

# EXHIBIT 1

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

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	)	
<b>MARTIN J. FULLER, individually and on</b>	)	
<b>behalf of all others similarly situated,</b>	)	
	)	
<b>Plaintiff,</b>	)	<b>Case No. 11-81184-CIV-</b>
	)	<b>MARRA</b>
<b>v.</b>	)	<b>(Consolidated Cases)</b>
	)	
<b>IMPERIAL HOLDINGS, et al.,</b>	)	
	)	
<b>Defendants.</b>	)	
	)	

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**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (the “Securities Class Action Settlement Agreement”) is submitted pursuant to Rule 23 of the Federal Rules of Civil Procedure in the above-titled litigation (the “Securities Class Action”). Subject to approval of this Court, this Securities Class Action Settlement Agreement is entered into among Lead Plaintiffs Richard Sauer, Francis Sauer, Stephen Sauer, and Tamara Sauer (collectively, the “Lead Plaintiffs”), Plaintiffs City of Roseville Employees Retirement System, Martin J. Fuller, and Dawn Clifford-McManus, Imperial Holdings, Inc., Antony Mitchell, Richard O’Connell, Jerome A. Parsley, Jonathan Neuman, David A. Buzen, FBR Capital Markets & Co., JMP Securities LLC, and Wunderlich Securities, Inc. (collectively, the “Defendants”), and Catlin Insurance Company (UK) Ltd., XL Specialty

Insurance Company, and CNA Financial Corporation, by and through their respective counsel.

**I. RECITALS**

WHEREAS, the parties hereto state the following:

**A. The Securities Litigation**

On September 29, 2011, a class action complaint captioned *Fuller v. Imperial Holdings, Inc., et al.*, Case No. 11CA015075 MB (AD) (Fla. 15th Cir. Ct. 2011) (the “*Fuller Action*”) was filed in Florida state court. This complaint alleged that Imperial, the Individual Defendants, and the Underwriter Defendants had made misrepresentations or omissions of material facts in the Registration Statement and Prospectus filed in connection with Imperial’s initial public offering in violation of sections 11, 12(a)(2), and 15 of the Securities Act of 1933.

A second state court class action was filed in Florida state court on October 31, 2011. This action, captioned *City of Roseville Employees Retirement System v. Imperial Holdings, Inc., et al.*, Case No. 11CA016944 MB (AD) (Fla. 15th Cir. Ct. 2011) (the “*City of Roseville Action*”), asserted nearly identical allegations against the same defendants. Defendants removed both state court actions to the United States District Court for the Southern District of Florida pursuant to 28 U.S.C. §§ 1441 and 1446.

Two putative class actions, captioned *Sauer v. Imperial Holdings, Inc., et al.*, Case No. 11-cv-81282-KLR (S.D. Fla.) (the “*Sauer Action*”) and *Pondick v. Imperial Holdings, Inc., et al.*, Case No. 11-cv-81347-KLR (S.D. Fla.) (the “*Pondick Action*”), were filed in the United States District Court for the Southern District of Florida against

the same defendants on November 18, 2011 and December 14, 2011, respectively. The complaints in those actions alleged similar causes of actions stemming from Defendants' course of conduct as the complaints of the *Fuller* and *Roseville* Actions.

On February 24, 2012, the federal court consolidated all four cases, and appointed the plaintiffs in the *Sauer* Action as lead plaintiffs and their law firm, Glancy Binkow LLP, as lead counsel for the class. Thus, the complaint in the *Sauer* Action is currently the only operative class action complaint against Imperial.

The plaintiffs in the *Fuller* and *Roseville* Actions filed remand motions, which have been fully briefed and argued before the Court. On January 2, 2013, pursuant to a term sheet executed between the Settling Parties, these plaintiffs moved the Court to hold these motions in abeyance.

In addition to the consolidated securities class action described above, shareholder demand letters were submitted to Imperial by Harry Rothenberg on November 16, 2011, and by Robert Andrzejczyk on May 8, 2012, and a shareholder derivative complaint, captioned *Andrzejczyk v. Mitchell*, 2012 CA 013286 (Fla. 15th Jud. Cir. Ct.), was filed against Imperial and certain of the Individual Defendants on July 28, 2012. These demand letters and the ensuing derivative complaint are referred to herein as the "Derivative Action." The Derivative Action is being settled concurrently with the instant Securities Class Action pursuant to the Derivative Action Settlement Agreement.

**B. Settlement Negotiations and the Reasons for the Settlement**

On June 18-19, 2012, a mediation session was held at the JAMS offices in New York City, presided over by the mediator retired Judge Hon. Daniel Weinstein. The

mediation was attended by multiple parties, including counsel for Imperial, lead and other class plaintiffs' counsel, derivative shareholder counsel, counsel to the three insurance carriers, counsel to the underwriters and other representatives. Although substantial progress was made, due to the complexity of the issues involved no agreement could be reached at that time. The parties continued to negotiate in good faith, and after further progress was made, a follow up mediation session occurred on September 7, 2012 at the Weinstein Conference Center in Napa, California, which was attended by the same participants. As a result of that session, and further negotiations and drafting, a non-binding term sheet was signed by all Settling Parties on December 18, 2012 (the "Term Sheet") which sets forth the parameters for all disputes to be resolved, subject to final documentation of the various understandings that had been reached.

Based upon (i) investigation into and evaluation of the facts and laws relating to the Claims alleged in the Securities Class Action, including investigating the facts and laws prior to initiating the Securities Class Action, (ii) information obtained from Imperial and the Individual Defendants prior to the Effective Date, (iii) the completion of Confirmatory Discovery as described in paragraph 79 of this Securities Class Action Settlement Agreement, (iv) investigations and legal analysis conducted during the pendency of the Securities Class Action and (v) sessions with the mediator, the Settling Parties have agreed to settle the Securities Class Action and to release the Claims pursuant to the terms of this Securities Class Action Settlement Agreement. Lead Counsel believes that this resolution is fair, adequate, reasonable, and in the best interests of Lead Plaintiffs and the Class.

## II. TERMS OF THE SETTLEMENT

IT IS HEREBY STIPULATED AND AGREED, by and among the Lead Plaintiffs (individually and in their representative capacity), by and through their duly authorized counsel, and Defendants, by and through their duly authorized counsel, that this Securities Class Action and all matters that have been, could have been or could be raised in the Securities Class Action are hereby settled and compromised as to Defendants and other Releasees, that this Securities Class Action will be dismissed on the merits and with prejudice as to Defendants, and that the Released Plaintiffs' Claims will be released as to Defendants and all other Releasees based upon the terms and conditions set out in this Securities Class Action Settlement Agreement (including the Release), subject to the Court's approval and such approval becoming Final.

### A. Definitions

As used in this Securities Class Action Settlement Agreement, the following capitalized terms have the following meanings, unless a Section or Subsection of this Securities Class Action Settlement Agreement provides otherwise:<sup>1</sup>

1. "Securities Class Action" means the consolidated class action styled *Fuller v. Imperial Holdings, Inc. et al.*, Case No. 11-81184-CIV-MARRA (S.D. Fla.), including, without limitation, all lawsuits that have been consolidated into the Securities Class Action as of the Final Settlement Date, including *City of Roseville*

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<sup>1</sup> Capitalized terms used in this Securities Class Action Settlement Agreement but not defined below shall have the meanings ascribed to them in this Securities Class Action Settlement Agreement.

*Employees Retirement System v. Imperial Holdings, Inc., et al.*, Case No.

11CA016944xxxx MB (AD) (Fla. 15th Cir. Ct. 2011), *City of Roseville Employees*

*Retirement System v. Imperial Holdings, Inc., et al.*, Case No. 11- 81300-CIV-MARRA

(S.D. Fla.), *Fuller v. Imperial Holdings, Inc., et al.*, Case No. 11CA015075xxxx MB

(AD) (Fla. 15th Cir. Ct. 2011), *Pondick v. Imperial Holdings, Inc., et al.*, Case No. 11-

81347-CIV-MARRA (S.D. Fla.), and *Sauer v. Imperial Holdings, Inc., et al.*, Case No.

11-81282-CIV-MARRA (S.D. Fla.).

2. “Affiliate” or “Affiliated” means such persons or entities as are defined in 17 C.F.R. Part 210.1-02(b).

3. “Approval Date” means the date on which the Court enters the Order and Final Judgment.

4. “Attorneys’ Fees and Expenses Application” means the application for fees and expenses to be made by Lead Counsel pursuant to paragraph 92 below.

5. “Attorneys’ Fees and Expenses Award” means the fees and expenses awarded by the Court to Lead Counsel (and any other counsel representing Lead Plaintiffs) as provided for in Section H of this Securities Class Action Settlement Agreement.

6. “Authorized Claim” means a claim for recovery from an Authorized Claimant that has been found to be timely and valid under the terms of this Securities Class Action Settlement Agreement.

7. “Authorized Claimant” means a Class Member (or the representative of such Class Member, including, without limitation, agents,

administrators, executors, heirs, predecessors, successor, Affiliates or assigns) whose claim for recovery has been found to be timely and valid under the terms of this Securities Class Action Settlement Agreement.

8. “Bar Orders” means the Contribution Bar Order and the Complete Bar Order.

9. “Business Day” means a day other than a Saturday, Sunday or Legal Holiday.

10. “Catlin” means Catlin Insurance Company (UK) Ltd.

11. “Claim” or “Claims” means any and all actions, causes of action, proceedings, adjustments, executions, offsets, contracts, judgments, obligations, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, variances, covenants, trespasses, damages, demands (whether written or oral), agreements, promises, liabilities, controversies, costs, expenses, attorneys’ fees and losses of any sort whatsoever, whether in law, in admiralty or in equity, and whether based on a United States federal, state or foreign statutory or common-law United States federal, state or foreign statutory or common-law right of action or otherwise, foreseen or unforeseen, matured or unmatured, known, accrued or not accrued, existing now or to be created in the future, including Unknown Claims.

12. “Claim Form” means the form that Class Members must submit to the Settlement Administrator in order to receive relief pursuant to Section I of this Securities Class Action Settlement Agreement, which will, subject to Court approval, be substantially in the form set out in Exhibit A.



13. “Class” or “Class Members” means those individuals and entities who purchased or otherwise acquired Imperial securities either (i) pursuant and/or traceable to the Registration Statement issued in connection with Imperial’s February 7, 2011 initial public offering or (ii) on the open market on or prior to February 21, 2012. Excluded from the class are all named defendants and all individuals who were officers and directors of Imperial on or before June 30, 2012, members of the immediate families of each, legal representatives, heirs, successors or assigns of each, and any entity in which any named defendant has or had a controlling interest.

14. “CNA” means Continental Casualty Company.

15. “Committee Counsel” means the law firms of Proskauer Rose LLP, Dewey & LeBoeuf LLP, Winston & Strawn LLP, and Snell & Wilmer LLP, and all of their respective attorneys, employees, and representatives.

16. “Complaint” means the Consolidated Class Action Complaint that Lead Plaintiffs intend to file.

17. “Complete Bar Order” means that portion of the Order Approving Settlement, the text of which will be substantially in the form set out in paragraphs 11-14 of Exhibit B, which the Settling Parties will ask the Court to enter and which is an essential term of this Settlement.

18. “Confirmatory Discovery Period” means the period of time during which the Lead Plaintiffs and the plaintiffs in the Derivative Action conducted discovery involving documentary production and witness interviews. The Confirmatory Discovery

Period was concluded on March 22, 2013 to the satisfaction of Lead Counsel and counsel for the plaintiffs in the Derivative Action.

19. “Contribution Bar Order” means that portion of the Order Approving Settlement, the text of which will be substantially in the form set out in paragraph 10 of Exhibit B, which will be entered by the Court pursuant to Section 21D(f)(7)(A) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(f)(7)(A).

20. “Controlling Interest” means an interest in an entity where such interest is sufficient to allow the interest holder directly or indirectly to control the direction of the management and policies of the entity, whether through ownership of voting shares, by contract, or otherwise.

21. “Court” means the United States District Court for the Southern District of Florida.

22. “Defendants” means Imperial, the Underwriter Defendants and the Individual Defendants.

23. “Defendants’ Counsel” means Imperial’s Counsel, Committee Counsel, Individual Defendants’ Counsel, and Underwriter Defendants’ Counsel.

24. “Derivative Action” means the shareholder demand letters submitted to Imperial by Harry Rothenberg on November 16, 2011 and by Robert Andrzejczyk on May 8, 2012, and the shareholder derivative complaint, captioned *Andrzejczyk v. Mitchell*, 2012 CA 013286 (Fla. 15th Jud. Cir. Ct.), filed against Imperial and certain of the Individual Defendants on July 28, 2012.

25. “Derivative Settlement” means that certain settlement agreement between the parties to the action styled *Andrzejczyk v. Mitchell*, 2012 CA 013286 (Fla. 15th Jud. Cir. Ct.), and shareholder Harry Rothenberg, dated July 29, 2013.

26. “Effective Date” means the date on which the Securities Class Action Settlement Agreement has been executed by all Settling Parties.

27. “Escrow Account” means the interest-bearing account into which the Settlement Payments will be paid pursuant to Section D of this Securities Class Action Settlement Agreement, which account will be treated for tax purposes as part of a single Qualified Settlement Fund, as defined below.

28. “Escrow Agent” means the escrow agent for the Escrow Account.

29. “Escrow Agreement” means the agreement pursuant to which the Escrow Account will be established, which agreement will be substantially in the form attached as Exhibit C to this Securities Class Action Settlement Agreement.

30. “Fairness Hearing” means the hearing at or after which the Court will make a decision (i) whether to approve the Settlement as fair, reasonable and adequate; (ii) whether to finally certify the Settlement Class; and (iii) whether to grant the Attorneys’ Fees and Expenses Application.

31. “FBR” means FBR Capital Markets & Co. and each and all of (i) its parents, predecessors, successors, (ii) its current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries, assigns and (iii) all other entities in which FBR Capital Markets & Co. has or had a Controlling Interest or that has or had a Controlling Interest in FRB Capital Markets & Co.

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

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

b. if any appeal is taken from the order and judgment, the date on which all such appeals – including any petitions for rehearing *en banc*, petitions for *certiorari* or any other form of review and any related appeals or petitions, including as to any appeal bond – have been finally disposed of, such that the time to appeal therefrom (including any potential extensions of time) has expired, in a manner resulting in an affirmance of the relevant judgment or order.

33. “Final Settlement Date” means the latter of the dates on which the Order Approving Settlement and Judgment in this Securities Class Action and the Order Approving Settlement and Judgment in the Derivative Action become Final.

34. “Imperial” means Imperial Holdings, Inc. and each and all of (i) its parents, predecessors, successors, (ii) its current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries, assigns and (iii) all other entities in which Imperial Holdings, Inc. has or had a Controlling Interest or that has or had a Controlling Interest in Imperial Holdings, Inc.

35. “Imperial’s Counsel” means the law firms of Kenny Nachwalter, P.A., Proskauer Rose LLP, Dewey & LeBoeuf LLP, and Latham & Watkins LLP, including all of their respective attorneys, employees, and representatives.

36. "Individual Defendants" means David A. Buzen, Antony Mitchell, Jonathan Neuman, Richard O'Connell and Jerome A. Parsley.

37. "Individual Defendants' Counsel" means the law firms of Black, Srebnick, Kornspan & Stumpf, P.A. for Mr. Mitchell, Broad and Cassel for Mr. Neuman, and Kenny Nachwalter, P.A for Messrs. Buzen, O'Connell, and Parsley, including all of their respective attorneys, employees, and representatives.

38. "Individual Notice" means the notice described in Section E of this Agreement that will be disseminated to Class Members to inform them of the proposed Settlement, which notice shall, subject to Court approval, be substantially in the form set out in Exhibit D to this Securities Class Action Settlement Agreement.

39. "Insurance Settlement Agreement" means that certain agreement between Imperial, Catlin, XL, CNA, and Messrs. Mitchell and Neuman dated

July 29, 2013, attached hereto as Exhibit I.

40. "Investment Decision" means a decision regarding an investment in Imperial securities, including, without limitation, a decision to hold Imperial securities after purchasing or acquiring them.

41. "IPO" means the initial public offering of Imperial common stock that occurred on or about February 7, 2011.

42. "JMP" means JMP Securities LLC and each and all of (i) its parents, predecessors, successors, (ii) its current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries, assigns and

(iii) all other entities in which JMP Securities LLC has or had a Controlling Interest or that has or had a Controlling Interest in JMP Securities LLC.

43. “Judgment” means the judgment to be entered by the Court pursuant to the Order Approving Settlement, which shall be substantially in the form set out in Exhibit B to this Securities Class Action Settlement Agreement.

44. “Lead Counsel” means the law firm of Glancy Binkow & Goldberg LLP, including all of its attorneys, employees, and representatives.

45. “Lead Plaintiffs” means Richard Sauer, Francis Sauer, Stephen Sauer, and Tamara Sauer.

46. “Legal Holiday” means New Year’s Day, the observance of the Birthday of Martin Luther King, Jr., Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day and any other day designated as a federal or Florida state holiday.

47. “Net Cash Settlement Amount” means the balance remaining in the Escrow Account (including any interest that has accrued) after the payments described in paragraph 98(1)-(3) below are made from the Escrow Account.

48. “Nominees” means brokerage firms, banks and other institutions that hold Imperial securities in street name or other similar fashion for the benefit of other persons or entities.

49. “Notice and Administrative Expenses” means all expenses associated with administration and implementation of this Settlement, including the Settlement Administrator’s fees and expenses; *provided, however*, that Notice and

Administrative Expenses shall not include the Attorneys' Fees and Expenses Award and/or reasonable class action plaintiff incentive awards.

50. "Objection Date" means the date by which objections to the Settlement proposed in this Securities Class Action Settlement Agreement must be filed with the Court and served on counsel as set out in the Preliminary Approval Order.

51. "Order Approving Settlement" means the order to be entered by the Court approving the Settlement and this Securities Class Action Settlement Agreement as contemplated in Section L of this Securities Class Action Settlement Agreement, which order shall be substantially in the form set out in Exhibit B to this Securities Class Action Settlement Agreement.

52. "Plan of Allocation" means the terms and procedures for allocating the Net Cash Settlement Amount among, and distributing the Net Cash Settlement Amount to, Authorized Claimants, which shall, subject to Court approval, be substantially in the form set out in the Individual Notice.

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

54. "Preliminary Approval Date" means the date on which the Court enters the Preliminary Approval Order.

55. "Preliminary Approval Hearing" means the hearing at or after which the Court preliminarily approves the proposed Settlement.

56. "Preliminary Approval Order" means the order to be entered by the Court concerning notice, administration and the Fairness Hearing, as contemplated in

Section K of this Securities Class Action Settlement Agreement, which order shall be substantially in the form set out in Exhibit E to this Securities Class Action Settlement Agreement.

57. “Publication Notice” means the notice described in Section E of this Securities Class Action Settlement Agreement, which notice shall, subject to Court approval, be substantially in the form set out in Exhibit F to this Securities Class Action Settlement Agreement.

58. “Qualified Settlement Fund” means a fund within the meaning of Treasury Regulations § 1.468B-1.

59. “Recognized Claim” shall have the meaning attributed to it in the Plan of Allocation.

60. “Release” means the release set forth in Section J of this Securities Class Action Settlement Agreement.

61. “Released Defendants’ Claims” means each and every Claim that has been, could have been, or could be asserted in the Securities Class Action or in any other proceeding by any Releasee, including any Defendant, or the successors and assigns of any Releasee, against any Lead Plaintiff, any other Class Member, any other Releasee, or their attorneys (including Lead Counsel), including any consultants, experts or other professionals retained by Lead Counsel during the course of this litigation, that arises out of or relates in any way to the institution, prosecution, investigation, defense or settlement of the Securities Class Action or Derivative Action, including any or all of the acts, failures to act, omissions, misrepresentations, facts, events, matters, transactions,



occurrences, or oral or written statements or representations of Releasees; provided, however, the foregoing shall not include any Claims to enforce this Securities Class Action Settlement Agreement or any other documents executed in connection with this Securities Class Action Settlement; provided, further, that notwithstanding anything to the contrary contained in this Securities Class Action Settlement Agreement: (i) no release shall be made by any party of its own attorneys, and (ii) if any attorney performed work for more than one party, a party does not release that attorney for the work such attorney performed for the party, but does release such attorney for the work such attorney performed for any other party. It is understood that any in-house attorney for Imperial is intended to be included in and fully released hereunder.

62. “Released Plaintiffs’ Claims” means any and all claims, debts, demands, actions, causes of action, specialties, covenants, contracts, variances, damages, executions, rights, suits, sums, accounts, reckonings, presentments, extents and any other liabilities, fixed or contingent, matured or not matured, of or by the Class, or any member or representative of the Class, as against the Releasees, including both known claims and Unknown Claims, whether class or individual in nature, that were asserted, could have been asserted, could in the future be asserted, or are related to the claims that were, could have been, or could in the future be asserted, in the Securities Class Action or in any other action or proceeding, or otherwise, by the Class, or by any member or representative of the Class (including, without limitation, any claims for alleged violations of federal or state statutory or common law, or any other law, and for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, or

liability whatsoever), arising from or relating to the purchase or acquisition of securities of Imperial either (i) pursuant and/or traceable to the Registration Statement issued in connection with Imperial's February 7, 2011 initial public offering or (ii) on the open market on or prior to February 21, 2012; *provided, however*, that the term "Released Plaintiffs' Claims" does not include any claims to enforce this Securities Class Action Settlement Agreement or any other documents executed in connection with this Securities Class Action Settlement; provided, further that notwithstanding anything to the contrary contained in this Securities Class Action Settlement Agreement: (i) no release shall be made by any party of its own attorneys, and (ii) if any attorney performed work for more than one party, a party does not release that attorney for the work such attorney performed for the party, but does release such attorney for the work such attorney performed for any other party. It is understood that any in-house attorney for Imperial is intended to be included in and fully released hereunder.

63. "Releasee" means each and every one of, and "Releasees" means all of, (i) Imperial, (ii) the Individual Defendants, (iii) the Underwriter Defendants and (iv) the past and present officers, directors, employees, officials, members, partners, principals, agents, representatives, attorneys (including any and all in-house and outside counsel including, without limitation, Defendants' Counsel), advisors, administrators, auditors (including any and all internal and external auditors), accountants, actuaries, consultants, fiduciaries, representatives, service providers, successors-in-interest, trustees, insurance carriers, reinsurers, estates, heirs, executors, beneficiaries, trusts, assigns *of any or all* of the above persons or entities.

64. “Releasor” means each and every one of, and “Releasors” means all of, (i) Lead Plaintiffs, (ii) all other Class Members, (iii) their respective past or present parents, predecessors, successors, current and former Affiliates, divisions, business units, joint ventures, subsidiaries, assigns, any entities in which any Releasor has or had a Controlling Interest or that has or had a Controlling Interest in him, her, or it, and any other person or entity (including any governmental entity) claiming by or through, on behalf of, for the benefit of, derivatively for, or as representative of Lead Plaintiffs or any other Class Member and (iv) the respective past and present officers, directors, employees, officials, members, partners, principals, agents, representatives, attorneys (including any and all in-house and outside counsel), advisors, administrators, auditors (including any and all internal and external auditors), accountants, actuaries, consultants, fiduciaries, representatives, service providers, successors-in-interest, trustees and insurance carriers, reinsurers, estates, heirs, executors, beneficiaries, trusts, trustees and assigns of any or all of the above persons or entities.

65. “Settlement” means the settlement terms, conditions and other provisions that are memorialized in this Securities Class Action Settlement Agreement.

66. “Settlement Administrator” means The Garden City Group, Inc.

67. “Securities Class Action Settlement Agreement” means this Stipulation of Settlement and its Exhibits attached hereto, including any subsequent written amendments to the Stipulation of Settlement and/or to its Exhibits.

68. “Settling Parties” means all parties to this Securities Class Action Settlement Agreement.

69. “Settlement Payments” means those cash payments to be made into the Escrow Account as part of the consideration for Settlement.

70. “Termination Date” means that date on which any of the Settling Parties provides notice that he, she or it is exercising a right to terminate this Securities Class Action Settlement Agreement under Section N of this Securities Class Action Settlement Agreement.

71. “Underwriter Defendants” means FBR, JMP and Wunderlich.

72. “Underwriter Defendants’ Counsel” means the law firm of Williams & Connolly LLP, including all of its attorneys, employees, and representatives.

73. “Unknown Claim” means any and all (i) Released Class Members’ Claims that any Releasor does not know or suspect exists with respect to one or more Releasees at the time of the release of the Releasees or (ii) Released Defendants’ Claims that any Releasee does not know or suspect exists with respect to one or more Releasors at the time of the release of the Releasors, which, if known by such Releasee or Releasor (as the case may be) might have affected his, her or its decision(s) concerning this Securities Class Action Settlement Agreement. As to all Claims released in this Securities Class Action Settlement Agreement, each of the Lead Plaintiffs, Imperial, Individual Defendants, and Defendants’ Counsel expressly waives, and each Class Member shall be deemed to have waived, and by operation of the Order Approving Settlement and Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or of any other

country, or any principle of federal or common law, that is similar, comparable or equivalent to California Civil Code Section 1542, which provides:

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

Lead Plaintiffs, Imperial, Individual Defendants, and Defendants' Counsel acknowledge, and all other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of Unknown Claims in the Claims released pursuant to the Securities Class Action Settlement Agreement was separately bargained for and is a key element of this Securities Class Action Settlement Agreement.

74. "Warrant Agreement" means the agreement under which Imperial will issue two million warrants as consideration in the Settlement, which agreement shall be substantially in the form set out in Exhibit G to this Securities Class Action Settlement Agreement.

75. "Wunderlich" means Wunderlich Securities, Inc. and each and all of (i) its parents, predecessors, successors, (ii) its current and former Affiliates, divisions, business units, joint ventures (regardless of percentage of interest), subsidiaries, assigns and (iii) all other entities in which Wunderlich Securities, Inc. has or had a Controlling Interest or that has or had a Controlling Interest in Wunderlich Securities, Inc.

76. "XL" means XL Specialty Insurance Company.

**B. Consolidated Complaint and Class Certification**

77. Within 20 business days following execution of this Securities Class Action Settlement Agreement, Lead Plaintiffs shall file a Consolidated Class Action Complaint in this Court.

78. For purposes of this Settlement only, and subject to approval of the Court in accordance with Rule 23(e) of the Federal Rules of Civil Procedure, the Settling Parties stipulate to the acceptance of the Consolidated Class Action Complaint as the operative complaint in this Securities Class Action. Further, the Settling Parties stipulate to the certification of the Class, as defined herein, and the appointment of Richard Sauer, Francis Sauer, Stephen Sauer, and Tamara Sauer as Class Representatives.

**C. Confirmatory Discovery**

79. Lead Plaintiffs conducted reasonable Confirmatory Discovery to confirm that the Settlement is fair, reasonable and adequate as of December 18, 2012. During the Confirmatory Discovery Period, the Lead Plaintiffs and the plaintiffs in the Derivative Action conducted discovery involving documentary production and witness interviews. The Confirmatory Discovery Period was concluded on March 22, 2013 to the satisfaction of Lead Counsel and counsel for the plaintiffs in the Derivative Action. Imperial has agreed, upon request, to provide Neuman access to documents which may be reasonably necessary for his use in connection with ongoing or threatened litigation.

**D. Settlement Consideration**

80. In consideration of the Settlement of Claims asserted in this Securities Class Action, and subject to the terms and conditions of the Securities Class

Action Settlement Agreement, the following Settlement Payments shall be made into the Escrow Account within ten (10) Business Days following the date of entry of the Preliminary Approval Order, and together shall constitute the Qualified Settlement Fund:

- a. Catlin, on behalf of Defendants and subject to its obligations under applicable policies, shall pay \$5.75 million;
- b. XL, on behalf of Defendants and subject to its obligations under applicable policies, shall pay \$5.25 million; and
- c. Imperial shall pay \$1 million.

81. The Escrow Account shall be under the joint control of Lead Counsel and Imperial until such time as the Settlement is terminated or the Settlement is approved and such approval is no longer subject to appeal; provided further that, if the Settlement is terminated, all money in the Escrow Account shall be returned to Imperial, which shall return to Catlin and/or XL the portion due to each consistent with paragraph 80 above.

82. Also in consideration of the Settlement of Claims asserted in this Securities Class Action, and subject to the terms and conditions of the Securities Class Action Settlement Agreement, two million warrants shall be issued by Imperial pursuant to the Warrant Agreement set out in Exhibit G to this Securities Class Action Settlement Agreement. These warrants shall be issued no later than ninety (90) days from the Final Settlement Date, and shall expire five years after the date on which they are distributed to Class Members.

**E. Notice to Class Members and Other Communications**

83. Subject to the requirements of the Preliminary Approval Order, Lead Counsel shall cause the Individual Notice and the Claim Form, substantially in the forms annexed hereto as Exhibits D and A, respectively, to be mailed, by first class mail, postage prepaid, on or before ninety (90) days from the date upon which the Court sets a date and time for the Fairness Hearing, to all Class Members at the address of each such person as set forth in the records of Imperial or its transfer agent, or who otherwise can be identified through reasonable effort. Imperial shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms, and Imperial shall use reasonable efforts to cause or arrange for Imperial's transfer agent to provide to the Settlement Administrator, no later than five (5) Business Days after entry of the Preliminary Approval Order, records concerning the identity of potential Class Members and their transactions (consisting of shareholder names and addresses), in electronic form. Lead Counsel shall, at least thirty (30) days before the Fairness Hearing, file with the Court proof of mailing of the Individual Notice and Claim Form.

84. Subject to the requirements of the Preliminary Approval Order, on or before eighty (80) days from the date upon which the Court sets a date and time for the Fairness Hearing (i) Lead Counsel shall cause the Publication Notice, substantially in the form annexed hereto as Exhibit F, to be published once each in the national edition of *Investor's Business Daily* and in the *Miami Herald*; (ii) Lead Counsel shall publish the Publication Notice on its website; (iii) Imperial shall file a form 8-K attaching the Publication Notice; (iv) Imperial shall publish the Publication Notice on its website; and



(v) the Settlement Administrator shall publish the Publication Notice on its website. A copy of the Publication Notice, substantially in the form as set out in Exhibit F, shall be submitted to the Court for approval at the time the Settling Parties submit this Securities Class Action Settlement Agreement to the Court for Preliminary Approval.

85. The Individual and Publication Notices that are provided pursuant to paragraphs 83 and 84 above shall be combined with the individual and publication notices that are provided pursuant to the Derivative Settlement.

86. Imperial expressly reserves the right to communicate with and respond to inquiries by shareholders.

87. Any party to the Settlement or its counsel wishing to issue a press release or other public statement shall provide counsel for all other parties to the Settlement reasonable opportunity to review and comment upon the release.

88. The parties to the Settlement shall cooperate to ensure that any media statements regarding the settlement are balanced, fair, accurate and non-disparaging.

**F. Notice and Administrative Expenses**

89. Notice and Administrative Expenses, other than those associated with the posting of notice on the websites of Imperial and Lead Counsel, shall be paid out of the Qualified Settlement Fund, except that any administrative costs attributable solely to the Derivative Settlement shall be paid by Imperial.

**G. Objections by Class Members**

90. Any Class Member who wishes to object to the fairness, reasonableness or adequacy of this Agreement, to any term(s) of this Agreement or to the proposed Attorneys' Fees and Expenses Award may do so no later than twenty-one (21) days before the date on which the Fairness Hearing is set, and subject to the requirements set out in the Preliminary Approval Order.

91. Objectors' attorneys must file notice(s) of appearance.

**H. Attorneys' Fees and Expenses and Class Action Plaintiff Incentive Awards**

92. Lead Counsel shall file and serve the Attorneys' Fees and Expenses Application not later than thirty (30) days prior to the Fairness Hearing. Defendants will not object to Lead Plaintiffs' request for the Attorneys' Fees and Expenses Award and reasonable class action plaintiff incentive awards to be drawn from the Qualified Settlement Fund in an aggregate amount not to exceed one-third of the Qualified Settlement Fund set out in paragraph 80 above.

93. Any Attorneys' Fees and Expenses Award and reasonable class action plaintiff incentive awards will be subject to approval by the Court.

94. The Attorneys' Fees and Expenses Award and the reasonable class action plaintiff incentive awards awarded by the Court shall be paid to Lead Counsel (as designated by the Court) from the Escrow Account established pursuant to Section D above within fifteen (15) Business Days from the date on which the Court makes such award; *provided, however* that such payments shall be subject to Lead Counsel executing

a promissory note, in the form annexed hereto as Exhibit H, regarding such payment providing that such payment (or relevant portion of such payment) shall be returned to the Escrow Account if (i) the Court's approval of the Securities Class Action Settlement Agreement is reversed on appeal and such reversal becomes Final and no longer subject to appeal or (ii) the award made to Lead Counsel is modified on appeal.

**I. Settlement Administrator**

95. The Settlement Administrator shall be appointed by Lead Counsel subject to the approval of the other parties to the Securities Class Action Settlement Agreement and the parties to the Derivative Settlement, which approval shall not be unreasonably withheld.

96. The Settlement Administrator shall administer the process of receiving, reviewing and approving or denying claims under Lead Counsel's supervision and subject to the jurisdiction of the Court. The Defendants shall have no responsibility for the administration of the Settlement and shall have no liability to the Class Members or Lead Counsel in connection with this administration. Lead Counsel shall designate a contact person at the Settlement Administrator to whom Defendants may refer all inquiries they receive from potential claimants.

97. The Settlement Administrator shall receive Claims and determine first, whether the Claim is an Authorized Claim, in whole or in part; and second, each Authorized Claimant's pro rata share of the Net Cash Settlement Amount based upon each Authorized Claimant's Loss Amount (as set forth in the Plan of Allocation

described in the Notice annexed hereto as Exhibit D, or in such other Plan of Allocation as the Court approves).

98. The Settlement Fund shall be applied as follows:

(1) to pay counsel's attorneys' fees and expenses with interest thereon and the expenses of Plaintiffs (the "Fee and Expense Award"), if and to the extent allowed by the Court;

(2) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Class Members, soliciting Class claims, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs, if any;

(3) to pay the taxes and tax expenses; and

(4) to distribute the balance of the Settlement Fund to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or order of the Court.

99. The Plan of Allocation proposed in the Notice is not a necessary term of this Securities Class Action Settlement Agreement, and it is not a condition of this Securities Class Action Settlement Agreement that any particular Plan of Allocation be approved.

100. Each Authorized Claimant shall be allocated a pro rata share of the Net Cash Settlement Amount based on his, her or its Loss Amount compared to the total Loss Amounts of all Authorized Claimants. This is not a claims-made settlement. The

Defendants shall not be entitled to get back any of the Settlement consideration once the Effective Date has occurred.

101. Any Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Cash Settlement Amount, but will otherwise be bound by all of the terms of this Securities Class Action Settlement Agreement and the Settlement, including the terms of the Final Judgment to be entered in the Securities Class Action and the Releases provided for herein, and will be barred and enjoined from bringing any action against the Releasees concerning the Released Claims.

102. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Cash Settlement Amount by the Settlement Administrator. The Defendants shall have no liability, obligation or responsibility for the administration of the Settlement or disbursement of the Net Cash Settlement Amount. The Defendants shall not be permitted to review, contest or object to any Claim Form or any decision of the Settlement Administrator or Lead Counsel with respect to accepting or rejecting any Claim Form or Claim for payment by a Class Member. Lead Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

103. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

a. Each Class Member shall be required to submit a Claim Form substantially in the form attached hereto as Exhibit A, supported by such documents as are designated therein, including proof of the Claimant's loss, or such other documents or proof as the Settlement Administrator or Lead Counsel, in their discretion, may deem acceptable.

b. All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by Order of the Court. Any Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Cash Settlement Amount or payment pursuant to this Securities Class Action Settlement Agreement (unless, by Order of the Court, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Securities Class Action Settlement Agreement and the Settlement including the terms of the Final Judgment and the Releases provided for herein, and will be barred and enjoined from bringing any action against the Releasees concerning the Released Claims. A Claim Form shall be deemed to be submitted when posted, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon.

c. Each Claim Form shall be submitted to and reviewed by the Settlement Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Securities Class Action Settlement Agreement, the extent, if any, to

which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below;

d. Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Settlement Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Settlement Administrator, under the supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Claim they propose to reject in whole or in part, setting forth the reasons therefore, and shall indicate in such notice that the Claimant whose claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below.

e. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Settlement Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

f. The administrative determinations of the Settlement Administrator in accepting and rejecting Claims shall be presented to the Court, on notice to Imperial's Counsel, for approval by the Court.

104. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, *provided, however* that such investigation and discovery shall be limited to that Claimant's status as a Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of the Securities Class Action or Settlement in connection with the processing of Claim Forms.

105. Lead Counsel will apply to the Court, on notice of Imperial's Counsel, for a Class Distribution Order: (a) approving the Settlement Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any administration fees and expenses associated with the administration of the Settlement from the Escrow Account; and (c) if the Effective Date has occurred, directing payment of the Net Cash Settlement Amount to the Authorized Claimants.

106. The Net Cash Settlement Amount shall be distributed to Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the Individual Notice and approved by the Court. Any such Plan of Allocation is not a part of this Stipulation. No funds from the Net Cash Settlement Amount shall be distributed to Authorized Claimants until the Final Settlement Date. If there is any balance remaining in the Net Cash Settlement Amount after six (6) months from the date of distribution of the Net Cash Settlement Amount (whether by reason of tax refunds, uncashed checks, or otherwise), Lead Counsel shall, if feasible, reallocate such balance



among Authorized Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Cash Settlement Amount shall be donated to one or more secular §501(c)(3) organization(s) selected by Lead Counsel, in consultation with Imperial's Counsel.

107. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Class Members. All Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Cash Settlement Amount, but otherwise shall be bound by all of the terms of this Securities Class Action Settlement Agreement and the Settlement, including the terms of the Final Judgment to be entered in the Securities Class Action and the releases provided for herein, and will be barred and enjoined from bringing any action against any and all of the Releasees concerning any and all of the Settled Claims.

108. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court.

109. The Settlement Administrator is to be charged with, among other things, distribution of the individual notice, publication of the publication notice (except that notice published on the websites of Lead Counsel and Imperial), operation of a settlement website relating to both this Settlement and the Derivative Settlement, setting up and running a toll-free center to respond to shareholder calls, receipt of requests for exclusion and distribution of settlement relief to class members in the Settlement.

110. The Settlement Administrator is to administer both this Settlement and the Derivative Settlement.

**J. Releases and Waivers**

111. Pursuant to the Final Order and the Judgment, without further action by anyone, and whether or not a Claim Form has been executed and/or delivered by or on behalf of any such Class Member, on and after the Final Settlement Date, Lead Plaintiffs and all other Class Members, on behalf of themselves and their other Releasers, for good and sufficient consideration, and all Releasers shall be deemed to have, and by operation of law and of the Order Approving Settlement and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

- a. all Released Plaintiffs' Claims against each and every one of the Releasees, including Defendants' Counsel;
- b. all Claims, damages, and liabilities as to each and every one of the Releasees to the extent that any such Claims, damages, or liability 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, (i) the prosecution, defense, or settlement of the Securities Class Action, (ii) the Securities Class Action Settlement Agreement, (iii) the Settlement terms and their implementation, (iv) the provision of notice in connection with the proposed Settlement, and/or (v) the resolution of any Claim Forms filed in connection with the Settlement; and

c. all Claims against any of the Releasees for attorneys' fees, costs, or disbursements incurred by Lead Plaintiff's counsel (including Lead Counsel) or any other counsel representing Lead Plaintiff or any other Class Member in connection with or related in any manner to the Securities Class Action, the settlement of the Securities Class Action, or the administration of the Securities Class Action and/or its settlement, except to the extent otherwise specified in the Securities Class Action Settlement Agreement.

112. Pursuant to the Order Approving Settlement and the Judgment, without further action by anyone, on and after the Final Settlement Date, each and all Releasees, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Order and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

a. Each and all Releasers, including Lead Counsel, from any and all Released Defendants' Claims, except to the extent otherwise specified in this Securities Class Action Settlement Agreement; and

b. Each and all other Releasees from any and all Claims relating to or arising from the Securities Class Action, Released Plaintiffs' Claims or Released Defendants' Claims, except to the extent otherwise specified in this Securities Class Action Settlement Agreement; *provided, however*, that Defendants' attorneys do not release any Claims relating to unpaid attorneys' fees and expenses, and Imperial and the Individual Defendants do not release any Claims relating to their insurance or

reinsurance policies except to the extent that Imperial and/or the Individual Defendants have otherwise agreed; *provided, however*, that this Release shall not apply to any claims arising from events which occur after the Effective Date under (i) the terms of that certain Separation Agreement and General Release between Jonathan Neuman and Imperial dated April 26, 2012, whose terms except for paragraph 17 of that Agreement shall survive this Agreement, (ii) that certain Employment Agreement between Antony Mitchell and Imperial dated November 8, 2010, and/or (iii) any other written agreement executed by Imperial between any of the other Individual Defendants (other than Mr. Neuman) and Imperial. The agreements described in (i), (ii), and (iii) of this paragraph shall remain in full force and effect as to any claims arising from events which occur after the Effective Date, but any such claims relating to arising out of events that occurred prior to the Effective Date are hereby released and forever barred.

113. Pursuant to the Order Approving Settlement and the Judgment, without further action by anyone, on and after the Final Settlement Date, Lead Counsel, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, Affiliates, assigns, and any person or entity claiming by or through any of them, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Final Order and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged Defendants' Counsel and all other Releasees from any and all Claims that relate in any way to any and all acts directly or indirectly relating to the prosecution, defense, or settlement of the Securities Class Action or to the Securities Class Action

Settlement Agreement, except to the extent otherwise specified in the Securities Class Action Settlement Agreement.

114. Pursuant to the Order Approving Settlement and the Judgment, without further action by anyone, on and after the Final Settlement Date, the Underwriter Defendants shall waive any and all rights to indemnity and contribution under the underwriting agreement respecting Imperial's initial public offering, including with respect to any reimbursement for legal fees and expense in connection with the class action and all related proceedings and matters.

115. Nothing in the Order Approving Settlement or the Judgment shall bar any action or Claim by the Settling Parties or their counsel to enforce the terms of the Securities Class Action Settlement Agreement or the Order Approving Settlement or the Judgment.

116. The releases and waivers contained in this Section were separately bargained for and are essential elements of the Securities Class Action Settlement Agreement.

**K. Preliminary Approval Hearing and Preliminary Approval Order**

117. Within twenty-five days (25) Business Days following the execution of this Securities Class Action Settlement Agreement, Lead Plaintiffs shall file a motion for Preliminary Approval of the Securities Class Action Settlement Agreement, which motion Defendants shall not oppose if consistent with the terms of the Settlement.

**L. Fairness Hearing, Order Approving Settlement and Judgment and Dismissal**

118. The Settling Parties shall request that the Court schedule a Fairness Hearing at which to consider whether (i) to approve this Agreement as fair, reasonable and adequate and in the best interest of the Class; , (ii) finally certify the Settlement Class; and (iii) to approve Lead Counsel's request for an Attorneys' Fees and Expenses Award.

119. If the Court approves the Agreement, the Settling Parties shall jointly ask the Court to enter an Order and Final Judgment substantially in the form attached as Exhibit B. This Order and Final Judgment shall provide for the dismissal with prejudice of *Fuller v. Imperial Holdings, Inc. et al.*, Case No. 11-81184-CIV-MARRA (S.D. Fla.), *City of Roseville Employees Retirement System v. Imperial Holdings, Inc., et al.*, Case No. 11- 81300-CIV-MARRA (S.D. Fla.), *Pondick v. Imperial Holdings, Inc., et al.*, Case No. 11-81347-CIV-MARRA (S.D. Fla.), and *Sauer v. Imperial Holdings, Inc., et al.*, Case No. 11- 81282-CIV-MARRA (S.D. Fla.).

120. The parties to the Settlement shall request that the Court retain continuing jurisdiction and that it order that any actions relating to the approved settlement be brought in the Court.

121. Within ten (10) Business Days following Final Approval of both the Securities Class Action Settlement Agreement and the Derivative Action Settlement Agreement, Catlin shall file a motion to dismiss with prejudice its declaratory judgment

action captioned *Catlin Insurance Co. (UK) Ltd. v. Imperial Holdings Co.*, Case No. 12-cv-80633-KLR (S.D. Fla.).

**M. No Admissions**

122. This Securities Class Action Settlement Agreement, whether or not consummated, and any proceedings taken pursuant to it:

a. shall not be offered or received against the Defendants as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Defendants with respect to the truth of any fact alleged by plaintiffs or the validity of any claim that had been or could have been asserted against the Defendants in the Securities Class Action or in any litigation, or of any liability, negligence, fault or wrongdoing of the Defendants;

b. shall not be offered or received against the Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant, or against the Lead Plaintiffs or any other Class Members as evidence of any infirmity on the claims of the Lead Plaintiffs or the other Class Members;

c. shall not be offered or received against the Defendants or against the Lead Plaintiffs or any other Class Members as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Stipulation, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Securities Class

Action Settlement Agreement; *provided, however*, that if this Securities Class Action Settlement Agreement is approved by the Court, Defendants may refer to it to effectuate the liability protection granted them hereunder;

d. shall not be construed against Defendants, Lead Plaintiffs or any other Class Members as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

e. shall not be construed as or received in evidence as an admission, concession or presumption against Lead Plaintiffs or other Class Members or any of them that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the Settlement amounts; and/or

f. shall not be construed as or received in evidence as an admission, concession or presumption that class certification is appropriate in this Securities Class Action.

**N. Modification or Termination of this Securities Class Action Settlement Agreement**

123. The terms and provisions of this Securities Class Action Settlement Agreement may not be altered, amended or modified except in writing signed by all Settling Parties.

124. Any Settling Party shall have the right to terminate the Settlement if the Court does not approve the Securities Class Action Settlement Agreement, or if the



Court (or any appellate court) modifies the Settlement Agreement in any way that a Settling Party to the Settlement in good faith determines is material.

125. Lead Plaintiffs may not terminate the Settlement based on the fee award.

126. Each Defendant in the Securities Class Action shall have the option (but not the obligation) to terminate the Settlement if valid exclusion requests are received from eligible Class Members as provided for by separate agreement as specified in paragraph I.M.1.d. of the Term Sheet, not to be filed with the Court unless necessary to establish that such option to terminate has been triggered; *provided, however*, that exercise of this termination option must be made no later than three (3) days before the date on which the Fairness Hearing is scheduled.

127. Any Settling Party has the right terminate the Settlement if the Derivative Settlement is terminated or does not become Final; *provided, however*, that if the approval of the Settlement has become Final and no longer subject to appeal and the Derivative Settlement does not become Final due to the insolvency of Imperial and/or the filing of a bankruptcy petition by Imperial, there shall be no right to terminate the Settlement.

128. Any Settling Party also has the right terminate the Settlement if the Insurance Settlement Agreement is not executed and delivered by all of the parties thereto.

129. If the Settlement is terminated or does not become Final, all Settling Parties shall be returned to the same positions as before the execution of the

Securities Class Action Settlement Agreement except with respect to amounts paid or due in connection with providing notice or to the Settlement Administrator, which amounts shall be paid as provided in this Securities Class Action Settlement Agreement.

130. Lead Plaintiffs have the right to terminate the Settlement if Defendants fail to timely and completely fund the Settlement in accordance with this Securities Class Action Settlement Agreement.

**O. Miscellaneous Provisions**

131. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

132. The parties to this Securities Class Action Settlement Agreement intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Lead Plaintiffs, any other Class Members and their attorneys against the Releasees with respect to the Claims. Accordingly, Lead Plaintiffs and Defendants agree not to assert in any forum that the Securities Class Action was brought by plaintiffs or defended by Defendants in bad faith or without a reasonable basis. The parties hereto shall assert no claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense or settlement of the Securities Class Action. The parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the parties, including a mediation conducted by a professional mediator, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

133. This Securities Class Action Settlement Agreement may not be modified or amended, nor may any of its provisions be waived, except in writing signed by all signatories hereto or their successors-in-interest.

134. This Securities Class Action Settlement Agreement and enforcement of all of its terms, conditions, and obligations are conditioned upon the Final Order approving Settlement, the Approval of the Derivative Action Settlement Agreement, and the execution of the Insurance Settlement Agreement by all of the parties thereto.

135. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

136. The administration and consummation of the Settlement as embodied in this Securities Class Action Settlement Agreement shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Lead Counsel and enforcing the terms of this Securities Class Action Settlement Agreement.

137. The waiver by one party of any breach of this Securities Class Action Settlement Agreement by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Securities Class Action Settlement Agreement.

138. This Securities Class Action Settlement Agreement and its exhibits constitute the entire agreement among the parties hereto concerning the Settlement of the Securities Class Action, and no representations, warranties or inducements have been

made by any party hereto concerning this Securities Class Action Settlement Agreement and its exhibits other than those contained and memorialized in such documents.

139. This Securities Class Action Settlement Agreement may be executed in one or more original and/or faxed counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument *provided, however*, that counsel for the signatories of this Securities Class Action Settlement Agreement shall exchange among themselves original signed counterparts.

140. This Securities Class Action Settlement Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

141. The construction, interpretation, operation, effect and validity of this Securities Class Action Settlement Agreement, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of Florida without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

142. This Securities Class Action Settlement Agreement shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the parties, it being recognized that it is the result of arm's-length negotiations between the parties, and all parties have contributed substantially and materially to the preparation of this Securities Class Action Settlement Agreement.

143. All counsel and any other persons executing this Securities Class Action Settlement Agreement and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have full authority to do so and that they have

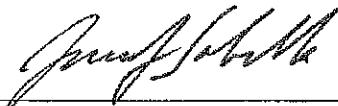
the authority to take appropriate action required or permitted to be taken pursuant to the Securities Class Action Settlement Agreement to effectuate its terms.

144. In accordance with their fiduciary duties to the Class, Lead Counsel shall have the right to sell the two-million warrants issued by Imperial prior to being distributed to the Class, and distribute the sale proceeds directly to the Class in accordance with the terms of the Final Judgment.

Agreed to as of this 29 day of July, 2013.

<i>Level 3. Gray</i>	
Lionel Z. Glancy Class Counsel	Paul J. Geller Counsel to Fuller & Clifford-McManus
James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
Robert Weiser Counsel for Andrzejczyk	David H. Topol Counsel for XL
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman

Agreed to as of this 29 day of July, 2013.

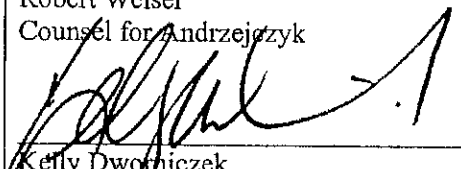
Lionel Z. Glancy Class Counsel 	Paul J. Geller Counsel to Fuller & Clifford-McManus
James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
Robert Weiser Counsel for Andrzejczyk	David H. Topol Counsel for XL
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman

Agreed to as of this 29 day of July, 2013.

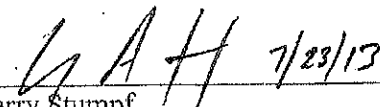
Lionel Z. Glancy Class Counsel	Paul J. Geller Counsel to Fuller & Clifford-McManus
James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
<i>Robert Weiser / bds</i> Robert Weiser Counsel for Andrzejczyk	David H. Topol Counsel for XL
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman



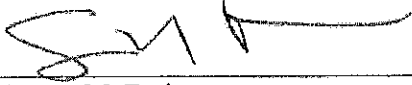
Agreed to as of this 25<sup>th</sup> day of July, 2013.

Lionel Z. Glancy Class Counsel	Paul J. Geller Counsel to Fuller & Clifford-McManus
James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
Robert Weiser Counsel for Andrzejczyk 	David H. Topol Counsel for XL
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman


Agreed to as of this 29 day of July, 2013.

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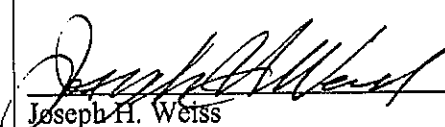
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Larry Stumpf Counsel for Mitchell 	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman

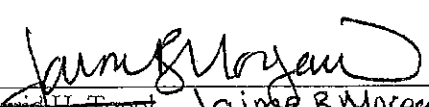
Agreed to as of this 24<sup>th</sup> day of July, 2013.

Lionel Z. Glancy Class Counsel	 <del>Paul J. Geller</del> Robert J. Robbins Counsel to Fuller & Clifford-McManus
James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
Robert Weiser Counsel for Andrzejczyk	David H. Topol Counsel for XL
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman


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Steven M. Farina Counsel for the Underwriters	Jonathan Etra Counsel for Neuman

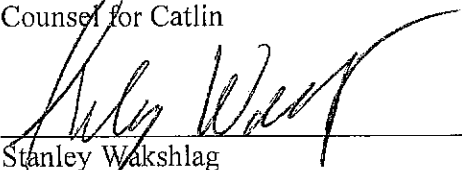
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James J. Sabella Counsel to City of Roseville Employees Retirement System	Joseph H. Weiss Counsel for Rothenberg
Robert Weiser Counsel for Andrzejczyk	 <del>David H. Topol</del> <b>Jaime B Morgan</b> <del>Counsel for XL</del> <b>XL Specialty INS. CO</b>
Kelly Dworniczek Counsel for CNA	Kim West Counsel for Catlin
Larry Stumpf Counsel for Mitchell	Stanley Wakshlag Counsel for Imperial
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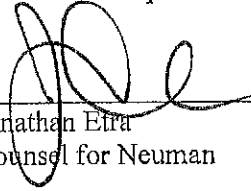
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7-24-13