# SCOR actively pursues its capital shield strategy by extending its innovative contingent capital solution by EUR 75 million

**SCOR announces that it has extended the cover level provided by its existing financial coverage facility taking the form of a Nat Cat event-driven guaranteed equity line by EUR 75 million.**

SCOR signed today a new natural catastrophe financial coverage facility in the form of a contingent capital equity line with UBS. This new facility is an extension of its existing 2010 contingent capital equity line[1]. Under this new arrangement, SCOR benefits from an additional EUR 75 million financial coverage, thereby increasing its existing contingent capital equity line from EUR 75 million to EUR 150 million.

The decision to increase the contingent capital equity line is consistent with SCOR's strategic plan "Strong Momentum V1.1" an important part of its capital shield strategy, communicated during the Investors' Day in September 2011. Following the Investors' Day SCOR recalibrated the trigger point of the contingent capital to have a more remote probability of triggering. The contingent capital is considered as last resort protection *i.e.* the cover is designed to be triggered after SCOR's traditional retrocession and insurance-linked securities (ILS) solutions. The issuance of new shares under the extended contingent capital equity line will only be triggered when SCOR has experienced total annual aggregated losses from natural catastrophes above a certain predetermined threshold in a given calendar year from January 1, 2012 to December 31, 2013.

In addition, this extension of its contingent capital solution allows the SCOR group to further diversify its means of protection, offering a very cost effective alternative to traditional retro and ILS. This extended facility has received favorable qualitative and quantitative assessments by rating agencies.

In the absence of the occurrence of any triggering event, no shares will be issued under the facility. The facility may therefore reach its term without any dilutive impact for the shareholders.

**Characteristics of the second contingent equity line**

The transaction takes the form of an additional issuance of warrants to UBS pursuant to the 26th resolution of the extraordinary general meeting of the shareholders of SCOR dated May 4, 2011 and approved by a resolution of its Board of Directors dated November 9, 2011.

Under this new arrangement, SCOR has undertaken to drawdown on the facility upon the occurrence of a trigger event and UBS has undertaken to exercise the number of warrants necessary for the subscription of new SCOR shares in a total amount of EUR 75 million (including issuance premium).

The drawdown on the extended facility will only be available when the level of estimated ultimate net losses[2] incurred by the SCOR group as an insurer or reinsurer, as confirmed by its statutory auditors, reaches a pre-defined threshold in a given calendar year from January 1, 2012 to December 31, 2013

[1] *Under which a EUR75 million equity line remains available further to the drawdown implemented in July 2011.*

[2] *The estimated ultimate net loss is the aggregate of the individual estimated ultimate net losses of all natural catastrophe events in a given calendar year. The individual estimated ultimate net loss is the estimated pre-tax impact of any qualifying natural catastrophe event, net of all recoveries (reinsurance and derivatives) and additional expenses as recorded in the SCOR Group books.*

SCOR SE
5, avenue Kléber
75795 Paris Cedex 16
France
Tél + 33 (0) 1 58 44 70 00
Fax + 33 (0) 1 58 44 85 00
www.scor.com
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 512 224 741,93 euros

*For more information, please contact:*
**Jean-Charles Simon / Géraldine Fontaine** **+33 (0) 1 58 44 75 58**
Communications and Public Affairs

**Antonio Moretti** **+33 (0) 1 58 44 77 15**
Investor Relations Director

(the "Risk Coverage Period") as the direct result of the occurrence within that year of one or more natural catastrophe-type events. Such threshold may be recalibrated each year by SCOR within certain limits defined to adjust the coverage levels to changes in the insurance and reinsurance market conditions to ensure the consistency of the facility's risk profile over the period.

Under the extended facility, the eligible worldwide natural catastrophe events under the transaction include the following:

- earthquake, seaquake, earthquake shock, seismic and/or volcanic disturbance/eruption,
- hurricane, rainstorm, storm, tempest, tornado, cyclone, typhoon,
- tidal wave, tsunami, flood,
- hail, winter weather/freeze, ice storm, weight of snow, avalanche,
- meteor/asteroid impact,
- landslip, landslide, mudslide, bush fire, forest fire and lightning.

As a result of the extension of the existing EUR 75 million facility, the aggregate amount available under the combined facility upon the occurrence of natural catastrophe related trigger event will be EUR 150 million.

In addition, if the daily volume weighted average price of the SCOR shares on Euronext Paris falls below EUR 10 (*i.e.* a price level close to the par value of the SCOR share), the issuance of new shares in an amount of EUR 75 million[3] (including issuance premium) will be automatically triggered in order to minimize the risk of this financial cover being unavailable (the warrants being unexercisable below par value) should a natural catastrophe related trigger event occur during the remainder of the Risk Coverage Period. Such share price trigger is actionable once in the life of the transaction.

Subject to certain extension and/or suspension periods for regulatory or other reasons, the warrants will remain exercisable until the expiration of a three months period after the end of the Risk Coverage Period.

The subscription price to be paid by UBS has been set at 90% of the volume weighted average price of the SCOR shares on Euronext Paris over the three trading days preceding the exercise of the warrants.

The transaction is secured by a firm underwriting commitment from UBS (which does nevertheless not intend to become a long term shareholder of SCOR and may resell the shares by way of private placement and/or sales on the open market).

From the notification of the occurrence of a triggering event by SCOR to UBS until the exercise of the warrants, UBS will be prohibited from engaging in hedging transactions on the SCOR shares, other than ordinary course transactions undertaken independently by UBS's affiliated banking and brokerage businesses.

Under current market conditions, the subscription price would amount to EUR 16.678 (based on a 10% discount on the 3 day volume weighted average price of EUR 18.531[4] per share) and drawdown

[3] *To be deducted from the aggregate amount of the combined facilities*

[4] *From May 14 to May 16, 2012*

SCOR SE
5, avenue Kléber
75795 Paris Cedex 16
France
Tél + 33 (0) 1 58 44 70 00
Fax + 33 (0) 1 58 44 85 00
www.scor.com
RCS Paris B 562 033 357
Siret 562 033 357 00046
Société Européenne au capital
de 1 512 224 741,93 euros

under this additional facility would result in the issuance of 4,496,896 new SCOR shares, amounting to 2.3% of SCOR's share capital.[5]

In case of issuance of new shares, SCOR will make the appropriate disclosures to the market, in compliance with applicable market regulations at such time, on the circumstances of such issuance, the issuance price, the number of shares issued and the consequences of such issuance for its shareholders.

The execution of this additional facility will have no material impact on SCOR 2012 accounts.

**Limited potential dilutive impact of the transaction for SCOR Shareholders**

This additional financial coverage is an event-driven contingent capital equity line, which may be triggered upon the occurrence of the above-described triggering events only. Its potential dilutive impact therefore depends on the probability of occurrence of such triggering events.

SCOR management believes that there is a significant net economic benefit of such contingent capital solution for its shareholders, as it favourably compares with traditional retrocession or ILS and optimises SCOR's risk protection costs with limited potential dilutive impact. SCOR estimates the annual probability of a trigger event to be 1.4%.

The following chart summarizes the potential dilutive impact of this additional facility for a shareholder holding 1% of SCOR's share capital prior to the share issuance (calculated on the basis of the number of shares that make up the share capital as of March 31, 2012).

| Share issuance price | Nat Cat Scenario | Number of new shares issued | Percentage interest of the shareholder | |
|---|---|---|---|---|
| | | | Non-diluted basis | Diluted basis (1) |
| At the current 3-day VWAP of EUR 18.531 (issuance price = EUR 16.678) | No trigger | 0 | 1.000% | 0.978% |
| | Trigger of new EUR 75 million facility | 4,496,896 | 0.976% | 0.955% |
| | Trigger of full EUR 150 million | 8,993,792 | 0.954% | 0.933% |

*(1) Based on the dilution of share capital as of March 31, 2012 in accordance with International Financial Reporting Standards (IFRS).*

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[5] *On the basis of SCOR's current share capital made up of 192.190.348 shares as at March 31, 2012, which includes Treasury shares.*

SCOR SE
5, avenue Kléber
75795 Paris Cedex 16
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**Forward-looking statements**
SCOR does not communicate "profit forecasts" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-.looking statements contained in this communication should not be held as corresponding to such profit forecasts. Information in this communication may include "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitations, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties and other factors, which may cause actual results, on the one hand, to differ from any results expressed or implied by the present communication, on the other hand.
Please refer to SCOR's Document de référence filed with the AMF on 8 March 2012 under number D.12-0140 (the "Document de référence"), for a description of certain important factors, risks and uncertainties that may affect the business of the SCOR Group. As a result of the extreme and unprecedented volatility and disruption of the current global financial crisis, SCOR is exposed to significant financial, capital market and other risks, including movements in interest rates, credit spreads, equity prices, and currency movements, changes in rating agency policies or practices, and the lowering or loss of financial strength or other ratings.
The Group's financial information is prepared on the basis of IFRS and interpretations issued and approved by the European Union. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting".