

SETTLEMENT AGREEMENT

This Settlement Agreement (hereafter “Agreement”) is entered into by and between the American Academy of Actuaries (the “Academy”) and Bruce D. Schobel (“Mr. Schobel”). The Academy and Mr. Schobel may hereafter be referred to collectively as “the parties.”

WHEREAS, Mr. Schobel was elected to the position of President-Elect of the Academy and thereby became a member of the Academy’s Board of Directors pursuant to Article III of the Academy’s Bylaws (“Bylaws”); and

WHEREAS, the Academy’s Board of Directors voted on August 5, 2009 to remove Mr. Schobel from the office of President-Elect and, in its view, thereby as a member of its Board of Directors as well; and

WHEREAS, Mr. Schobel disputes the validity of the August 5, 2009 vote of the Board of Directors to remove him and has filed a lawsuit in the United States District Court for the District of Columbia (“Court”) (Civil Action No. 1:09-cv-01664 (EGS) (JMF)) (the “Litigation”) in which he contests the validity and legality of the actions of the Academy’s Board of Directors and asserts certain related claims; and

WHEREAS, the parties desire to resolve the Litigation and all matters between them by entering into this Agreement without any admission of liability or wrongdoing by either of them.

NOW, THEREFORE, in consideration of the mutual promises set forth below and intending to be legally bound, the parties hereto agree as follows:

1. Within one (1) business day after execution of this Agreement by both parties, the parties will file a Stipulation of Dismissal with Prejudice with the Court, in the form set forth in Appendix A.

2. Effective upon the parties' execution of this Agreement, Mr. Schobel hereby resigns from any and all positions he asserts that he holds as a result of his having been President-Elect with the Academy and a member of its Board of Directors, including the position of President-Elect. Mr. Schobel further agrees that at no time prior to December 31, 2010 will he: (a) seek or accept a position, or the nomination for a position, as an officer of the Academy or as a member of its Board of Directors; or (b) encourage others to propose or nominate him for such a position.

3. Mr. Schobel will make affirmative efforts to help repair any reputational damage to the Academy resulting from the Litigation and the related dispute.

4. Within two (2) business days after the later of the execution of this Agreement by Mr. Schobel and notice to the Academy, such as through the Court's ECF system, that the Stipulation of Dismissal with Prejudice has been entered by the Court, the Academy will pay Mr. Schobel a lump sum of \$600,000 ("Payment") in settlement of all claims he asserts or might have asserted that he has, may have, or has ever had against the Academy, the Academy's Board of Directors, and any and all of the Academy's officers, directors, employees, agents, attorneys, successors, and assigns up to and including the Effective Date of this

Agreement, including but not limited to any claim for attorneys' fees and costs or for indemnification from the Academy relating in any way to the Litigation, to any related matters, or to any ABCD proceedings of which Mr. Schobel was aware prior to the Effective Date (collectively "the Indemnification Claims"). Payment shall be made by the Academy wiring the Payment to the Attorney Trust Account, MD IOLTA of Shulman, Rogers, Gandal, Porody & Ecker, PA (Plaintiff's counsel), at

.

5. Not later than two (2) business days after the later of the execution of this Agreement by the parties and entry of the Stipulation of Dismissal by the Court, the Academy will issue the press release set forth in Appendix B.

6(a). to and including the Effective Date of this Agreement, Mr. Schobel, on behalf of himself and his heirs, executors, administrators, attorneys, successors and assigns, hereby releases and discharges the Academy, the Academy's Board of Directors, and any and all of the Academy's officers, directors, employees, agents, attorneys, successors and assigns, from any and all claims Mr. Schobel asserts or might have asserted that he has, may have, or has ever had against them at any time prior relating to actions taken or statements made regarding the matters considered at the August 5, 2009 meeting of the Academy's Board of Directors and all claims that were or could have been asserted in the Litigation. Provided, however, that if any of the Academy's officers,

directors, employees, agents or attorneys initiates any lawsuit against Mr. Schobel based upon events that occurred at any time prior to and including the Effective Date of this Agreement, then the foregoing release by Mr. Schobel shall no longer have any force or effect with regard to any such individual who files a lawsuit against Mr. Schobel.

6(b). The Academy, on behalf of itself, and any and all of its successors and assigns (collectively "Academy Releasers") hereby releases and discharges Mr. Schobel, his heirs, executors, administrators, attorneys, successors and assigns from any and all claims the Academy Releasers assert or might have asserted that they have, may have, or have ever had against Mr. Schobel at any time prior to and including the Effective Date of this Agreement, including but not limited to any claims relating to actions taken or statements made regarding the matters considered at the August 5, 2009 meeting of the Academy's Board of Directors and all claims that were or could have been asserted in the Litigation. To the extent that it is legally authorized to do so, and the Academy makes no representation or warranty that it has such authority, the Academy's release in this Paragraph 6(b) shall include a release of any claims by the Academy's officers, directors and senior staff members in their official capacity as representatives of the Academy.

6(c). Nothing contained in these releases shall prevent the parties from asserting or pursuing any claim to enforce the terms of this Agreement, or their rights under the Agreement, pursuant to the provisions of Paragraph 7 below.

6(d). Except as otherwise provided in Paragraph 4 with respect to the Indemnification Claims, nothing in this Agreement is intended or shall be construed to apply to or affect in any way any proceedings before the Actuarial Board for Counseling and Discipline (“ABCD”), to any recommendations that the ABCD may make or any action it might take as a result of its proceedings, or to any future action by the Academy or other U.S.-based actuarial organization in response to any recommendation by the ABCD in accordance with the Academy’s Bylaws and applicable ABCD procedures.

6(e). Nothing in this Agreement shall be construed to preclude Mr. Schobel from seeking indemnification from the Academy for claims other than the Indemnification Claims referred to in Paragraph 4 above, nor shall anything in this Agreement be construed to reflect an admission or agreement by the Academy that Mr. Schobel has any right to such indemnification.

6(f). The “Effective Date” of this Agreement is defined as the date on which the Agreement has been executed by both parties (*i.e.*, if one party executes the Agreement on day 1 and the other party executes the Agreement on day 3, the Effective Date is day 3).

7. In the event of any dispute relating to this Agreement, the parties will first seek to resolve the dispute in a confidential manner between themselves and, if they are unsuccessful, will seek the assistance of Magistrate Judge John M. Facciola as a mediator to assist them. If such mediation is unsuccessful or is unable to occur in a reasonable amount of time despite the good

faith efforts of the parties and either party wishes to pursue the matter further, that party shall submit the dispute for confidential, binding resolution in Washington, D.C. by Magistrate Judge Facciola, who will retain jurisdiction to do so. In the event that Magistrate Judge Facciola is unavailable, unwilling or unable to adjudicate any dispute that arises under this Agreement, the parties agree to request the United States District Court for the District of Columbia to appoint another Magistrate Judge to serve in Magistrate Judge Facciola's place in reaching a binding confidential resolution of the dispute.

8. The parties agree that neither the waiver by any party of a breach of or a default under any of the provisions of this Agreement, nor the failure of any party, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any provisions, rights, or privileges hereunder.

9. This Agreement may not be changed after its execution unless the changes are made in writing and signed by both parties.

10. This Agreement shall be governed by and construed in accordance with the laws of the District of Columbia (excluding its choice of law provisions), except insofar as federal law controls.

11. This is the whole Agreement between Mr. Schobel and the Academy with respect to this subject matter, and merges and supersedes all prior discussions and negotiations between them. Mr. Schobel and the Academy

acknowledge that they are not relying on any promises or oral or written statements or representations other than those in this Agreement.

12. The parties affirm that they have read this Agreement in its entirety, have had a full and fair opportunity to consider and understand its terms, and to be advised by counsel of their choice in this matter. The parties acknowledge that they are signing this Agreement voluntarily and without coercion. Except as otherwise provided for in this Agreement, each party shall bear his or its own attorneys' fees and costs in connection with the Litigation and this Agreement.

13. The parties agree and acknowledge that this Agreement is the result of a compromise and shall not be construed as an admission by either party of any liability, wrongdoing, or responsibility on his or its part or on the part of his or its predecessors, successors, assigns, agents, parents, subsidiaries, affiliates, officers, directors, or employees. Indeed, the parties expressly deny any such liability, wrongdoing or responsibility.

14. If any part or any provision of this Agreement shall be finally determined to be invalid or unenforceable under applicable law, that part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of said provision or the remaining provisions of this Agreement. Furthermore, the parties agree that in the event of an illegal, invalid or unenforceable provision, the parties shall use their best efforts to induce the reviewing court to substitute a legally enforceable provision effectuating the intent of the parties (as can be discerned from the subject provision and the rest of

the Agreement) as closely as possible, and, should the court be unwilling to perform such substitution, to use their best efforts to do so between themselves and to add such new provision to this Agreement.

15. Each person who executes this Agreement by or on behalf of each respective party warrants and represents that he or she has been duly authorized and empowered to execute and deliver this Agreement on behalf of such party.

16. The parties cooperated in the drafting of this Agreement, and in the event that it is determined that any provision herein is ambiguous, that provision shall not be presumptively construed against any party.

17. The parties hereby warrant and represent that they have not assigned or in any way transferred or conveyed all or any portion of the claims covered by this Agreement.

18. The parties shall promptly execute all instruments and documents, furnish to each other all documents and information, and take all actions as may be reasonably necessary to effectuate this Agreement.

19. Whenever the context so requires in this Agreement, all words used in the singular shall be construed to have been used in the plural and vice versa, each gender shall be construed to include any other genders, and the word “person” shall be construed to include a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate, or any other entity.

20. Any notice required or given hereunder shall be in writing, and shall be emailed and also (i) hand-delivered, (ii) sent via United States mail, certified or registered mail, return receipt requested, postage prepaid, or (iii) sent via Federal Express, to the following addresses:

To Plaintiff:

Mr. Bruce D. Schobel
77 East Shrewsbury Place
Princeton, NJ 08540
bdschobel@aol.com

With a copy to:

David S. Wachen, Esq.
Shulman, Rogers, Gandal, Pordy & Ecker, P.A.
12505 Park Potomac Avenue, Sixth Floor
Potomac, MD 20854
dwachen@shulmanrogers.com

To Defendant:

Attn: Mary Downs
American Academy of Actuaries
1850 M Street, NW, Suite 300
Washington, DC 20036
Downs@actuary.org

With a copy to:

Paul Skelly, Esq.
Hogan & Hartson LLP
555 Thirteenth Street, NW
Washington, DC 20004
pcskelly@hhlaw.com

or to such other person or address as a party may designate for him or it to receive notice from the other party.

21. This Agreement may be executed in counterparts, and each counterpart, when executed, shall have the efficacy of a signed original, and all of which together shall constitute one document. This Agreement may be executed by

facsimile signatures transmitted to the other party by mail, fax, or e-mail that shall be deemed to have the same force and effect as an original signature. The parties will provide original executed signature pages to each other by mailing an original executed signature page to counsel for the other party.

IN WITNESS WHEREOF, the parties, having fully read and understood the terms of this Agreement, sign their names below with the intention that they shall be bound by it.

Date

Bruce D. Schobel

American Academy of Actuaries

Date

By: _____
John P. Parks, President

Appendix A
Stipulation of Dismissal with Prejudice

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

BRUCE D. SCHOBEL,)
)
)
 Plaintiff,)
)
 v.)
) Case No. 09-1664 (EGS)(JMF)
 AMERICAN ACADEMY OF)
 ACTUARIES,)
)
)
)
 Defendant.)

STIPULATION OF DISMISSAL WITH PREJUDICE

Pursuant to Federal Rule of Civil Procedure 41(a), Plaintiff Bruce D. Schobel and Defendant American Academy of Actuaries request that the Court dismiss all claims against Defendant American Academy of Actuaries in the above-captioned case with prejudice, and dismiss American Academy of Actuaries as a party to the above-captioned case, provided, however, that U.S. Magistrate Judge John M. Facciola, or another U.S. Magistrate Judge designated by the Court, shall retain jurisdiction over the above-captioned case for the purpose of resolving any

issues relating to the resolution of this matter. Each party is to bear his or its own costs.

Respectfully submitted,

/s/ David S. Wachen

David S. Wachen (DC Bar No. 441836)
Christine P. Hsu (DC Bar No. 452209)
SHULMAN, ROGERS, GANDAL,
PORDY & ECKER, P.A.
12505 Park Potomac Avenue, Sixth
Floor
Potomac, MD 20854
(301) 230-5200
Fax (301) 230-2891

Attorneys for Plaintiff Bruce D. Schobel

/s/ Paul C. Skelly

Paul C. Skelly (DC Bar No. 296699)
Jonathan T. Rees (DC Bar No. 440381)
HOGAN & HARTSON, L.L.P.
555 Thirteenth Street, N.W.
Washington, DC 20004
(202) 637-8614
Fax (202) 637-5910

*Attorneys for Defendant American
Academy of Actuaries*

SO ORDERED:

The Honorable Emmet G. Sullivan
United States District Judge

Date: _____

COPIES TO:

David S. Wachen
Christine P. Hsu
SHULMAN, ROGERS, GANDAL,
 PORDY & ECKER, P.A.
12505 Park Potomac Avenue, Sixth Floor
Potomac, MD 20854

Paul C. Skelly
Jonathan T. Rees
HOGAN & HARTSON, L.L.P.
555 Thirteenth Street, N.W.
Washington, DC 20004

Appendix B
Press Release: Bruce D. Schobel

[DATE] – The American Academy of Actuaries announced today that the Academy and Bruce D. Schobel have agreed to resolve the lawsuit filed on September 1, 2009.

The Academy indicated that the resolution of the lawsuit had nothing to do with Mr. Schobel's service as a member of the Academy's Board of Directors or as its President-Elect. To the contrary, the Academy thanks Mr. Schobel for his dedication and service as both a member of the Academy's Board and as its President-Elect.

Mr. Schobel stated that it is in the best interests of the profession for the litigation to cease so that he and the Academy can get back to the important work that must go on.

###