

BETWEEN:

KOREA NATIONAL INSURANCE CORPORATION

Claimant

-and-

**ALLIANZ GLOBAL CORPORATE & SPECIALTY AG (formerly known as
ALLIANZ MARINE & AVIATION VERSICHERUNGS AG) (London Branch)**
**(on its own behalf and on behalf of the reinsurers subscribing to
Policy Number AJFM157 for the 2004 year of account)**

Defendants

SETTLEMENT AGREEMENT

WHEREAS:

- A. Korea National Insurance Corporation (“KNIC”) entered into a policy of reinsurance No. AJFM157 for the 2004 year of account (“the Reinsurance”) with the subsidiary underwriters (the “Reinsurers”) for the respective proportions identified in Schedule 1 annexed hereto;
- B. KNIC made claims against the Reinsurers arising out of the crash of a helicopter on 9th July 2005 (“the Claim”);
- C. KNIC obtained judgment against the Reinsurers in respect of the said Claims in the Pyongyang Court in December 2006 in the sum of €13,454,383.
- D. Thereafter, KNIC commenced proceedings in the High Court of Justice, England,

2007 Folio No. 19 seeking to enforce the said judgement against the Reinsurers;

NOW

It is hereby agreed between KNIC and Reinsurers (except Aviabel S.A) (“the Settling Reinsurers”) as follows:

1. The Settling Reinsurers hereby retract and withdraw and undertake not to repeat all allegations of fraud and impropriety against KNIC regarding the Claim.
2. The Settling Reinsurers shall each pay to KNIC their respective proportions of the sum of €40,000,000 (Forty Million Euros) by no later than 19 December 2008 (“the Settlement Monies”) in full and final settlement of the Claim and all claims arising out of the helicopter crash; it is agreed that this obligation shall not be enforced by KNIC before 3 February 2009 and interest will accrue on the Settlement Monies at a rate of Euribor + 1%, compounded monthly from 20 December 2008.
3. The sums paid into Court by KNIC (together with any interest thereon) by way of security for costs shall be forthwith released to KNIC and the letter of grantee discharged.
4. The Settling Reinsurers shall forthwith procure a letter to be written by their solicitors to KNIC which KNIC shall be entitled to make public in the following terms:

“KNIC and the Settling Reinsurers (as defined in the Settlement Agreement) confirm that KNIC’s claims for recovery of monies under the policy of reinsurance No. AJFM157 arising out of the crash of a helicopter in North Korea on 9 July 2005 have been settled on terms agreed between the parties. The Settling Reinsurers further confirm that they have retracted and withdrawn all allegations of fraud and impropriety against KNIC”.
5. Action 2007 Folio No. 19 be stayed against Settling Reinsurers.
6. Nothing in this Settlement Agreement shall be taken to effect or prejudice KNIC’s rights against Aviabel S.A. under the Reinsurance. For the avoidance of any doubt, all of

KNIC's rights against Aviabel S.A. are fully reserved.

7. This Settlement Agreement shall be subject to English law and the exclusive jurisdiction of the English High Court.

SIGNED DATED
Elborne Mitchell
For and on behalf of KNIC

SIGNED DATED
Clyde & Co
For and on behalf of the Settling Reinsurers

SCHEDULE 1

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
COMMERCIAL COURT

**KOREA NATIONAL INSURANCE
CORPORATION**

Claimant

-and-

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SPECIALTY AG (formerly known as ALLIANZ
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