

In re Converium Holding AG Securities Litigation

COURT: United States District Court for the Southern District of New York
CASE NUMBER: 04-cv-7897
CLASS PERIOD: 01/07/2002 - 09/02/2004
CASE LEADERS: Avi Josefson

Securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired the securities of Converium Holding AG between December 11, 2001 and September 2, 2004 (the "Class Period"). Converium is a major multi-line re-insurance company that was spun off in an Initial Public Offering ("IPO") by Zurich Financial Services in 2001.

On July 14, 2005, Judge Michael Mukasey of the District Court for the Southern District of New York appointed the Public Employees' Retirement System of Mississippi ("Mississippi") as Lead Plaintiff in the Converium litigation, together with Avalon Holdings, Inc. ("Avalon"), a private institutional investor. Lead Plaintiffs conducted an extensive investigation of the action, which included interviews with the former Converium employees who had been directly involved with the establishment of the Company's loss reserves — which are the focus of the litigation.

On September 23, 2005, Mississippi and Avalon filed a Consolidated Amended Class Action Complaint (the "Complaint") based upon the detailed facts developed through Lead Plaintiffs' investigation. The Complaint alleges violations of the Securities Exchange Act of 1934 by Converium, and its CEO Dirk Lohmann, CFO Martin Kauer, and North America CEO Richard Smith, as well as by Zurich Financial Services, Converium's parent company prior to its IPO. In addition to these Exchange Act claims, which had been asserted in the complaints filed prior to the appointment of Mississippi and Avalon as Lead Plaintiffs, the Complaint also asserts claims under the Securities Act of 1933 against Converium, Zurich, Lohmann, Kauer, Smith and the Company's current and former directors. In addition, the Complaint asserts claims under the Securities Act against UBS AG and Merrill Lynch International, which served as co-lead underwriters on Converium's IPO.

On March 6, 2008, Judge Cote issued an opinion and order which partially granted Lead Plaintiffs' motion, certifying a plaintiff class that includes all domestic purchasers of Converium shares on the SWX Swiss Exchange ("SWX") and Converium American Depositary Shares ("ADSs") on the New York Stock Exchange ("NYSE"), as well as foreign purchasers of ADSs on the NYSE. Foreign purchasers who bought shares of Converium on the SWX were excluded from the class on the basis that there was insufficient evidence of subject matter jurisdiction over their claims. Judge Cote also certified Mississippi as Class Representative, but found that Avalon could not serve as a class representative or as co-Lead Plaintiff because it was a foreign purchaser on the SWX. Judge Cote also moved the starting date of the Class Period from December 11, 2001 to January 7, 2002 on the grounds that the market in Converium shares did not become fully capable of absorbing and reflecting all available information about the Company until after the end of the "quiet period" that followed Converium's December IPO. On March 20, 2008, Mississippi and Avalon moved for reconsideration of the Court's ruling as to the excluded foreign purchasers in light of additional evidence, uncovered in discovery, of subject matter jurisdiction over their claims. On March 26, 2008, Mississippi and Avalon moved the Court for leave to file a second amended complaint.

On July 25, 2008, Lead Plaintiff moved the court to approve settlements reached on behalf of the Class with SCOR Holding (Switzerland) AG ("SCOR") and Zurich Financial Services ("ZFS"), providing for a total recovery of \$84.6

million — \$75 million from SCOR and \$9.6 million from ZFS. On December 12, 2008, Judge Cote entered an Order and Final Judgment approving the settlements and ending the action.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed. In addition, separate settlements have been reached on behalf of foreign investors who purchased Converium stock on the SWX Swiss Exchange or any other stock exchange outside the United States and are subject to approval by the Amsterdam Court of Appeal. For more information, please see the case description for [Converium Holdings AG \(International Settlements\)](#).

Case Documents

- December 12, 2008 - Order and Final Judgment
- November 2, 2007 - Lead Plaintiffs' Reply Memorandum of Law in Further Support of their Motion for Class Certification
- October 19, 2007 - Memorandum of Law in Opposition to Lead Plaintiffs' Motion for Class Certification
- September 14, 2007 Opinion and Order
- September 4, 2007 - Order Approving Preliminary Settlement
- August 24, 2007 - Lead Plaintiffs' Memorandum in Support of Preliminary Approval
- April 9, 2007 Opinion and Order
- February 20, 2007 - Lead Plaintiffs' Reply to the Opposition
- February 5, 2007 - Opposition to Motion for Reconsideration
- January 12, 2007 - Lead Plaintiffs' Motion for Reconsideration
- December 28, 2006 Opinion and Order
- March 31, 2006 - Defendants UBS and Merrill Lynch's Reply to Lead Plaintiffs' Opposition
- March 31, 2006 - Defendant Zurich Financial Services' Reply to Lead Plaintiffs' Opposition
- March 31, 2006 - Converium and the Individual Defendants' Reply to Lead Plaintiffs' Opposition
- February 17, 2006 - Lead Plaintiffs' Opposition to Motions to Dismiss
- December 23, 2005 - Defendant Zurich Financial Services' Motion to Dismiss
- December 23, 2005 - Defendants UBS and Merrill Lynch's Motion to Dismiss
- December 23, 2005 - Converium and the Individual Defendants' Motion to Dismiss
- Transcript of November 16, 2006 Hearing
- September 23, 2005 - Consolidated Amended Class Action Complaint