

STIPULATION OF SETTLEMENT:

**DEFINITIONS FOR TERMS USED IN RELEASE PROVISIONS
AND RELEASE PROVISIONS**

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II. DEFINITIONS

As used in this Settlement Agreement, the following terms have the following meanings, unless a Subsection of this Settlement Agreement expressly provides otherwise:

A. “Action” means the lawsuit captioned *Goodman v. Valley Forge Life Insurance Company, et al.*, Case No. 2 CH 002221 in the Circuit Court of Cook County, Illinois, County Department, Chancery Division.

B. “Active Class Members” means those Class Members whose Policies are in-force on the Final Settlement Date.

C. “Administrator” means any agent(s) or administrator(s) that Defendants shall retain or specially employ after consultation with and with the approval of Co-Lead Counsel to help implement the notice terms of this Settlement Agreement.

D. “Agreement” or “Settlement Agreement” means this Stipulation of Settlement and any Exhibits attached to this Agreement, including any subsequent amendments and any exhibits to such amendments.

E. “Attorneys’ Fees and Expenses” means such funds as may be awarded to Co-Lead Counsel to compensate them (and any other attorneys for Plaintiff or Class Members who are currently counsel of record in this Action) for their fees and all litigation expenses in connection with the Action, as provided in Section IX below.

F. "Claim Form" means the Claim Form appended at Exhibit C, which must be satisfactorily and timely completed, with a certified death certificate, as provided in Section III(D).

G. "Claims" means all claims, actions, causes of action, proceedings, offsets, obligations, judgments, suits, reckonings, demands (whether written or oral), controversies, and losses of whatever kind (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liabilities), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or not accrued, liquidated or not liquidated, at law or in equity, matured or not matured, whether class, individual or derivative in nature, including any known or Unknown Claim.

H. "Class" or "Class Members" means all current or former owners of Policies issued by Defendants between January 29, 1992 and May 20, 2004 whose "Policy Dates" may have preceded the dates on which their Policies went into effect. Notwithstanding the foregoing, the Class does not include any person who: (i) adjudicated to finality or released a claim involving premium charged during the first policy year for a Policy whose Policy Date may have preceded the date on which the Policy went into effect; (ii) requested a particular Policy Issue Date for any reason;¹ (iii) owned a Policy under which a death claim was paid before the Final Settlement Date; (iv) purchased the Policy as part of a transaction where Defendants provided continuous insurance, including, without limitation, a conversion, an internal 1035 exchange, a paid up policy under a Celebration life insurance or similar policy, or a Personal Security Plan

¹ For purposes of this definition, policy owners who were issued Policies with a Policy Issue Date during the last two weeks of December 1999, and whose applications were received by Defendants on or before January 15, 2000, will not be deemed to have requested a particular Policy Issue Date. To the extent such Policies

("PSP") policy; (v) terminated the Policy before the Company's conversion to the LifePro management system; (vi) made an initial premium payment or deposit with the application for the Policy; (vii) did not take the Policy; (viii) rescinded the Policy with premiums refunded; or (ix) makes a timely and valid election to be excluded from the proposed Class with respect to a particular Policy. If a Policy is jointly owned, the joint owners shall be considered one Class Member. If a member of the Class owns, or owned, more than one Policy, then such Class Member's membership in the Class will be determined on a Policy-by-Policy basis (except as stated otherwise below, for purposes of the maximum and minimum payment provisions in Section III(E)). If a Policy has had different owners over time, the last or most current owner shall be given notice under the terms of this Settlement Agreement.

Class Members are further categorized as follows:

1. "Active Class Members" means those Class Members whose Policies are in-force on the Final Settlement Date.
2. "Deceased Terminated Class Members" means Terminated Class Members whose insureds died before the Final Settlement Date.
3. "Pre-Special Notice Class Members" means those Class Members whose Policies were not delivered with a Special Notice in the form attached as Exhibit E (or a form substantially similar to that form).
4. "Special Notice Class Members" means those Class Members whose Policies were delivered with a Special Notice in the form attached as Exhibit E (or a form substantially similar to that form).

were assigned particular Policy Issue Dates, such dating may have been necessitated by the large number of policy applications received at the end of 1999.

5. “Terminated Class Members” means Class Members whose policies terminated before the Final Settlement Date other than through payment of a death claim.

I. “Class Notice” means the Notice sent to Class Members regarding the Settlement Agreement pursuant to Section IV of the Settlement Agreement and in the form attached as Exhibit A to the Settlement Agreement.

J. “Class Period” means the period from January 29, 1992, to May 20, 2004, which is the last date on which the Company issued new Policies.

K. “Co-Lead Counsel” means the law firms of Goldman Scarlato & Karon, P.C. and Goodkind Labaton Rudoff & Sucharow LLP.

L. “Company” means, collectively, Defendants and any or all of their present or former predecessors, successors, parents, affiliates, subsidiaries, agents, representatives, employees, agents, co-insurers, and reinsurers.

M. “Complaint” means the Class Action Complaint filed by Plaintiff in this Action on January 29, 2002, and the Amended Class Action Complaint filed by Plaintiff in this Action on or about September 17, 2002.

N. “Deceased Terminated Class Members” means Terminated Class Members whose insureds died before the Final Settlement Date.

O. “Defendants” means defendants CNA Financial Corp., Valley Forge Life Insurance Company, Continental Assurance Company, and any or all of their present or former predecessors, successors, parents, affiliates, subsidiaries, directors, officers, employees, representatives, agents, co-insurer, and reinsurers.

P. “Defendants’ Counsel” means the law firm of Wildman, Harrold, Allen & Dixon LLP.

Q. “Execution Date” means the first date on which the Settlement Agreement has been executed by all of the undersigned persons.

R. “Fairness Hearing” means the hearing at or after which the Court will make a final decision whether to approve this Settlement Agreement as fair, reasonable, and adequate.

S. “Final Judgment” means the Final Judgment and Order Approving Settlement, as contemplated in Section XI of this Settlement Agreement.

T. “Final Settlement Date” means the date on which the Final Judgment and Order Approving Settlement become final. For purposes of this definition, the Final Judgment and Order Approving Settlement shall become final:

1. if no appeal is taken, on the date on which the time to appeal (including any potential extension of time) has expired;
2. if any appeal is taken, on the date on which all appeals, including petitions for rehearing or reargument, petitions for rehearing *en banc*, and petitions for *certiorari* or any other form of review, have been finally disposed of, such that the time to appeal (including any potential extension of time) has expired, in a manner resulting in an affirmance of the Final Judgment and the Order Approving Class Action Settlement; or
3. on a date after entry of the Final Judgment and Order Approving Settlement, which counsel for the Parties agree to in writing.

U. “Hearing Order” means the Order to be entered by the Court concerning notice, administration, and the Fairness Hearing, as contemplated in Section X of this Settlement Agreement, and in substantially the same form as the Order attached as Exhibit B.

V. “Parties” or “Party” means Plaintiff (in his individual and representative capacities) or Defendants, individually or collectively, as the case may be.

W. "Plaintiff" means Grant Adam Goodman, in his individual and representative capacities.

X. "Policies" or "Policy" means any individual life insurance policy issued by Defendants, whether in force, lapsed, or otherwise terminated.

Y. "Policy Face Amount" means the base amount of life insurance purchased by a Class Member on the Policy Issue Date, excluding any riders.

Z. "Policy Issue Date" or "Policy Date" means the Policy Date specified on the Policy's Schedule of Policy Benefits, which is the anniversary date for the Policy.

AA. "Preliminary Approval Hearing" means the hearing at or after which the Court will make a decision whether notice of the Action and the proposed Settlement Agreement may be given to the Class Members.

BB. "Pre-Special Notice Class Members" means those Class Members whose Policies did not include a Special Notice in the form attached as Exhibit E (or a form substantially similar to that form).

CC. "Release" means the release and waiver set forth in Section VIII of this Settlement Agreement.

DD. "Released Claims" means all claims, actions, causes of action, proceedings, offsets, obligations, judgments, suits, reckonings, demands (whether written or oral), controversies, and losses of whatever kind (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liabilities), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or not accrued, liquidated or not liquidated, at law or in equity, matured or not matured, whether class, individual or derivative in nature,

including but not limited to both known and Unknown Claims that: (1) have been, or could have been, asserted in the Action by Plaintiff, the Class Members, or any of them against Defendants; or (2) arise out of or relate to the acts, omissions, facts, matters, transactions, occurrences, sales presentations, advertisements, applications, or any oral or written statements, disclosures or representations allegedly made in connection with or directly or indirectly relating to (a) the premium charged during the first policy year on Policies whose the Policy Date may have preceded the dates on which the Policies went into effect, (b) practices with respect to the dating, issuance or delivery of any Policies by the Company, (c) any performance, servicing, and/or administration relating to the dating, issuance or delivery of any Policies by the Company, or (d) the restrictions, disclosures, advertisements, applications or other materials informing or allegedly failing to inform policy owners of information relating to the premium charged by the Company during the first policy year or the Company's Policy dating practices.

EE. "Releasees" means Defendants and each of their past, present, and future parents (including intermediate and ultimate parents), subsidiaries, affiliates, predecessors, successors and assigns (including, without limitation, Swiss Re Life & Health America, Inc.), and each of their respective past, present, and future officers, directors, employees, general agents, agents, producers, brokers, solicitors, representatives, attorneys, accounts, heirs, administrators, executors, insurers, predecessors, successors, assigns, co-insurers and reinsurers, or any of them, including any persons or entities acting on behalf or at the direction of any of them.

FF. "Settlement" means the resolution of the Action by amicable agreement of the Parties on the terms and conditions provided in this Settlement Agreement.

GG. "Special Notice" means the Notice that Defendants included with Policies issued on or after November 17, 1997, in the form attached as Exhibit E (or substantially similar to that form).

HH. "Special Notice Class Members" means those Class Members whose Policies included a Special Notice in the form attached as Exhibit E (or a form substantially similar to that form).

II. "Stipulation and Order of Confidentiality" means the Stipulation and Order to which Class Members (or their attorneys) who wish to have access to the confirmatory discovery materials in this case must agree before they are provided access to the materials.

JJ. "Supplemental Benefit" means the relief described in Section III below.

KK. "Terminated Class Members" means Class Members whose policies terminated before the Final Settlement Date other than through payment of a death claim.

LL. "Unknown Claim" means any claim that any Class Member does not know or suspect to exist in such Class Member's favor at any time on or before the date that the Class Member's Release becomes effective, and that, if known by that Class Member, might have affected that Class Member's Settlement with the Releasees or decision not to request exclusion from the Class or not to object to the Settlement Agreement.

Capitalized terms used in this Settlement Agreement shall have the meaning ascribed to them in this Settlement Agreement and any attached exhibits.

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VIII. RELEASE AND WAIVER, AND ORDER OF DISMISSAL

A. Release and Waiver

1. Without further action by anyone, on and after the Final Settlement Date, any and all Class Members (including those who are parties to any other litigation, arbitration or other proceedings involving any Released Claims pending on the Final Settlement Date), on behalf of themselves, their heirs, executors, administrators, predecessors, successors, assigns, or any person claiming by or through any of the Class Members, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

a. all Released Claims against each and every one of the Releasees, including such Released Claims as already may have been asserted in any pending litigation, arbitration or other proceeding, or other Released Claims; and

b. all claims against Plaintiff and any or all Releasees that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to this Settlement Agreement or the Settlement of the Action, and any and all claims for attorneys' fees, costs or disbursements incurred by Co-Lead Counsel or other counsel representing Plaintiff or the Class Members in the Action, or any of them, in connection with or related in any manner to the Action, the Settlement of the Action, the administration of the Action or the administration of this Settlement except to the extent otherwise specified in this Settlement Agreement.

2. Nothing in the Final Judgment shall bar any action or claim by the Parties to enforce the terms of this Settlement Agreement or the Final Judgment.

3. With respect to any and all Released Claims, the Parties stipulate and agree that, by the terms of the Final Judgment, each Class Member shall have, and shall be deemed to have, waived and relinquished, to the fullest extent permitted by law, any and all provisions, rights, and benefits conferred by Section 1542 of the California Civil Code or any federal, state or foreign law, rule, regulation or common law doctrine that is similar, comparable, equivalent or identical to, or which has the effect of, Section 1542 of the California Civil Code, which provides:

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

Notwithstanding the provisions of Section 1542 and all similar provisions in California or in any other State of the United States or the District of Columbia or in any foreign jurisdiction, Class Members understand and agree that this Release is intended to include all Released Claims that Class Members may have, including those which Class Members do not now know or suspect to exist in their favor against the Releasees, and that this Release extinguishes those Released Claims. Class Members may hereafter discover facts in addition to or different from those that they know or believe to be true with respect to the subject matter of the Released Claims, but Class Members hereby stipulate and agree that they have, and shall be deemed to have, on or after the Final Settlement Date, fully, finally, and forever settled and released any and all Released Claims and without regard to subsequent discovery or existence of such different or additional facts.

4. The foregoing waiver was separately bargained for and is a material element of the Settlement Agreement.

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