exceed \$5,000,000. If the Court approves Lead Counsel's fee and expense application, the average cost per affected share will be approximately \$2.19. As described more fully in ¶ 66 below, Lead Counsel also will seek in connection with the Foreign Investor Settlements the reimbursement of litigation expenses not to exceed \$2,000,000, and shall return to the Settlement Fund all such amounts obtained.

5. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Class are being represented by Steven B. Singer, Bernstein Litowitz Berger & Grossmann LLP; Robert M. Roseman, Spector Roseman & Kodroff, P.C.; and Mark S. Willis, Cohen Milstein Hausfeld & Toll, P.L.L.C., the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to: Steven B. Singer, Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, [www.blbglaw.com](http://www.blbglaw.com).

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THESE SETTLEMENTS:</b>	
<b>REMAIN A MEMBER OF THE CLASS</b>	This is the only way to get a payment. If you wish to obtain a payment as a Class Member, you will need to file a Proof of Claim form (which is included with this Notice) postmarked no later than December 9, 2008.
<b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION RECEIVED NO LATER THAN NOVEMBER 24, 2008</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against any of the Defendants concerning the claims in this case.
<b>OBJECT TO THE SETTLEMENTS BY SUBMITTING WRITTEN OBJECTIONS RECEIVED NO LATER THAN NOVEMBER 24, 2008</b>	Write to the Court and explain why you do not like the Settlements, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses. You cannot object to the Settlements unless you are a Class Member and do not exclude yourself.
<b>GO TO THE HEARING ON DECEMBER 12, 2008 AT 2:00 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR RECEIVED NO LATER THAN NOVEMBER 24, 2008</b>	Ask to speak in Court about the fairness of the Settlements, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses.
<b>DO NOTHING</b>	Get no payment. Remain a Class Member. Give up your rights.

<sup>1</sup> All per-share amounts are expressed in terms of Converium common stock. Each ADS is equal to one half of a share of Converium common stock.

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**WHY DID I GET THIS NOTICE?**

6. This Notice is being sent to you pursuant to an Order of the United States District Court for the Southern District of New York (the “Court”) because you or someone in your family may have purchased Converium Securities during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlements, a claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlements after any objections and appeals are resolved.

7. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Litigation, the Court has appointed MPERS to serve as “Lead Plaintiff” under a federal law governing lawsuits such as this one, and approved Lead Plaintiff’s selection of the law firms of Bernstein Litowitz Berger & Grossmann LLP, Cohen, Milstein, Hausfeld & Toll, P.L.L.C., and Spector, Roseman & Kodroff, P.C. (together, “Lead Counsel”) to serve as Lead Counsel in the Litigation. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for any persons who choose to exclude themselves from the class. (For more information on excluding yourself from the Class, please read “What If I Do Not Want To Be A Part Of The Settlements? How Do I Exclude Myself?,” located below.)

8. The Court in charge of this case is the United States District Court for the Southern District of New York, and the case is known as *In re SCOR Holding (Switzerland) AG Securities Litigation*. The Judge presiding over this case is the Honorable Denise Cote, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the plaintiff is referred to as the Lead Plaintiff, on behalf of itself and the Class, and Defendants are SHS (formerly Converium), ZFS, and certain of the underwriters of the Converium IPO, as well as the Officer Defendants and the Director Defendants.

9. This Notice explains the Lawsuit, the Settlements, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlements if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlements, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlements (the “Final Approval Hearing”).

10. The Final Approval Hearing will be held on December 12, 2008, at 2:00 p.m., before the Honorable Denise Cote, at the United States District Court for the Southern District of New York, located at 500 Pearl Street, Courtroom 11B, New York, New York, to determine:

- (i) whether the proposed SHS Settlement is fair, reasonable, and adequate and should be approved by the Court;
- (ii) whether the proposed ZFS Settlement is fair, reasonable, and adequate and should be approved by the Court;

- (iii) whether the Court should enter the bar orders and permanent injunctions requested in the proposed Settlements;
- (iv) whether the claims against the Defendants should be dismissed with prejudice as set forth in the Stipulations;
- (v) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- (vi) whether Lead Counsel's request for fees and reimbursement of their expenses should be approved by the Court.

11. This Notice does not express any opinion by the Court concerning the merits of any claim in the Litigation, and the Court still has to decide whether to approve the Settlements. If the Court approves the Settlements, or either of them, payments will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

#### **WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?**

12. Converium (now known as SHS) is a global reinsurance company that offers property, casualty, and other non-life reinsurance products, in addition to life reinsurance products. Converium is a corporation organized under the laws of Switzerland. During the Class Period, its principal places of business were in Zug, Switzerland, New York, New York, and Cologne, Germany. Converium's stock traded on the SWX under the ticker symbol "CHRN," and its ADSs traded on the NYSE under the ticker symbol "CHR." On December 11, 2001, Converium spun off from ZFS, its corporate parent, in the Converium IPO. The Converium IPO was the largest initial public offering of a reinsurance company in history. Before the Converium IPO, Converium operated under the name Zurich Re, which was the reinsurance business of ZFS. Following the Converium IPO, Zurich Re's North American business, Zurich Re (North America), became Converium North America.

13. In the Litigation, Lead Plaintiff alleged that Defendants made false statements and omitted material facts between December 11, 2001 and September 2, 2004 regarding Converium's financial condition, and that those alleged misstatements and omissions had the effect of artificially inflating the price of Converium Securities. Specifically, Lead Plaintiff alleged that Defendants materially overstated Converium's earnings and overall financial condition by concealing a material deficiency in Converium's loss reserves and, in particular, in the loss reserves of Converium North America. As a reinsurer, Converium was required to establish loss reserves to reflect its contractual obligation to pay future claims on the policies of the ceding insurers pursuant to Converium's contracts to cover those losses. Loss reserves are established and periodically adjusted based on actuarial estimates. Converium employed teams of internal actuaries to monitor loss reserves for each of its lines of business. Those business lines included property insurance, casualty insurance, automobile liability and life insurance, and were managed through Converium's three global divisions, Converium Zurich, Converium Cologne and Converium North America, each of which established its own loss reserves for each line of business. Loss reserves constituted the largest expense item on Converium's income statement, and, because the establishment of loss reserves offsets income, Converium's earnings were reduced commensurately by any increase in loss reserves. Accordingly, Lead Plaintiff alleged that, by failing to maintain adequate loss reserves during the Class Period, Converium was able to materially overstate its earnings and, thereby, mislead investors.

14. Lead Plaintiff alleged that, prior to the Converium IPO, an independent actuarial consulting firm identified a reserve deficiency at Converium North America of approximately \$350 million. Lead Plaintiff further alleged that the reserve increase required to correct that deficiency would have increased Converium's reported loss for the year ended December 31, 2000, by a factor of 10. Lead Plaintiff contended that, despite being informed of that deficiency, Defendants proceeded with the Converium IPO without sufficiently increasing Converium's loss reserves. Lead Plaintiff also alleged that, thereafter and throughout the Class Period, Converium and its senior officers touted Converium's continuously improving financial condition while concealing a growing reserve deficiency in North America. While Converium did increase its loss reserves in 2002 – including material reserve increases announced in October and November 2002 that, when disclosed, allegedly caused the price of Converium Securities to decline significantly – Lead Plaintiff alleged that Converium nonetheless remained under-reserved. For example, Lead Plaintiff alleged that a second independent actuarial consultant determined that the North American reserve deficiency had grown to approximately \$437 million as of year-end 2002, after those reserve increases. Lead Plaintiff further alleged that certain of the Defendants engaged in a scheme to conceal that deficiency by "novating," or transferring, millions of dollars in poorly performing contracts from Converium North America to Converium Zurich, and by reorganizing the Company to no longer report financial results for its three geographic divisions.

15. Defendants deny that the independent actuarial study mentioned in the preceding paragraph showed a \$350 million reserve deficiency at the time of the Converium IPO. Defendants also deny that they were aware or had reason to be aware of material under-reserving at Converium at the time of the IPO or at any later time.

16. On July 20, 2004, Converium announced that it would take a charge of at least \$400 million to increase its reserves. Following that disclosure, the price of Converium Securities declined nearly 50%. A subsequent disclosure by Converium on August 30, 2004, revealed that the charge could be more than \$500 million. After that disclosure, the price of Converium Securities further declined. On September 2, 2004, in response to the reserve increase, Standard & Poor's announced a downgrade of Converium's credit rating. Because reinsurance contracts are conditioned upon the maintenance of a specific credit rating, the downgrade led certain of Converium's customers to terminate their reinsurance policies and demand repayment of the premiums they had paid. Shortly thereafter, Converium announced that its North American operations were being placed into run-off, and defendants Dirk Lohmann and Martin Kauer resigned from their positions as Converium's Chief Executive Officer and Chief Financial Officer, respectively.

17. Beginning on October 4, 2004, a number of lawsuits were filed on behalf of Converium investors. By Order dated July 14, 2005, the Court appointed two lead plaintiffs, MPERS and Avalon, and approved their selection of Lead Counsel. By Order dated November 16, 2006, the Court consolidated all related cases for coordinated proceedings under Lead Plaintiffs' direction.

18. On September 23, 2005, MPERS and Avalon filed their Consolidated Amended Class Action Complaint (the "Consolidated Complaint"), which sought to proceed on behalf of a worldwide class consisting of all persons or entities who purchased or otherwise acquired Converium common stock and/or ADSs during the period from December 11, 2001 through September 2, 2004, inclusive. The Consolidated Complaint asserted two different sets of claims. The first was a series of strict-liability and negligence-based claims under the Securities Act of 1933 ("Securities Act") against the Defendants who allegedly would be statutorily responsible for the statements asserted to have been untrue in the registration statement and prospectus filed in connection with the Converium IPO (the "Registration Statement"). The second set of claims consisted of fraud-based claims under the Securities Exchange Act of 1934 ("Exchange Act") against those Defendants who were alleged to have directly participated in the fraudulent scheme and those who allegedly knew about the alleged fraud or were reckless in not discovering it. The Consolidated Complaint alleged claims against: (i) Converium under Sections 11 and 12(a)(2) of the Securities Act and Section 10(b) of the Exchange Act; (ii) ZFS under Sections 12(a)(2) and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act; (iii) Converium's underwriters under Section 11 and 12(a)(2) of the Securities Act; (iv) the Officer Defendants under Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act; and (v) the Director Defendants under Sections 11 and 15 of the Securities Act and Section 20(a) of the Exchange Act.

19. Defendants moved to dismiss the Consolidated Complaint on December 23, 2005.

20. While Defendants' motions to dismiss were pending, Converium announced on February 28, 2006 that it would restate its previously issued financial statements for the years ended December 31, 1998 through 2004 and the quarters ended March 31, 2003 through June 30, 2005. MPERS and Avalon moved for permission to file a Proposed Second Amended Complaint to include allegations relating to the restatement, and Defendants opposed the motion.

21. On December 28, 2006, the Court issued an opinion and order granting Defendants' motions to dismiss in part and denying them in part. The Court dismissed all Securities Act claims against all Defendants, and dismissed all Exchange Act claims against all Defendants based upon the Registration Statement. Thus, all claims against ZFS, the underwriters of the Converium IPO, and the Director Defendants were dismissed. The Court denied the motions to dismiss the Exchange Act claims against Converium and the Officer Defendants that were not based on the Registration Statement. The Court also denied MPERS and Avalon's motion to amend the Consolidated Complaint to add allegations concerning Converium's restatement of its financial statements.

22. On January 12, 2007, MPERS and Avalon moved for limited reconsideration of the Court's December 28, 2006 Orders. On April 9, 2007, the Court reinstated the claims under Section 10(b) of the Exchange Act against Converium and the Officer Defendants, and the claims under Section 20(a) of the Exchange Act against ZFS and the Director Defendants, to the extent those claims were asserted on behalf of aftermarket purchasers based on the Registration Statement.

23. On August 24, 2007, MPERS and Avalon entered into a Stipulation of Settlement with ZFS to settle the claims asserted against ZFS, the Director Defendants, the underwriters of the Converium IPO, and, to a limited extent, the Officer Defendants. By Order entered September 4, 2007, the Court preliminarily approved that settlement.

24. On or about September 28, 2007, MPERS and Avalon filed their Motion for Class Certification in which they asked the Court to certify a class consisting of all purchasers of Converium shares and ADSs during the period of December 11, 2001 through September 2, 2004. By orders dated March 6, 2008 and March 19, 2008, the Court certified a class consisting only of all U.S. residents who had purchased shares of Converium on the SWX, and all persons who had purchased Converium ADSs on the NYSE, from January 7, 2002 through September 2, 2004, and appointed MPERS as the sole Lead Plaintiff. These rulings excluded from the class all non-U.S. purchasers of Converium shares on the SWX, as well

as all persons who had purchased Converium Securities between December 11, 2001 and January 6, 2002. Thereafter, Lead Plaintiff and Avalon moved for reconsideration of the Court's exclusion of the Foreign Investors from the Class.

25. The Court had not yet ruled on Lead Plaintiff's motion for reconsideration at the time the SHS Settlement was reached. Once the SHS Settlement was reached, and in view of the Court's ruling on class certification, MPERS and Avalon reached a new agreement with ZFS to settle this litigation.

26. Lead Counsel has conducted substantial discovery and analysis in this Litigation, including: (i) a review and analysis of Converium's public disclosures (filed with the Securities and Exchange Commission and otherwise); (ii) an analysis of Converium's financial statements; (iii) a review of documents and information obtained through Lead Counsel's investigation; (iv) a review of millions of pages of documents produced by Converium, the Officer Defendants, ZFS, and various non-parties pursuant to document requests; (v) approximately thirty depositions of current and former Converium employees, including Defendants Kauer and Smith, as well as representatives of third parties, including Tillinghast Towers Perrin, and the Connecticut Department of Insurance; (vi) consultations with various experts concerning damages, accounting, and insurance issues; and (vii) extensive research of the applicable law with respect to the claims asserted against the Defendants, and Defendants' potential defenses to those claims.

27. Each of the Settlements proposed in the Stipulations was achieved after separate, intense, arm's-length negotiations, and in some instances with the assistance of an independent mediator.

28. On August 11, 2008, the Court preliminarily approved the SHS Settlement and the ZFS Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Fairness Hearing to consider whether to grant final approval of each of the two settlements.

#### HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENTS?

29. If you are a Member of the Class, you are subject to the Settlements unless you timely request to be excluded. The Class consists of all persons, entities, or legal beneficiaries or participants in any entities who, during the period from January 7, 2002 through September 2, 2004, inclusive, (i) were U.S. residents who purchased or otherwise acquired Converium common stock on the SWX, and/or (ii) purchased or otherwise acquired Converium ADSs on the NYSE, regardless of country of residency. Excluded from the Class are such persons or entities who are or were the Releasees (as defined in the Stipulations); Converium (now SHS); ZFS; Director Defendants; Officer Defendants; family members of any Officer or Director Defendant; the underwriters of the Converium IPO; any entity in which the Releasees have or had a controlling interest; the legal representatives, heirs, executors, successors, or assigns of any excluded person or entity; or any current or former directors or officers of the Releasees or of an entity in which the Releasees had a controlling interest. The Class also does not include those Persons who timely request exclusion from the Class pursuant to this Notice (see "What If I Do Not Want To Participate In The Settlements? How Do I Exclude Myself," below).

**RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR ARE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENTS. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENTS, YOU WILL BE REQUIRED TO SUBMIT A CLAIM FORM ONCE ONE IS SENT TO YOU. YOU MUST RETURN THE CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 9, 2008.**

#### WHAT ARE THE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENTS?

30. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. Lead Plaintiff and Lead Counsel, however, recognize the expense and length of continued proceedings necessary to pursue their claims through trial and appeals, as well as the difficulties in establishing liability for allegations of fraud based on improperly estimated insurance loss reserves.

31. With respect to the ZFS Settlement in particular, on December 28, 2006, the Court dismissed all of Lead Plaintiff's claims arising out of the Registration Statement – the only document for which ZFS, the Director Defendants, and Converium's underwriters are alleged to bear any liability. Thus, all claims asserted against ZFS, Converium's underwriters, and the Director Defendants in the Consolidated Complaint were dismissed. The Court granted a reconsideration motion as to the Exchange Act Section 20(a) claims, but it then needed to rule on ZFS's additional defenses to those claims. Accordingly, at the time the original ZFS Settlement was reached, there was no guarantee that the Section 20(a) claim would have survived the motion to dismiss, or a later motion for summary judgment, trial, and appeal. Moreover, even after the Court reinstated the Section 20(a) claim against ZFS, ZFS had no alleged liability for any conduct occurring after the Converium IPO. As to the other dismissed claims against ZFS, Converium's underwriters, and the Director Defendants, Lead Plaintiff would not have been able to recover any money for the Class on those claims unless Lead Plaintiff had been successful in appealing the Court's decision to the U.S. Court of Appeals for the Second Circuit.

32. By orders dated March 6, 2008 and March 19, 2008, the Court certified a Class that excluded all Foreign Investors, and also limited the Class Period to January 7, 2002 through and including September 2, 2004, thereby excluding all purchasers from December 11, 2001 through January 6, 2002. Lead Plaintiff and Avalon moved for reconsideration of those orders to the extent they excluded the Foreign Investors from the Class. The Court had not yet ruled on Lead Plaintiff's motion for reconsideration at the time the proposed SHS Settlement was reached, and there was no assurance that the Court would have granted the motion and agreed to include the Foreign Investors in the Class.

33. In addition, before entering into the SHS Settlement and the revised ZFS Settlement, Lead Counsel had undertaken substantial discovery, as described above, and Converium and Lead Plaintiff also had exchanged expert reports concerning, among other things, damages and the various methodologies used to estimate insurance loss reserves. Based on this work, Lead Plaintiff believed that it faced substantial risk that it might not be able to establish Defendants' alleged "scienter" (*i.e.*, Defendants' knowing or reckless misconduct) at trial because of the arguably subjective nature of estimating loss reserves, and because loss reserve studies conducted under different methodologies may produce disparate results.

34. In light of the amount of the Settlements and the immediacy of recovery to the Class, Lead Plaintiff and Lead Counsel believe that each of the proposed Settlements is fair, reasonable, and adequate, and in the best interests of the Class. Lead Plaintiff and Lead Counsel believe that the Settlements provide a substantial benefit now, namely \$84,600,000.00 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Litigation – some of which have been dismissed against certain Defendants – would produce a similar, smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future. Defendants have denied the claims asserted against them in the Litigation and deny having engaged in any wrongdoing, violation of law or breach of duty. The Settlements may not be construed as an admission of Defendants' wrongdoing. Defendants have agreed to the Settlements solely to eliminate the burden and expense of continued litigation.

**WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENTS?**

35. If there were no Settlements and Lead Plaintiff failed to establish any essential legal or factual element of its claims, neither Lead Plaintiff nor the Class would recover anything from the Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlements, or nothing at all.

**HOW MUCH WILL MY PAYMENT BE?**

**THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS**

36. Defendants have collectively agreed to pay \$84,600,000 in cash in the U.S. Settlements.

37. After approval of the Settlements by the Court, and upon satisfaction of the other conditions to the Settlements, the Net Settlement Funds will be distributed to Authorized Claimants in accordance with the Plan of Allocation. (If the Court approves only one of the Settlements, the disapproved Settlement's payment will not be distributed to Authorized Claimants.) If any funds remain in the Net Settlement Funds because of uncashed distributions or other reasons, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distribution checks, any balance remaining in the Net Settlement Funds one (1) year after the initial distribution of such funds shall be redistributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such redistribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Funds for such redistribution. If any funds shall remain in the Net Settlement Funds after six (6) months after such redistribution, then such balance shall be contributed to non-sectarian, not-for-profit organizations designated by Lead Counsel after notice to the Court and subject to direction, if any, by the Court.

38. The Settlement Funds will be distributed as follows:

(i) First, to pay all federal, state, and local taxes on any income earned by the Settlement Funds and to pay the reasonable costs incurred in connection with determining the amount of, and paying, taxes owed by the Settlement Funds (including reasonable expenses of tax attorneys and accountants);

(ii) To pay costs and expenses in connection with providing Notice to Class Members and administering the Settlements on behalf of Class Members;

(iii) To reimburse Lead Counsel for the costs and expenses that Lead Counsel incurred in commencing and prosecuting the Litigation, with interest on such money, if and to the extent allowed by the Court;

(iv) To pay Lead Counsel's attorneys' fees, to the extent allowed by the Court; and

(v) To compensate Authorized Claimants with the balance of the Net Settlement Funds in accordance with the Plan of Allocation, subject to an Order of the Court approving the Settlements and the Plan of Allocation (or such other allocation plan as the Court may approve), and subject to such Order's becoming final (meaning that the time for appeal or appellate review of the Order granting final approval has expired, or, if the Order is appealed, that the appeal is either decided without causing a material change in the Order or is upheld on appeal and no longer subject to appellate review by further appeal or writ of certiorari).

39. The Net Settlement Funds will not be distributed until the Court has approved a Plan of Allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

40. Defendants are not entitled to get back any portion of the Settlement Funds once the Court's Order approving the Settlements becomes final. Defendants have no liability, obligation, or responsibility for the administration of the Settlements or disbursement of the Net Settlement Funds or the Plan of Allocation.

41. Approval of each of the Settlements is independent from approval of the Plan of Allocation. Any determination as to the Plan of Allocation will not affect either of the Settlements, if approved.

42. Only those Class Members who purchased or acquired Converium Securities during the Class Period **AND WERE DAMAGED**, as set forth below, will be eligible to share in the distribution of the Net Settlement Funds. Each person wishing to participate in the distribution must timely submit a valid Proof of Claim form establishing membership in the Class, and including all required documentation, postmarked no later than December 9, 2008, to the address set forth in the Proof of Claim form that accompanies this Notice. Unless the Court otherwise orders, any Class Member who fails to submit a Proof of Claim form postmarked no later than December 9, 2008 shall be forever barred from receiving payments pursuant to the Settlements set forth in the Stipulations but will in all other respects remain a Class Member and be subject to the provisions of the Stipulations, including the terms of any Judgment entered and releases given. This means that each Class Member releases the Released Plaintiffs' Claims against Defendants and is enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims (as defined in ¶ 61 below) against any of the Defendants regardless of whether or not such Class Member submits a Proof of Claim form.

43. The Court has reserved continuing jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member.

44. The Court has also reserved the right to modify the Plan of Allocation without further notice to Class Members. All Orders regarding a modification of the Plan of Allocation will be posted on the settlement website, [www.SCORSecuritiesLitigation.com](http://www.SCORSecuritiesLitigation.com).

45. Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulations, the Plan of Allocation, or further orders of the Court. Lead Plaintiff, Defendants, their respective counsel, and all other Releasees shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Funds, the Net Settlement Funds, the Plan of Allocation, or the determination, administration, calculation, or payment of any Proof of Claim or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Funds, or any losses incurred in connection therewith.

46. A "Recognized Loss Amount" will be calculated for each purchase or acquisition of Converium Securities that is listed in the Proof of Claim form, and for which adequate documentation is provided. The calculation of the Recognized Loss Amount will depend upon several factors, including (i) when the Converium Securities were purchased or acquired and (ii) whether they were held until the conclusion of the Class Period or sold during the Class Period, and if so, when they were sold.

47. **Information Required on the Proof of Claim Form:** Each Proof of Claim form must state and provide sufficient documentation for each Authorized Claimant's position in Converium Securities as of the close of trading on January 6, 2002, the day before the first day of the Class Period, and the closing position in Converium Securities as of the close of trading on September 2, 2004, the last day of the Class Period. Each Proof of Claim form also must list and provide sufficient documentation for all transactions in Converium Securities, including all purchases or acquisitions and sales, made from September 3, 2004 through December 2, 2004, the last day of the 90-day "look-back period" under the U.S. law known as the Private Securities Litigation Reform Act of 1995.

48. The objective of the Plan of Allocation is to equitably distribute the settlement proceeds to those Class Members who suffered economic losses as a result of the alleged fraud, as opposed to losses caused by market factors or non-fraud-related, Company-specific factors. The Plan of Allocation reflects Lead Plaintiff's damages expert's analysis undertaken to that end, including a review of publicly available information regarding Converium and statistical comparisons of the price movements of the Converium Securities with the price performance of a relevant market index during the Class Period. Lead Plaintiff and Lead Counsel, in consultation with Lead Plaintiff's damages expert, have estimated the artificial inflation in Converium Securities during the Class Period, as reflected in Table 1.

49. Recognized Loss Amounts are based on the level of alleged artificial inflation in the price of Converium Securities at the time of purchase or acquisition. For market losses to be compensable damages under the federal securities laws, however, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the securities. In this case, Lead Plaintiff alleges that Defendants made false statements and omitted material facts from January 7, 2002 through and including September 2, 2004, which were corrected by disclosures on October 28, 2002, November 19, 2002, July 20, 2004, and September 2, 2004. The various Recognized Loss Amounts described below are based on the timing of trades in Converium Securities relative to these corrective disclosure dates.

### **SPECIFIC LOSS AMOUNTS**

50. For Converium Securities purchased on or after January 7, 2002 through and including November 18, 2002, the Recognized Loss Amount shall be determined as follows:

- a) If those securities were *sold* on or before October 25, 2002, the Recognized Loss Amount shall be zero, because Lead Plaintiff's damages expert and Lead Counsel have determined that any loss suffered is not compensable under the federal securities laws.
- b) For those securities *sold* on or between October 26, 2002 and September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the sales price or (ii) the amount by which the artificial inflation at the time of purchase (as determined by multiplying the purchase price per Converium Security by the inflation rate for the applicable date of purchase, as set forth in Table 1) exceeds the artificial inflation at the time of sale (as determined by multiplying the selling price per Converium Security by the inflation rate for the applicable date of sale, as set forth in Table 1).
- c) For those securities *held* after September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the 90-day look-back price on the date of sale as set forth in Table 2 (or the 90-day look-back price on December 2, 2004 if the security was not sold before December 2, 2004) or (ii) the amount of artificial inflation at the time of purchase (as determined by the purchase price multiplied by the inflation rate for the applicable date of purchase, as set forth in Table 1).

51. For Converium Securities purchased on or after November 19, 2002 through and including July 19, 2004, the Recognized Loss Amount shall be determined as follows:

- a) For those securities *sold* on or before July 19, 2004, the Recognized Loss Amount shall be zero, because Lead Plaintiff's damages expert and Lead Counsel have determined that any loss suffered is not compensable under the federal securities laws.
- b) For those securities *sold* on or after July 20, 2004 through and including September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the sales price or (ii) the amount by which the artificial inflation at the time of purchase (as determined by multiplying the purchase price per Converium Security by the inflation rate for the applicable date of purchase, as set forth in Table 1) exceeds the artificial inflation at the time of sale (as determined by multiplying the selling price per Converium Security by the inflation rate for the applicable date of sale, as set forth in Table 1).
- c) For those securities *held* after September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the 90-day look-back price on the date of sale, as set forth in Table 2 (or the 90-day look-back price on December 2, 2004 if the security was not sold before December 2, 2004) or (ii) the amount of artificial inflation at the time of purchase (as determined by multiplying the purchase price by the inflation rate for the applicable date of purchase, as set forth in Table 1).

52. For Converium Securities purchased on or after July 20, 2004 through and including September 2, 2004, the Recognized Loss Amount shall be determined as follows:

- a) For those securities *sold* on or after July 20, 2004 through and including September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the sales price or (ii) the amount by which the artificial inflation at the time of purchase (as determined by multiplying the purchase price by the inflation rate for the applicable date of purchase, as set forth in Table 1) exceeds the artificial inflation at the time of sale (as determined by multiplying the selling price per Converium Security by the inflation rate for the applicable date of sale, as set forth in Table 1).
- b) For those securities *sold* after September 2, 2004, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the 90-day look-back price on the date of sale, as set forth in Table 2 (or the 90-day look-back price on December 2, 2004 if the security was not sold before December 2, 2004) or (ii) the amount of artificial inflation at the time of purchase (as determined by multiplying the purchase price by the inflation rate for the applicable date of purchase as set forth in Table 1).
- c) For those securities still *held*, the Recognized Loss Amount shall be the lesser of (i) the purchase price minus the 90-day look-back price on December 2, 2004 or (ii) the amount of artificial inflation at the time of purchase (as determined by multiplying the purchase price by the inflation rate for the applicable date of purchase, as set forth in Table 1).

### **ADDITIONAL PROVISIONS**

53. The Net Settlement Funds will be allocated among all eligible Class Members.

54. Each Authorized Claimant shall recover his, her, or its Recognized Loss Amount. If the sum total of Recognized Loss Amounts of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Funds is greater than the Net Settlement Funds, however, each such Authorized Claimant shall receive his/her/its *pro rata* share of the Net Settlement Funds. The *pro rata* share shall be the Authorized Claimant's Recognized Loss Amount divided by the total of all Recognized Loss Amounts to be paid from the Net Settlement Funds, multiplied by the total amount in the Net Settlement Funds. If the prorated payment calculates to less than \$10, then such payment shall be equal to \$10.

55. If the Net Settlement Funds exceed the sum total amount of the Recognized Loss Amounts of all Authorized Claimants entitled to receive payment out of the Net Settlement Funds, the excess amount in the Net Settlement Funds shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

56. If a Class Member has more than one purchase/acquisition or sale of Converium Securities during the Class Period, all purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis; however, the two distinct securities (common stock and ADSs) shall not be commingled for purposes of matching sales to purchases/acquisitions. Class Period sales will be matched first against any like Converium Securities held at the beginning of the Class Period, and then against purchases/acquisitions of the same type of Converium Securities in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. Purchases or acquisitions and sales of Converium Securities shall be deemed to have occurred on the "contract" or "trade" date, as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise, or operation of law of Converium Securities during the Class Period shall not be deemed a purchase/acquisition or sale of such Converium Securities for the calculation of an Authorized Claimant's Recognized Loss Amount; nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such Converium Securities unless specifically provided in the instrument of gift or assignment.

57. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of Converium Securities. The date of a "short sale" is deemed to be the date of sale of Converium Securities. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero.

58. To the extent an Authorized Claimant had a market gain from his, her, or its overall transactions in Converium common stock and Converium ADSs during the Class Period, the value of the Recognized Loss Amount will be zero. Such Authorized Claimants will in any event be bound by the Settlements. To the extent an Authorized Claimant suffered an overall market loss on his, her, or its overall transactions in Converium common stock and Converium ADSs during the Class Period, but that market loss was less than the total Recognized Loss Amount calculated above for such Converium Securities, then the Authorized Claimant's Recognized Loss Amount shall be limited to the amount of the actual market loss.

59. For purposes of determining whether an Authorized Claimant had a market gain from his, her, or its overall transactions in Converium common stock and Converium ADSs during the Class Period or suffered a market loss, the Claims

Administrator shall determine the difference between (i) the Total Purchase Amount<sup>1</sup> and (ii) the sum of the Sales Proceeds<sup>2</sup> and the Holding Value.<sup>3</sup> This difference will be deemed an Authorized Claimant's market gain or loss on his, her, or its overall transactions in each distinct Converium Security during the Class Period. Market gains or losses on Converium common stock will be offset against market gains or losses on Converium ADSs to determine whether an Authorized Claimant had an overall market gain or loss.

## WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENTS?

60. If the Settlements are approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against the Defendants and will provide that Lead Plaintiff and all other Class Members shall be deemed to have – and by operation of the Judgment shall have – fully, finally, and forever released, waived, discharged, and dismissed any and all Released Plaintiffs' Claims, including "Unknown Claims" (as defined in the Stipulations), against the Releasees (as defined in ¶ 62 below) and any claims or potential claims that were or could be asserted in connection with the Litigation or Released Plaintiffs' Claims. If the Court approves only one of the Settlements but not the other one, the Judgment described in this paragraph will apply only to the approved Settlement.

61. "Released Plaintiffs' Claims" means each and every Claim or Unknown Claim (as defined in the Stipulations) that Lead Plaintiff or any Class Member (i) asserted against any of the Releasees in the Litigation (including all Claims asserted in the Complaint or the Proposed Second Amended Complaint, as defined in the Stipulations) or (ii) could have asserted 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 Investment Decision (as defined in the Stipulations to mean a decision regarding an investment in Converium Securities including, without limitation, a decision to purchase, sell or hold Converium Securities) 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. Those Released Plaintiffs' Claims include, among other things, all claims against the Releasees arising from the Converium IPO, Converium's and the ZFS entities' financial condition, Converium's and the ZFS entities' loss reserves, reinsurance contracts, or reinsurance coverage, and Converium's 2006 restatement of its financial statements for prior years. A copy of the complete definition of Released Plaintiffs' Claims is set forth in the Proof of Claim form. You should read it carefully. The term "Released Plaintiffs' Claims" shall not release any claim, known or unknown, of Class Members who were not residents of the United States at the time of their purchase of Converium Common Stock, to the extent any such claim relates to their purchase or acquisition of Converium Common Stock on the SWX during the Class Period.

62. The term "Releasee," which is fully defined in the Stipulations, includes, among other persons and entities, SHS (or Converium) and its past and present officers, directors, employees, and agents; ZFS and its past and present officers, directors, employees and agents; the underwriters of the Converium IPO; the Officer Defendants; and the Director Defendants.

63. The Judgment also will provide that Defendants shall be deemed to have – and by operation of the Judgment shall have – fully, finally, and forever released, waived, and discharged all claims, whether known or unknown (including Unknown Claims), and whether arising under federal, state, or any other law, that have been or could have been asserted in the Litigation or in any court or forum, by Defendants against Lead Plaintiff, any of Lead Plaintiff's counsel, and/or any of their agents, if such claims arise out of or relate in any way to the institution, maintenance, or settlement of the Litigation, except claims relating to the enforcement of the Settlement.

64. Defendants in each of the U.S. Settlements have asked the Court to enter "bar orders" barring any person or entity from suing the Releasees in their respective Settlement – and barring those Releasees from suing any other person or entity – for any injury that relates to a Released Plaintiffs' Claim and arises from the barred person's or entity's alleged liability to the Class or any Class Member. Such a bar order would apply if, for example, the Court were to approve only one of the two U.S. Settlements, and a defendant in the settlement that was not approved (a "nonsettling defendant") wanted to sue the Releasees in the approved settlement for any money that the nonsettling defendant later had to pay to the Class. The bar order would prevent the nonsettling defendant from filing such a claim. In such a situation, the Class Members have agreed

<sup>1</sup> The "Total Purchase Amount" is the total the amount the Authorized Claimant paid for all of each distinct Converium Security purchased or acquired during the Class Period.

<sup>2</sup> The Claims Administrator shall match any sales of each distinct Converium Security during the Class Period and through December 2, 2004, first against the Authorized Claimant's opening position in the security (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of each remaining distinct Converium Security sold during the Class Period and through December 2, 2004 is the "Sales Proceeds."

<sup>3</sup> The Claims Administrator shall ascribe a value of \$11.41 per share holding value for the number of shares of Converium common stock purchased or acquired during the Class Period and still held as of December 2, 2004 ("Stock Holding Value"), and shall ascribe a value of \$5.70 per ADS holding value for the number of Converium ADSs purchased or acquired during the Class Period and still held as of December 2, 2004 ("ADS Holding Value").

to reduce any judgment they might obtain against that nonsettling defendant by the greater of (i) the Releasees' contribution to the approved Settlement or (ii) the Releasees' percentage of responsibility for common damages allegedly caused jointly by the Releasees and the nonsettling defendant.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

65. Lead Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Class; nor have they been reimbursed for their out-of-pocket expenses. Before final approval of the Settlements, Lead Counsel intend to apply to the Court for an award of attorneys' fees from the Settlement Funds equal to 20% of the Settlement Funds. At the same time, Lead Counsel also intend to apply for the reimbursement of litigation expenses not to exceed \$5,000,000. The Court will determine the amount of the award.

66. As the expenses in this Action were incurred in connection with prosecuting the claims of all purchasers of Converium Securities during the Class Period, including the Foreign Investors, Lead Counsel intend seek in connection with the Foreign Investor Settlement litigation expenses not to exceed \$2,000,000. That amount, which accounts for approximately forty percent of the total expenses, represents the pro rata share of the total expenses attributable to the Foreign Investors, as measured by the amounts recovered for both the Foreign Investors and the Class. To the extent that any such expenses are obtained, they will be returned to the Settlement Fund, and distributed to the Class.

**HOW DO I PARTICIPATE IN THE SETTLEMENTS? WHAT DO I NEED TO DO?**

67. If you: (i) were a U.S. resident who purchased or otherwise acquired Converium common stock on the SWX during the period from January 7, 2002 through and including September 2, 2004, or (ii) purchased or otherwise acquired Converium ADSs on the NYSE during the period from January 7, 2002 through and including September 2, 2004, and you are not excluded by the definition of the Class and do not elect to exclude yourself from the Class, then you are a Class Member, and you will be bound by the proposed Settlements if the Court approves them, and by any judgment or determination of the Court affecting the Class. If you are a Class Member, you must submit a Proof of Claim form and supporting documentation to establish your entitlement to share in the Settlements. A Proof of Claim form is included with this Notice, or you may go to the website to request that a Proof of Claim form be mailed to you. The website is [www.SCORSecuritiesLitigation.com](http://www.SCORSecuritiesLitigation.com). You may also request a Proof of Claim form by calling toll-free 1-800-961-3319. Those who exclude themselves from the Class, and those who do not submit timely and valid Proof of Claim forms with adequate supporting documentation, will not be entitled to share in the Settlements.

68. To ensure that you receive copies of future notices, you may write to the Claims Administrator at the following address to request that you be added to the mailing list for notices in *In re SCOR Holding (Switzerland) AG Securities Litigation*:

*In re SCOR Holding (Switzerland) AG Securities Litigation*  
c/o The Garden City Group, Inc.  
P.O. Box 9205  
Dublin, Ohio 43017-4605  
United States of America

Please retain all records of your ownership of, or transactions in, Converium Securities, as they may be needed to document your claim.

69. As a Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the section entitled "When and Where Will the Court Decide Whether to Approve the Settlements," below.

70. If you do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Part Of The Settlements? How Do I Exclude Myself," below.

71. If you wish to object to the Settlements, or either of them, or any of their terms, or to the Plan of Allocation or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled "When and Where Will the Court Decide Whether to Approve the Settlements," below.

**WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENTS?  
HOW DO I EXCLUDE MYSELF?**

72. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlements, whether favorable or unfavorable, unless such person or entity mails, by first-class mail (or its equivalent outside the U.S.), or otherwise delivers a written Request for Exclusion from the Class, addressed to *In re SCOR Holding (Switzerland) AG Securities Litigation- EXCLUSIONS*, - c/o The Garden City Group, Inc., P.O. Box 9222, Dublin, Ohio 43017-4622. The exclusion request must be *received* no later than November 24, 2008. You will not be able to exclude yourself from the Class after that date. Each Request for Exclusion must (i) state the name and address of the person or entity requesting exclusion; (ii) state that such person or entity “requests exclusion from the Class in *In re SCOR Holding (Switzerland) AG Securities Litigation*, No. 04 Civ. 7897 (DLC)”; (iii) be signed by the person or entity requesting exclusion; (iv) provide a telephone number for that person or entity; (v) provide the date(s), price(s), and number(s) of shares of all purchases and sales of Converium Securities during the Class Period, and (vi) if the person or entity requesting exclusion purchased Converium Common Stock (not ADSs), state where the person or entity resided at the time of purchase. Requests for Exclusion will not be valid if they are not received within the time stated above, unless the Court otherwise determines.

73. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs’ Claims.

74. If a person or entity requests to be excluded from the Class, that person or entity will not receive any benefit provided for in the Stipulations.

75. SHS may terminate the SHS Settlement, and ZFS may terminate the ZFS Settlement, if requests for exclusion are received from potential Class Members whose allegedly damaged shares of Converium Securities, in the aggregate, exceed an amount equal to or greater than four percent (4%) of the damaged Converium Securities eligible to participate in those two settlements. ZFS also has the right to terminate the ZFS Settlement if a separate agreement among ZFS, Converium, certain of the individual Defendants, and certain of Converium’s insurance carriers does not become effective. That agreement will become effective upon final approval of the SHS Settlement and certain payments’ being made by those carriers and ZFS. The effectiveness of the separate agreement should become known within approximately 12 business days after the SHS Settlement’s final approval. ZFS’s termination right will expire ten business days after that time – in other words, within approximately 22 business days after final approval of the SHS Settlement.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENTS?  
DO I HAVE TO COME TO THE HEARING?  
CAN I OBJECT TO THE SETTLEMENTS?  
MAY I SPEAK AT THE HEARING IF I DON’T LIKE THE SETTLEMENTS?**

**76. If you do not wish to object to the proposed Settlements, you do not need to attend the Final Approval Hearing. You can participate in the Settlements without attending the Hearing.**

77. The Final Approval Hearing will be held on December 12, 2008, at 2:00 P.M., before the Honorable Denise Cote, United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 11B, New York, New York. The Court reserves the right to approve the Settlements or the Plan of Allocation at or after the Final Approval Hearing without further notice to the members of the Class.

78. Any Class Member who does not request exclusion received no later than November 24, 2008 may object to the Settlements (or either of them), the Plan of Allocation, or Lead Counsel’s request for an award of attorneys’ fees and reimbursement of expenses. Objections or oppositions must be in writing. You must file any written objection or opposition, together with copies of all other papers (including proof of all purchases of Converium Securities during the Class Period) and briefs, with the Clerk’s Office at the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007-1312, on or before November 24, 2008. You also must serve the papers on the following counsel so that the papers are *received* on or before November 24, 2008:

**Lead Counsel for the Class**

BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP  
Steven B. Singer  
1285 Avenue of the Americas  
New York, NY 10019

79. The filing must demonstrate your membership in the Class, including the number of shares and/or ADSs of Converium Securities purchased or otherwise acquired during the Class Period and price(s) paid. Additionally, if you purchased Converium common stock, you must state where you resided at the time of purchase. You may not object to the Settlements or any aspect of them if you excluded yourself from the Class.

80. You may file a written objection without having to appear at the Final Approval Hearing. You may not appear at the Final Approval Hearing to present your objection, however, unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

81. If you wish to be heard orally at the hearing in opposition to the approval of the Settlements (or either of them), the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses, and if you have filed and served a timely written objection as described above, you also must notify the above counsel on or before November 24, 2008 concerning your intention to appear. Persons who intend to object and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

82. You are not required to hire an attorney to represent you in making written objections or in appearing at the Final Approval Hearing. If you decide to hire an attorney, at your own expense, however, he or she must file a notice of appearance with the Court and serve it on Lead Counsel so that the notice is *received* on or before November 24, 2008.

83. The Final Approval Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Final Approval Hearing, you should confirm the date and time with Lead Counsel.

**Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlements (or either of them), the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of expenses. Class Members do not need to appear at the hearing or take any other action to indicate their approval.**

**WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?**

84. If you purchased or otherwise acquired Converium shares and/or ADSs during the Class Period for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice to the beneficial owner of such Converium Securities, postmarked no later than fourteen (14) days after you receive this Notice, or (ii) provide the names and addresses of such persons no later than fourteen (14) days after you receive this Notice to *In re SCOR Holding (Switzerland) AG Securities Litigation*, c/o The Garden City Group, Inc., P.O. Box 9205, Dublin, Ohio 43017-4605. If you choose the second option, the Claims Administrator will send a copy of the Notice to the beneficial owner. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice may also be obtained from the Claims Administrator's website [www.gardencitygroup.com](http://www.gardencitygroup.com), or by calling toll-free 1-800-961-3319 within the United States only or + 1-571-730-5429 outside the United States (dial the appropriate international calling code for your country when calling the U.S.), or may be downloaded from the settlement website, [www.SCORSecuritiesLitigation.com](http://www.SCORSecuritiesLitigation.com).

**CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

85. This Notice contains only a summary of the terms of the proposed Settlements. More detailed information about the matters involved in the Litigation is available at [www.SCORSecuritiesLitigation.com](http://www.SCORSecuritiesLitigation.com), including, among other documents, copies of the Stipulations, Proof of Claim form, the Complaint, the Court's Orders on the Defendants' motions to dismiss the Litigation and on Plaintiff's motion for class certification and the parties' submissions concerning those motions. All inquiries concerning this Notice should be directed to:

*In re SCOR Holding (Switzerland) AG Securities Litigation*  
c/o The Garden City Group, Inc.  
P.O. Box 9205  
Dublin, OH 43017-4605  
United States of America

**OR**

Steven B. Singer  
Bernstein Litowitz Berger & Grossmann LLP  
1285 Avenue of the Americas  
New York, NY 10019  
(800) 380-8496  
Email: [blbg@blbglaw.com](mailto:blbg@blbglaw.com)  
**Lead Counsel**

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT  
REGARDING THIS NOTICE.**

Dated: August 11, 2008

By Order of the Clerk of Court  
United States District Court  
for the Southern District of New York

**TABLE 1**  
**PERCENTAGE ARTIFICIAL INFLATION FOR CONVERIUM COMMON STOCK AND ADSs**

<u>Beginning Date</u>	<u>Ending Date</u>	<u>Inflation Percentage</u>	<u>Beginning Date</u>	<u>Ending Date</u>	<u>Inflation Percentage</u>
01/07/02	03/17/02	39.7%	04/29/04	07/19/04	63.0%
03/18/02	07/29/02	41.4%	07/20/04	07/20/04	34.1%
07/30/02	09/04/02	44.5%	07/21/04	07/21/04	31.0%
09/05/02	10/22/02	46.0%	07/22/04	07/22/04	25.8%
10/23/02	10/27/02	47.6%	07/23/04	07/25/04	18.5%
10/28/02	11/18/02	40.0%	07/26/04	07/26/04	20.7%
11/19/02	12/10/02	37.2%	07/27/04	07/27/04	25.2%
12/11/02	07/28/03	42.3%	07/28/04	08/30/04	21.9%
07/29/03	10/23/03	61.8%	08/31/04	08/31/04	13.5%
10/24/03	02/16/04	63.3%	09/01/04	09/01/04	11.4%
02/17/04	04/28/04	61.2%	09/02/04	11/30/04	00.0%

**TABLE 2**  
**AVERAGE PRICE PER SHARE OF CONVERIUM COMMON STOCK AND ADS FOR PSLRA LOOK-BACK LOSS LIMITATIONS**

<u>Date</u>	<u>Average ADS Closing Price</u>	<u>Average Share Closing Price</u>	<u>Date</u>	<u>Average ADS Closing Price</u>	<u>Average Share Closing Price</u>
9/2/2004	8.86	17.72	10/19/2004	7.17	14.33
9/3/2004	9.05	18.09	10/20/2004	7.13	14.26
9/7/2004	8.98	17.95	10/21/2004	7.02	14.04
9/8/2004	8.85	17.69	10/22/2004	6.92	13.84
9/9/2004	8.78	17.56	10/25/2004	6.83	13.65
9/10/2004	8.63	17.25	10/26/2004	6.74	13.49
9/13/2004	8.40	16.80	10/27/2004	6.67	13.33
9/14/2004	8.36	16.72	10/28/2004	6.59	13.18
9/15/2004	8.36	16.72	10/29/2004	6.52	13.04
9/16/2004	8.33	16.66	11/1/2004	6.46	12.91
9/17/2004	8.30	16.61	11/2/2004	6.40	12.79
9/20/2004	8.24	16.48	11/3/2004	6.34	12.68
9/21/2004	8.20	16.40	11/4/2004	6.29	12.58
9/22/2004	8.18	16.36	11/5/2004	6.24	12.48
9/23/2004	8.15	16.29	11/8/2004	6.19	12.37
9/24/2004	8.11	16.21	11/9/2004	6.14	12.28
9/27/2004	8.10	16.19	11/10/2004	6.09	12.18
9/28/2004	8.03	16.06	11/11/2004	6.05	12.10
9/29/2004	7.97	15.93	11/12/2004	6.01	12.02
9/30/2004	7.92	15.83	11/15/2004	5.97	11.95
10/1/2004	7.86	15.72	11/16/2004	5.94	11.87
10/4/2004	7.80	15.60	11/17/2004	5.90	11.80
10/5/2004	7.73	15.47	11/18/2004	5.87	11.74
10/6/2004	7.65	15.31	11/19/2004	5.84	11.68
10/7/2004	7.58	15.17	11/22/2004	5.81	11.62
10/8/2004	7.52	15.05	11/23/2004	5.78	11.56
10/11/2004	7.46	14.93	11/24/2004	5.76	11.52
10/12/2004	7.41	14.82	11/26/2004	5.74	11.48
10/13/2004	7.35	14.71	11/29/2004	5.72	11.44
10/14/2004	7.30	14.60	11/30/2004	5.70	11.41
10/15/2004	7.25	14.50	12/1/2004	5.69	11.38
10/18/2004	7.21	14.41	12/2/2004	5.67	11.35

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