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STICHTING CONVERIUM SECURITIES
COMPENSATION FOUNDATION
THE HAGUE

**ANNUAL REPORT FOR THE YEAR
ENDED DECEMBER 31, 2009**

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1. DIRECTORS REPORT

Formation of the Foundation

The Stichting Converium Securities Compensation Foundation was established by notarial deed dated February 18, 2009 and executed before F.J. Oranje, notary public in The Hague. A.(André) Baladi, T.(Tal) Schibler and H.A.(Bart) Groen acted as founders and were appointed by that same deed as members of the Foundation's Board to act as chairman, secretary and treasurer of the Board of the Foundation respectively. For a short résumé of the Board members we refer to page 32 of this report.

The deed contains the articles of association, including the governance of the Foundation. A special element of the governance is the role of Investors (persons and entities who purchased or otherwise acquired, or made any other investment decision concerning common stock of Converium on the SWX Swiss Exchange during the period from January 7, 2002 through September 2, 2004, inclusive, and who resided outside the United States of America at the time of purchase) and Interest Groups (interest groups representing the interests of institutional investors and/or private investors) as they can join the Foundation as a participant. The Foundation was registered with the Chamber of Commerce in The Hague on February 24, 2009 under file number 27337661.

Objectives of the Foundation

The objectives of the Foundation are:

- to represent the interests of the Investors and Interest Groups in connection with the Settlement Agreements to be submitted to the Court of Appeal pursuant to the Dutch Class Action Financial Settlement Act (Wet Collectieve Afwikkeling Massaschade) and
- acquiring and distributing financial compensation for the damages (or part thereof) the Investors claim to have suffered, with due observance of the Settlement Agreements.

The Foundation pursues these objectives by (amongst others):

- offering Institutional Investors and Interest Groups the opportunity to join the Foundation as participants by concluding a participation agreement with them;
- having consultations with Scor Holding (Switzerland) AG (formerly known as Converium Holding AG, "SHS") and Zurich Financial Services Limited ("ZFS") with the objective of obtaining a settlement of the claims of the Investors;
- concluding one or more Settlement Agreements between SHS and the Foundation and ZFS and the Foundation serving as settlement of the claims of the investors in exchange for discharge in full and/or waiver of further rights;

- collecting payments on account of the (collective) claims of the participating investors to be made by SHS and ZFS on the basis of the Settlement Agreements, and distributing these payments amongst the participating investors and/or ensuring that said payments, whether or not together with other payments destined for the participating investors, are collected and distributed amongst the participating investors in accordance with the Settlement Agreements as well as supervising such distribution;
- to handle complaints of the participating investors regarding the validity of claims and/or the amount allocated to them by the Claims Administrator and, by event, to appear independently at the proceedings of the Dispute Resolution Board, as mentioned in the Settlement Agreements;
- joining in the filing of a petition under the Dutch Class Action Financial Settlement Act with the court of Appeal to declare the Settlement Agreements binding, and doing everything within its powers to have the Settlement Agreements declared binding, including responding to filed defenses during the proceedings with the Court of Appeal; and
- entering into such agreements as necessary and/or beneficial to the execution of the Settlement Agreements and/or declaring the Settlement Agreements binding.

Funding of the Foundation

The operational expenses of the Foundation will partly be covered by an initial payment by SHS in the amount of EUR 200.000 and for the remainder will be covered by down payments from time to time which will be taken out of the total Settlement Amount as foreseen in the Settlement Agreements.

Board Meetings

Apart from various telephone conferences and exchanges of views by mail, the Board had one face to face meeting during 2009: on September 21, the meeting was held in The Hague.

The main issues discussed and/or resolved by the Board were:

- a. the appointment of Spector Roseman Kodroff & Willis, P.C. (Robert Roseman), Bernstein Litowitz Berger & Grossman LLP (Rochelle Feder Hansen and Steven B. Singer) and Cohen Milstein Sellers & Toll, PLLC (Daniel S. Somers) as principal counsel for the Foundation;
- b. to resolve, after due consideration, to approve of US Counsel fee request, awarding to Principal Counsel for the Foundation an amount of 20% of the \$ 58.4 million settlement with ZFS and SHS;
- c. the appointment of Pels Rijcken & Droogleever Fortuijn N.V. (Jurjen Lemstra) as Dutch counsel for the Foundation;
- d. to discuss with counsel the draft Settlement Agreements;
- e. to adopt the budget for 2010 after presenting this for consultation to the Meeting of Participants;

- f. to agree and sign Participation Agreements as prepared by counsel;
- g. to review the selection and due diligence process for the appointment of a Claims Administrator;
- h. to appoint experts on (i) procedural issues in Swiss law, (ii) reasonability of the settlement amount and (iii) the efficiency of the market for Converium securities during the class period;
- i. to discuss a publication plan and appoint as media advisor Maes Okhuijsen, Public Relations and Media Advisors (Rob Okhuijsen);
- j. to appoint Bureau de Jong & Osborne (Patrick de Jong) in the Hague as the Foundation's Administrator; and
- k. to appoint Mazars Paardekooper Hoffman N.V. to act as external auditor.

Outlook 2010

It is expected that during the year 2010, the Settlement Agreements with ZFS and SHS will be signed followed by the filing of the petition, requesting the Court of Appeal in Amsterdam to declare the Settlement Agreements binding. Further to the filing of the petition, hearing notices will be sent to all known shareholders and published in various newspapers worldwide for the benefit of unknown shareholders, to give notice of the hearing before the Court of Appeal. These notices will be approved by the Court of Appeal prior to publishing and/or sending these notices.

The Foundation will continue to inform (institutional) investors of the proposed Settlement Agreements and the possibility to join the Foundation as participant.

Meeting of Participants

A Meeting of Participants was held on September 21, 2009 in The Hague. This Meeting informed on the state of affairs in the Netherlands and US court proceedings as per date. The Meeting advised positively regarding the approval of the budget for the financial year 2010 as presented to the Meeting.

Participants

As of December 31, 2009 15 Institutional Investors have signed a Participation Agreement.

2. GOVERNANCE REPORT

The Foundation is a legal entity formed to effectuate a settlement on behalf of the Investors.

The Foundation seeks to effectuate the settlement under Dutch Law (Wet Collectieve Afwikkeling Massaschade) through presentation of the settlement agreement to the Amsterdam Court of Appeal for a binding declaration. The relevant Governance bodies identified in the articles of association of the Foundation are:

- the Board;
- the Meeting of Participants, and
- the independent external auditor.

Other parties and/or elements that play a role in the checks and balances of the operation of the Foundation are:

- the Dispute Resolution Body
- the provisions of the Settlement Agreements
- the administrator;
- the Claims Administrator, and
- the budget.

The Board

The Board has three members: a Chairman, a Secretary and a Treasurer. The initial and current members are the founders of the Foundation, who are appointed for an indefinite period of time.

Members are appointed and dismissed by the Meeting of Participants. Members should be independent of Converium, ZFS and SHS, and independent of advisors to these parties.

The board manages the Foundation and is authorized to:

- institute legal proceedings;
- retain legal counsel, appoint external auditors and hire such expert assistance as the Board deems necessary to discharge its duties;
- conclude the Settlement Agreements, and
- file a petition with the Amsterdam Court of Appeal to declare the Settlement Agreements binding.

Other authorized acts are restricted. The Board must be guided in the performance of its duties by the interests of the Investors.

The Board collectively is authorized to represent the Foundation. Also the Chairman together with one of the other members can represent the Foundation.

The Board is remunerated on the basis of agreed hourly rates for time spent. Quarterly invoices for such remuneration need approval of the other two Board members. For the year ended December 31, 2009 the remuneration of the individual Board members was:

Chairman € 29.178
Secretary € 12.499
Treasurer € 10.894¹

The (Meeting of) Participants

Participants are those institutional Investors and Interest Groups that have concluded a participation agreement with the Foundation.

The Meeting of Participants has to be consulted for the resolutions of the Board to:

- adopt the budget for the coming financial year before October 1 of each year;
- adopt the annual report and financial statements;
- amend the Articles of Association, and
- dissolve the Foundation.

The independent external auditor

Assignment

The external auditor will audit the year end financial statements and report thereon to the Board and to the Meeting of Participants. The external auditor will be present at the Meeting of Participants that is consulted before the adoption of the Annual Report and Financial Statements to answer possible questions regarding his audit.

Objectivity and independence of external auditors

Our external auditors, Mazars Paardekooper Hoffman N.V., confirmed to us in writing their objectivity and independence regarding the audit of the financial statements of Stichting Converium Securities Compensation Foundation. This means that no shares or similar financial interests are held in Converium or its related parties by Mazars Paardekooper Hoffman N.V., its related parties and the members of the audit team. Furthermore, no audit related services have been provided by Mazars Paardekooper Hoffman N.V. or its related entities to Converium or its related parties which could affect the independence or objectivity of Mazars Paardekooper Hoffman N.V. or the members of the audit team. Finally no other relationships exist between Mazars Paardekooper Hoffman N.V., its related parties or the members of the audit team which could lead to a threat for objectivity or independence.

¹ Includes Dutch VAT, see also page 23.

The Dispute Resolution Body

Any disputes shall be submitted to the Dispute Resolution Body as provided by the Settlement Agreements.

The Settlement Agreements

For further provisions of the Articles of Association reference is made to the website of the Foundation www.converiumsettlement.com. The Settlement Agreements, once signed, will also be published on that website.

Administrator

The Foundation appointed Bureau de Jong & Osborne as its administrator at the incorporation of the Foundation. After the Foundation enters the execution stage in which the Settlement and Distribution Fund and the Claims Administration Fund become active, the actual role of the administrator will be significantly increased through monitoring the investments, monitoring the progress of the Claims Administrator, liaising with US and Dutch counsel on actions to be taken by the Claims Administrator, and handling related payments and approvals for such payments.

Claims Administrator

The proposed Settlement Agreements provide that the Foundation will appoint a Claims Administrator. The Claims Administrator will undertake the publication and distribution of the hearing notices, the hearing summary announcements, make available and maintain a website and call-center for the information to all possible claimants, and will handle the actual processing of claims and calculating compensation based on the distribution plan, being part of the Settlement Agreements, after the Settlement Agreements become final and binding. The Claims Administrator will be appointed by the Foundation prior to the signing of the Settlement Agreements.

Budget

The budget for the financial year 2010, estimating the operating expenses for that year at € 190.000 (2009: € 305.000) was presented to the Meeting of Participants on September 21, 2009 and was subsequently after the considerations by the Meeting of Participants adopted by the Board.

3. CLAIMS SETTLEMENT AND DEVELOPMENTS OF LEGAL PROCEEDINGS

Beginning in October 2004, Converium, ZFS, and certain of their officers and directors ("Defendants") were sued in various putative securities class action lawsuits seeking damages in the US District Court in New York City. Those cases were subsequently consolidated in which the Public Employees' Retirement System of Mississippi ("MPERS") and Avalon (a Greek institutional investor; together "US Plaintiffs") were appointed by the US District Court to serve as co-lead plaintiffs to lead the US Class Action. Based on the factual allegations described below, the US Plaintiffs alleged that Converium and ZFS had violated Sections 11, 12, and 15 of the US Securities Act of 1933 (the "Securities Act") and Sections 10(b) and 20(a) of the US Securities Exchange Act of 1934 (the "Exchange Act").

The US Plaintiffs made the following allegations against Converium and ZFS which were contained in the First Amended Consolidated Class Action Complaint ("Complaint"):

a. Converium, as a global reinsurance company, was required to establish loss reserves sufficient to reflect its expected obligation to pay future claims submitted on the reinsurance policies it had written. These loss reserves, established and periodically adjusted based on actuarial estimates, constituted the largest expense item on Converium's income statement.

b. Before the 11 December 2001 IPO, Converium encountered problems maintaining sufficient loss reserves for the reinsurance policies it had issued, particularly those issued by its North American operations. Studies prepared by Converium and by its actuarial consultants identified significant reserve deficiencies. Although Converium increased its loss reserves before the IPO, it remained knowingly under-reserved by hundreds of millions of dollars at the time of the IPO.

c. After the IPO, Converium continued to encounter problems with the sufficiency of its North American loss reserves. Attempts by Converium to resolve these problems were not adequate to address the scope of the reserve deficiencies, and ultimately proved to be unsuccessful.

d. Converium Reinsurance (North America) Inc. experienced adverse loss development of up to \$50 million during the first and second quarters of 2002 yet increased reserves by USD 19.9 million during the first half of 2002.

e. On 28 October 2002, before the stock exchanges of Zürich (Switzerland) and New York (New York, United States of America) opened, Converium issued a press release announcing its financial results for the third quarter of 2002. In addition, Converium announced that it had increased its loss reserves for the third quarter of 2002 by almost USD 60 million and said that it anticipated another reserve increase of up to USD 75 million in the fourth quarter (most of which would be recorded by its North American operations).

f. Following this 28 October 2002 press release, the price of Converium's securities fell by approximately 10% in a single trading day.

g. The loss reserve deficiency in Converium's North American operations was increasing by as much as USD 50 million a quarter during 2002, and Converium was aware, at that time, of estimates showing that the total reserve deficiency was in excess of USD 290 million as of year-end 2002.

h. In 2003, Converium retained an outside actuarial consultant to re-examine its year-end 2002 loss reserves. The results of this additional loss reserves study showed that Converium was under-reserved by over USD 430 million as of 31 December 2002.

i. Subsequent to the examination of Converium's 2002 loss reserves, the Company announced a global reorganization intended to mask the reserve deficiency in the North American operations by causing Converium to report results by business lines rather than by geographical segments. Converium also implemented a scheme to use novations to transfer under-reserved insurance contracts from its North American operations to its European operations, thereby further concealing the North American reserve deficiency.

j. Converium's reserve deficiency continued to increase throughout 2003. On July 20, 2004, Converium announced that it would need to increase its loss reserves by another USD 400 million.

k. The market prices of Converium securities declined by almost 50% on the trading day following its July 20, 2004 announcement.

l. On 30 August 2004, after trading had closed on the Swiss and New York exchanges, Converium again announced it would need to further increase its loss reserves by USD 50-100 million. After this announcement, the market price of the securities declined.

m. On 2 September 2004, before trading began in Switzerland and New York, Converium announced that Standard & Poor's and A.M. Best had reduced their credit ratings for the Company. After this announcement, the prices of the Converium securities again declined.

n. Ultimately, Converium increased its loss reserves by USD 562 million and reported a loss for 2004 of USD 761 million. On 10 September 2004, Converium announced that it would place its North American operations into run-off and would no longer write reinsurance policies out of its US offices.

ZFS and SHS have denied each and every allegation of wrongdoing in the US Plaintiffs' Complaint.

The US Plaintiffs sought certification of a class on behalf of all natural and legal persons and entities that had purchased or otherwise acquired Converium's common stock and American Depository Shares ("Securities") during the period 11 December 2001 (the date of the IPO) through and including 2 September 2004 (the date by which the US Plaintiffs alleged that the full "truth" about Converium's loss reserves had been disclosed).

On 23 December 2005, the Defendants moved to dismiss the Complaint on several substantive and procedural grounds.

In February 2006, while the Defendants' motions to dismiss were pending, Converium announced that it was restating its previously issued financial results as of and for the years ended 31 December 1998 through 2004 and the quarters ended 31 March 2003 through 30 June 2005, because it had concluded that certain reinsurance transactions should have been accounted for using deposit accounting, rather than reinsurance accounting. The US Plaintiffs then sought to add allegations about the restatement to the Complaint.

On 28 December 2006, the US District Court granted in part and denied in part the Defendants' motions to dismiss. The US District Court ruled that the Securities Act claims were barred by the applicable statute of limitations. The US District Court also dismissed the Exchange Act claims against ZFS, as well as the Exchange Act claims against Converium to the extent they alleged misrepresentations in connection with the IPO. In addition, the US District Court refused to allow the US Plaintiffs to amend their Complaint to add allegations concerning Converium's restatement of its financial statements.

In January 2007, the US Plaintiffs moved for reconsideration of the dismissal of the Securities Act claims and the Exchange Act claims arising out of certain statements made in connection with the IPO. The US Plaintiffs also sought reconsideration of the denial of their motion to add the restatement allegations to the case. The US District Court refused to reconsider its dismissal of the US Plaintiffs' Securities Act claims, but did reinstate the Exchange Act claims against Converium that were based upon statements made in connection with the IPO. The US District Court also denied reconsideration of the motion to add allegations concerning the restatement.

Following the US District Court's ruling on the Defendants' motions to dismiss, Converium answered the Complaint and denied all of its material allegations, including those described above, denied any wrongdoing, and denied any liability to the US Plaintiffs or to the putative class.

In addition, following the US District Court's ruling on the Defendants' motions to dismiss, the parties began to conduct extensive discovery. In particular, the US Plaintiffs had received and reviewed several million pages of documents, and had taken the deposition testimony of nearly thirty witnesses.

In August 2007, the US Plaintiffs and ZFS reached an agreement to settle the US Class Action on behalf of all purchasers of Securities between 11 December 2001 and 2 September 2004. The US District Court preliminarily approved the ZFS settlement on 4 September 2007, but the court did not authorize notice of the settlement to be sent to the settlement-class members and did not grant final approval of the settlement at that time, because it was waiting to see the outcome of further proceedings relating to the Converium defendants.

On 28 September 2007, the US Plaintiffs moved the US District Court to certify a class as to Converium, consisting of all those who had purchased Securities during the period 11 December 2001 through 2 September 2004. Converium opposed this motion and argued, among other things, that the US District Court lacked subject-matter jurisdiction over the claims of non-US residents who had purchased Converium Common Stock on non-U.S. exchanges.

While the class certification motion was pending, the US Plaintiffs and Converium jointly engaged the services of an experienced and highly reputable retired judge to attempt to mediate a settlement.

During the course of the mediation, on 6 and 19 March 2008, the US District Court issued its opinion on the US Plaintiff's Motion for Class Certification. The court ruled that it had subject-matter jurisdiction only over the claims asserted by (i) residents of the United States who had bought the securities on any stock exchange during the class period and (ii) all natural or legal persons, regardless of their place of residence or domicile, who had bought ADSs on the New York Stock Exchange during the class period. In addition, the US District Court ruled that natural or legal persons who had purchased the securities between 11 December 2001 and 6 January 2002 could not participate in the US Class Action because the market for the securities had not been efficient during that period, and those persons therefore could not establish their claims on a class wide basis under US law.

Accordingly, the US District Court concluded that the US Class Action could continue only as to (i) natural or legal persons who had bought Non-US Exchange Shares from 7 January 2002 through 2 September 2004 and were residents of the United States of America at the time of purchase and (ii) all natural or legal persons who had bought ADSs on the New York Stock Exchange between 7 January 2002 and 2 September 2004, regardless of their place of residence at the time of purchase.

The US District Court's ruling therefore excluded from the US class all natural and legal persons who had bought non-US exchange shares and who were not US residents at the time of purchase – i.e., the non-US exchange purchasers. The shares purchased by these natural and legal persons amounted to approximately two-thirds of the outstanding shares of the securities issued in the IPO and traded during the class period.

Because Avalon had purchased its shares of Converium Common Stock on the SWX Swiss Exchange, it was excluded from the class as a result of the US District Court's ruling, leaving MPERS as the sole lead plaintiff in the US Class Action.

On 20 March 2008, MPERS and Avalon moved for reconsideration of the US District Court's ruling as to the excluded Non-US Exchange Purchasers.

While that motion for reconsideration was pending before the US District Court, Converium reached a settlement in principle with MPERS, acting on behalf of the certified class in the US Class Action, and with Avalon, acting for the benefit of the non-US exchange purchasers, to resolve for an aggregate amount of USD 115,000,000 all claims that had or could have been brought by the class in the US Class Action or by the non-US exchange purchasers arising from or relating to their purchases or acquisitions of the securities during the class period. At that time, the parties were still discussing the form of the overall settlement and where it should be presented for approval.

The parties eventually agreed to try to implement the settlement in two jurisdictions: (i) a settlement for the certified class in the US District Court and (ii) a settlement for the non-US exchange purchasers in the Amsterdam Court of Appeal. MPERS and Avalon then negotiated and agreed in principle between themselves to allocate the SHS settlement amount with USD 75,000,000 going to the class in the US Class Action and the remaining USD 40,000,000 going to the non-US exchange purchasers. MPERS and Avalon agreed in principle on this allocation because they considered the US class members' claims to be stronger than the non-US exchange purchasers' potential claims, in that the non-US exchange purchasers had been excluded from the US Class Action and had few (if any) other realistic options to seek recovery – especially on a collective basis – in any other forum.

Also while the US Plaintiffs' motion for reconsideration of the US District Court's class certification ruling was pending, and to the US District Court's exclusion of the non-US exchange purchasers from the class, ZFS and the US Plaintiffs began discussing a modification of their original settlement agreement to divide the settlement relief between the US purchasers and the non-US exchange purchasers. ZFS and the Plaintiffs ultimately agreed in principle that USD 9,600,000 of ZFS' payment would be allocated to the class in the US Class Action and USD 18,400,000 would be allocated to the non-US exchange purchasers. This allocation represented the approximate ratio of US purchasers' shares to non-US exchange purchasers' shares – the allocation that the settling parties had expected to use when ZFS entered into the original version of its global settlement in August 2007, before the US Court ruled that it lacked subject-matter jurisdiction over the Non-US Exchange Purchasers' claims. ZFS and the US Plaintiffs signed an amended settlement agreement embodying these terms on 25 July 2008.

On 11 August 2008, the US District Court preliminarily approved the US Settlements and ordered that notice of their terms be sent to the class and published in various newspapers and other sources. On 12 December 2008, the US District Court granted final approval to the US Settlements, and they became final on 25 June 2009.

The US District Court's 6 March 2008 ruling that insufficient jurisdictional contacts with the US existed to certify a global class of Converium investors effectively eliminated the possibility for non-US exchange purchasers to obtain any recovery in the US for their losses. The US Plaintiffs and their counsel conducted research and contacted European lawyers in several countries to determine the best alternative venue to pursue the dismissed claims of the non-US exchange purchasers. Because of statute of limitations issues and various restrictive procedural hurdles, it was determined that the non-US exchange purchasers did not have strong claims in Switzerland (the most likely jurisdiction for a lawsuit).

Once the Settlements were reached in principle, all counsel involved in the litigation determined that the Netherlands appeared to be the only European (or other non-US) jurisdiction in which the non-US exchange purchasers' interests could be represented on a group basis and that would offer the opportunity to declare the Settlements binding. Similarly, the Netherlands appears to be the only non-US jurisdiction that permits the creation of a settlement vehicle that allows the non-US exchange purchasers to recover their losses on a collective basis unless they specifically elect not to be bound by the settlement.

In December 2008, after Converium and ZFS had agreed to the US Settlements and the proposed settlements with regard to the non-US exchange purchasers, ZFS also entered into a separate settlement with the US Securities and Exchange Commission (the "SEC") arising from the SEC's investigation into the issues underlying Converium's restatement of its financial statements. That restatement related to Converium's accounting for certain reinsurance transactions, rather than to the alleged inadequacy of Converium's loss reserves, as alleged in the US Class Action. Without admitting or denying the SEC's allegations, ZFS agreed to pay the SEC a penalty of \$25 million and to disgorge \$1 in connection with that settlement. The SEC announced in April 2010 that it intends to distribute ZFS' settlement payment to purchasers of Converium Securities, including the non-US Exchange Purchasers. The SEC's distribution is independent of any distributions made or to be made under the US Settlements or the proposed non-US settlements to be filed with the Court of Appeal in Amsterdam as soon as these proposed settlements are signed. The SEC's distribution has no bearing on eligible non-US Exchange Purchasers' ability to submit claims in the presently proposed non-US settlements.

As described above, it is expected that the petition with regard to the proposed Settlement Agreements concerning the non-US exchange purchasers, will be filed this year, in 2010. This petition will request the Court of Appeal in Amsterdam to declare the two Settlement Agreements, which Settlement Agreements will be signed before the filing of the petition, binding.

4. FINANCIAL AND INVESTMENT DEVELOPMENTS

The proposed Settlement Agreements provide that the settlement amounts will be placed in two escrow accounts under the joint control of the Foundation, SHS and Principal Counsel to the Foundation and the Foundation, ZFS and Principal Counsel to the Foundation, respectively, until the Settlement Agreements are declared binding by the Court of Appeal in Amsterdam and the Settlement Agreements are final and cannot be dissolved.

The parties involved have decided that under the current circumstances of the financial markets the investment of the Settlement Amount (US \$ 58,4 million in total) should be carefully considered. In view of the banking crisis, investment in time deposits with international banks could not be considered to be within the acceptable range of fiduciary duties to claimants.

The parties involved developed the following criteria (in order of significance) to apply to investments of the Settlement Amounts:

- security;
- liquidity;
- yield.

Based on these criteria the parties requested proposals from various international banks. It is expected that the Settlement Amounts will be invested in US Treasury bills.

Currency matters

Accounting currency

The functional currency applied in the financial statements of the Foundation is the Euro since most of the operational expenses are Euro denominated.

The Settlement and Distribution Fund and the Claims Administration Fund will, as soon as these funds are in operation, be presented in USD and the balances at year end will be translated in the balance sheet at exchange rates prevailing at year end. In both these funds incoming and outgoing money streams are presumed to be mainly in USD.

Operational Expenses

The Foundation's Operational Expenses for the period ending December 31, 2009 amount to a total of Euro 329.751 which is about 8% above the earlier agreed upon budget (Euro 305.000) for operational expenses in 2009. The overrunning of the budget is mainly due to some unforeseen extra charges:

- for the expenses charged to the Foundation for expertise services by Deminor, and,
- significant extra time spent by Dutch Counsel

The Euro 300.000 advance for the operational expenses of the Foundation, received from SHS and ZFS out of the monies reserved in Escrow in 2009, is fully spent. Additional funding for the Operational Expenses for 2010 and further years are currently negotiated between the parties to this settlement.

5. RISKS AND CONTROL

The areas of risk identified in this section are:

- operational expenses;
- settlement and distribution;
- claims administration expenses;
- fluctuation of currencies other than the functional currency (the Euro);
- investments risks;
- maintaining the accounts.

Operational expenses

In the proposed Settlement Agreements provision is made that the reasonable out-of-pocket expenses associated with creating and maintaining the Foundation, including remuneration to members of the Board and all expenses incurred by Dutch Counsel will be funded by release of monies from the Settlement Escrow Accounts. Initial payments towards these expenses of in total EURO 300.000 were received in 2009. The monies received in this respect are held in the **"Operational Fund"** as specified in this report.

Settlement and Distribution

After the Settlement Agreements are signed a total amount of USD 58.4 million (less the already advanced monies to date to the Foundation for the funding of the operational expenses including interest up to the date of signing) will be placed into two separate escrow accounts jointly controlled by SHS, the Foundation and Principal Counsel to the Foundation for one account and jointly controlled by ZFS, the Foundation and Principal Counsel to the Foundation for the other account. From time to time the necessary amounts for the operational expenses and for the Claims Administration expenses will be released from the escrow accounts and transferred to separate accounts under the sole control of the Foundation. The remainder of the total Settlement amount will remain in the escrow accounts until the Settlement Agreements can no longer be terminated. Once all termination rights under the Settlement Agreement have expired, the monies in the escrow accounts will be transferred to an account under control of the Foundation. The monies received in this respect will be held in the **'Settlement and Distribution Fund'** until they will be distributed.

The area of control of the money and the supervision of the Claims Administrator in the approval process of claims submitted by Investors and the proper reimbursement of such claims is a significant potential risk area. The design of controls will be completed in the arrangements with the Claims Administrator prior to the commencement of the claims process.

Claims Administration expenses

After the final selection and appointment of the Claims Administrator a separate fund, *The Claims Administration Fund*, will be set up and funded from time to time as necessary, from the Settlement Escrow Accounts.

Currency risks

All Operational Funds received from the Settlement Escrow Accounts are transferred into Euro at the date of receipt, because the Euro is the dominant administrative expense currency of the Foundation.

Funds that will be received from the Settlement Escrow Accounts in connection with the Claims Administration Fund will be held in US currency as they are intended for payment to the Claims Administrator in the US.

Funds to be received in connection with the Settlement and Distribution Fund will be held in US currency and will also be distributed in US currency. The possible risk (or possible gain) on the rate of exchange for these funds are therefore for the account of the ultimate receiver, being the claimants.

Investment risks

Particularly as a consequence of the financial and banking crisis the safeguarding of money, waiting (possible) distribution to claimants, that is in the meantime invested in escrow- and settlement accounts can provide risk to the Foundation. The parties to the Settlement Agreements have together developed guiding criteria as described in the section "Financial and Investment developments" in this report that should help to control this risk.

Maintaining the accounts

The books of the Foundation are kept by its administrator Bureau de Jong & Osborne in The Hague. They also prepare payment instructions for expense invoices received for the Operational Fund and will in future also prepare payment instructions for the Claims Administration Fund. No payments are made without prior written approval by the Board. Next to that the external audit of the financial statements provides an additional element of control.

**FINANCIAL STATEMENTS
FOR THE YEAR 2009**

6. STATEMENT OF CHANGES IN OPERATIONAL FUND
FOR THE YEAR 2009

	Note*	2009 EUR	
BALANCE AT JANUARY 1			0
Received	8.6.1.		300.000
EXPENSES			
Remuneration Board	8.6.2	54.052	
Legal services, Dutch Counsel	8.6.3	134.037	
Expert Services	8.6.4	111.379	
Information & communication		1.844	
Administrative services		10.235	
Audit fees	8.6.5	12.000	
Other expenses		6.249	
		329.796	
Interest income		-45	
			-329.751
BALANCE AT DECEMBER 31			-29.751

* See the accompanying notes to the financial statements on page 22 and following.

7. BALANCE SHEET AT DECEMBER 31, 2009

ASSETS	Note*	2009	EUR
CURRENT ASSETS			
Receivables and prepayments		18	
Cash and securities	8.7.1	<u>118.865</u>	
TOTAL			<u>118.883</u>
 FUNDS AND LIABILITIES			
OPERATIONAL FUND			-29.751
CLAIMS ADMINISTRATION FUND			pm
SETTLEMENT AND DISTRIBUTION FUND *			pm
OTHER LIABILITIES			
Creditors	8.7.2	28.158	
Payables and accruals	8.7.3	<u>120.476</u>	
			<u>148.634</u>
TOTAL			<u>118.883</u>

* See the accompanying notes to the financial statements on page 22 and following.

8. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

8.1.1 General information

Stichting Converium Securities Compensation Foundation was founded on February 18, 2009. The address of its registered office is Zeestraat 100, The Hague, The Netherlands.

The objectives of the Foundation are:

- to represent the interests of the Investors and Interest Groups in connection with the Settlement Agreements to be submitted to the Court of Appeal pursuant to the Dutch Class Action Financial Settlement Act (Wet Collectieve Afwikkeling Massaschade) and
- acquiring and distributing financial compensation for the damages (or part thereof) the Investors claim to have suffered, with due observance of the Settlement Agreements.

and to do all that is related or conducive to the foregoing, all in the broadest sense of the word.

The statutory possibility of capital contributions to the Foundation has not materialized.

Financial year

The financial year coincides with the calendar year. As the Foundation was founded on February 18, 2009 the first financial statements cover the period from February 18 through December 31, 2009 and accordingly there are no comparative numbers in these financial statements.

8.1.2 Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles in The Netherlands for not for profit organizations (Richtlijnen voor de Jaarverslaggeving 640). The functional currency of the Foundation is the Euro.

Unless stated otherwise, the assets and liabilities have been included at cost or face value.

The Foundation applies fund accounting. The financial statements comprise therefore statements of changes in the relevant funds, the balance sheet and the related notes to these statements. The relevant funds are initially defined as the Operational Fund, the Claims Administration Fund and the Settlement and Distribution Fund.

The Claims Administration Fund and the Settlement and Distribution Fund, which are not yet in operation in the year 2009 will be kept in US dollars (USD), the statements of changes for these funds will therefore be recorded in the future financial statements also in USD. The balances in the funds at year end will be presented in the balance sheet in Euro, translated at rates prevailing at the balance sheet date.

Operational Fund

Under the proposed Settlement Agreements with Scor Holding (Switzerland) AG (formerly known as Converium Holding AG, "SHS") and Zurich Financial Services Limited ("ZFS") an amount of € 300.000 was advanced in 2009 to the Foundation to cover foundation expenses. The Statement of Changes in the Operational Fund shows the amounts advanced and the expenses, net of interest income and currency exchange differences, of the Foundation for the reporting period.

Claims Administration Fund

This fund is not yet in operation during the year 2009.

Settlement and Distribution Fund

This fund is not yet in operation during the year 2009.

Cash and Securities

Cash and Securities comprise funds at free disposal of the Foundation.

Value Added Tax (VAT)

All amounts invoiced to the Foundation by Dutch entrepreneurs include 19% VAT. As this tax is not refundable to the Foundation the amounts shown as expenses include this tax.

Corporate Income Tax (CIT)

The Foundation is not liable to corporate income tax.

8.6 NOTES TO THE STATEMENT OF CHANGES IN OPERATIONAL FUND

8.6.1 Amounts received

The operational expenses of the Foundation are partly covered by an initial payment by SHS in the amount of EUR 200.000 and for the remainder will be covered by down payments from time to time which will be taken out of the total Settlement Amount as foreseen in the Settlement Agreements. The total amount received during 2009 amounts to EUR 300.000.

8.6.2 Remuneration Board

	<u>2009</u>
	EUR
Chairman	29.178
Secretary	12.499
Treasurer	10.894
Travel and other expenses	1.481
	<u>54.052</u>

8.6.3 Legal Services, Dutch Counsel

Invoices for services up to December 31,2009	<u>134.037</u>
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8.6.4 Expert Services

Deminor	21.958
Prof. Nobel	37.152
Prof. Silberman	39.447
Prof. Hakala	12.190
Other services	632
	<u>111.379</u>

8.6.5 Audit fees

Audit fees accrued at year end	<u>12.000</u>
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8.7 NOTES TO THE BALANCE SHEET AS AT DECEMBER 31, 2009

8.7.1 Cash	2009
	<u>EUR</u>
Bank account in euro	<u>118.865</u>
8.7.2 Creditors	
Pels Rijcken & Droogleever Fortuijn	2.878
CBIZ, Valuation Group	3.322
Deminor	21.958
	<u>28.158</u>
8.7.3. Payables and accruals	
Pels Rijcken & Droogleever Fortuijn	18.370
Remuneration Board	17.225
Administrative services	694
Audit fees	12.000
Expert Opinions	71.969
Other	218
	<u>120.476</u>

The Hague, June .., 2010

Board of Stichting Converium Securities Compensation Foundation

André Baladi
chairman

Tal Schibler
secretary

Bart Groen
treasurer

OTHER INFORMATION

The Board and the Participants of
Stichting Converium Securities Compensation Foundation

AUDITORS REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Financial Statements for the period ended December 31, 2009 of Stichting Converium Securities Compensation Foundation, The Hague, The Netherlands which comprise the Balance Sheet at December 31, 2009 and the Statement of Changes in the Operational Fund, for the period then ended and the notes to these statements.

BOARD'S RESPONSIBILITY

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles in The Netherlands for not for profit organizations (Richtlijnen voor de Jaarverslaggeving 640). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are responsible in the circumstances.

AUDITORS RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Stichting Converium Securities Compensation Foundation at December 31, 2009 for the period then ended in accordance with generally accepted accounting principles in The Netherlands for not for profit organizations (Richtlijnen voor de Jaarverslaggeving 640).

Rotterdam, 10 June 2010

MAZARS PAARDEKOOPEL HOFFMAN N.V.



J.A. Visser RA

LIST OF REGISTERED PARTICIPANTS AT DECEMBER 31, 2009

	Country	Participant	Date
1	Singapore	Government of Singapore Investment Corporation Pte Ltd	8-4-2009
2	Switzerland	Generali (Schweiz) Holding AG	22-5-2009
3	Switzerland	Baumann & Cie Banquiers	27-5-2009
4	Switzerland	Providentia AG	27-5-2009
5	Greece	Avalon Holdings Inc.	29-5-2009
6	Switzerland	Elektrizitätswerke des Kantons Zürich (EKZ)	29-5-2009
7	Switzerland	Comunitas Vorsorgestiftung	11-6-2009
8	United Kingdom	M & G Investment Management Limited	16-6-2009
9	United Kingdom	Merseyside Pension Fund	13-8-2009
10	United Kingdom	Scottish & Newcastle Pension Plan Trustee Ltd	13-8-2009
11	United Kingdom	MGN Pension Trustees Ltd (Mirror Group Pension Scheme)	21-8-2009
12	The Netherlands	Vermogensbeheer B.V. (Mn Services N.V.)	31-8-2009
13	United Kingdom	Hermes Investment Management Limited	4-9-2009
14	Switzerland	Baloise Asset Management (Bâloise-Holding)	1-10-2009
15	United Kingdom	Electricity Supply Pension Scheme (Electricity Pension Services Ltd)	1-12-2009

SUBSEQUENT EVENTS

Up to the end of May 2010 11 additional Participation Agreements were signed, amongst others with shareholder associations throughout Europe, including Euroshareholders aisbl.

ANNUAL MEETING OF PARTICIPANTS

The annual meeting of participants will be held 29 June 2010.

LIST OF ADDRESSES

REGISTERED OFFICE

Stichting Converium Securities Compensation Foundation
Zeestraat 100,
2518 AD 's-Gravenhage
Website: www.converiumsettlement.com

RESUMÉ BOARD MEMBERS

ANDRÉ BALADI
CHAIRMAN

The Geneva-based international financier is a corporate governance driven shareholder value advocate. After obtaining his Geneva University Graduate Institute of International Studies degree, he held international executive positions in: industry (Nestlé), banking (consortium of ABN, BoA, BNP, Barclays etc.) and trade inspection (SGS), before founding in 1981 his international mergers and acquisitions advisory group in Geneva. He is also co-founder of the International Corporate Governance Network (ICGN) assembling institutional investors holding over US\$ 12 trillion in worldwide equity assets, chairman of ARICI International Commercial and Industrial Arbitration Organization in Geneva, advisor to the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) of UNCTAD in Geneva, member of the NYSE Euronext International Advisory Board and of the World Bank-IFC Global Corporate Governance Forum, and honorary international participant since over a decade of the US Council of Institutional Investors (CII) where he developed his skills in securities class actions.

TAL SCHIBLER
SECRETARY

After obtaining his law degree at the University of Geneva, law school in 1990 and a LL.M. in New York (Columbia University) in 1994, he has been a partner (since 1998), with Perréard, de Bocard, Kohler, Ador & Partners in Geneva. His activities include the counselling in corporate and contractual matters as well as the litigation and the arbitration in commercial matters. He is member of the Geneva and Swiss Bar Associations, Chairman of the International Commercial and Industrial Arbitration Court (CARICI), of the Swiss Arbitration Association and of the Swiss Society of Jurists.

BART GROEN
TREASURER

Former partner of a large law firm, former member of the Dutch ministerial committee on the Fundamental review of the Dutch law of civil procedure, honorary professor at Maastricht University, deputy judge at the The Hague Court of Appeal and an arbitrator with the Netherlands Arbitration Institute.

ADVISORS

US COUNSEL

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