

Fee Award; and all capitalized terms used herein having the meaning as set forth and defined in the Stipulation;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. Notice of the pendency of the Derivative Litigation and of the proposed Settlement was given to all persons or entities reasonably identifiable who were current record holders and beneficial owners of common stock of HCC Insurance Holdings, Inc. (“HCC”) as of December 28, 2007. The form and method of notice of the pendency of the Derivative Litigation and of the terms and conditions of the proposed Settlement met the requirements of Fed. R. Civ. P. 23.1 and due process, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

2. The Court finds that the Stipulation and the terms of the Settlement set forth therein are fair, reasonable and in the best interest of HCC and its current shareholders. The Settlement is hereby approved, and the parties are hereby directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

3. The Derivative Litigation is hereby dismissed on the merits and with prejudice, with each party to bear his, her, or its own costs except as detailed in the Stipulation.

4. Derivative Plaintiffs, individually and derivatively on behalf of HCC and its current shareholders, and Derivative Plaintiffs’ respective present or former officers, directors, partners, principals, employees, members, agents, attorneys, insurers, stockholders, financial advisors, accountants, commercial bank lenders, investment bankers, representatives, affiliates, associates, parents, subsidiaries, general and limited partners and partnerships, heirs, executors, administrators, successors and assigns (collectively, the “Releasing Parties”), are hereby deemed to have forever relinquished and released any and all claims, rights or causes of action or

liabilities whatsoever, whether asserted directly, individually, derivatively, or in a representative capacity, whether known or unknown or suspected to exist, and whether based on federal, state or local statutory or common law or any other law, rule or regulation, that have been or could have been asserted in the Derivative Litigation or any amendment thereof on behalf of HCC against the Individual Defendants or nominal defendant HCC, or any of their respective present or former officers, directors, partners, principals, employees, members, agents, attorneys, insurers, stockholders, financial advisors, accountants, commercial bank lenders, investment bankers, representatives, affiliates, associates, parents, subsidiaries, general and limited partners and partnerships, heirs, executors, administrators, successors and assigns (collectively, the “Released Parties”), which arise out of or relate in any way to the transactions, acts, facts, matters or occurrences, representations or omissions alleged, described, set forth, or referred to in the Consolidated Complaint in the Derivative Litigation or any amendment thereof, including but not limited to: claims related to grants or exercises of stock option grants; HCC’s historic policies, practices and procedures related to the granting or exercise of stock options; HCC’s accounting for stock option grants or exercises; the dating of HCC’s stock option grants (including but not limited to allegations of so-called “back-dating,” “forward-dating,” “spring-loading,” “bullet-dodging,” or any other options dating practice, procedure or policy); and claims for breach of fiduciary duty, abuse of control, breach of HCC’s policies or procedures, waste, mismanagement, gross mismanagement, unjust enrichment, violations of federal or state law, money damages, or other relief related to the historic stock option granting practices (collectively, the “Settled Claims”); *provided*, however, that nothing herein shall constitute a release by HCC of any claim arising out of the rights, remedies, duties or obligations provided for in the Separation Agreements; and provided, further, that nothing set forth herein shall

constitute a release by HCC of any director or officer from the responsibility or requirement, if any, to repay any advance or other payments made by HCC on behalf of such persons, if such shall be required or permitted under HCC's by-laws, Delaware law, or any indemnification agreement or similar agreement between HCC and any such officer or director, and nothing set forth herein shall release any obligation of any Party as set forth in any employment agreement or similar agreement between HCC and such Party (including without limitation any consulting and/or Separation Agreement), nor any obligation of any Party as set forth in any current stock option or similar agreement; and provided, further, that nothing set forth herein shall constitute a release by HCC of any insurer of any claim arising out of the rights, remedies, duties or obligations provided for in any insurance policy or agreement.

5. Defendants Frank J. Bramanti, Marvin P. Bush, Patrick B. Collins, James R. Crane, J. Robert Dickerson, Walter M. Duer, Edward H. Ellis, Jr., James C. Flagg, Edwin H. Frank, III, Allan W. Fulkerson, Craig J. Kelbel, Stephen J. Lockwood, John N. Molbeck, Jr., Farid F. Nagji, Michael A.F. Roberts, Michael J. Schell, Peter B. Smith, Jr., Benjamin D. Wilcox, Hugh T. Wilson, Stephen L. Way, Christopher L. Martin, and Walter J. Lack (the "Individual Defendants") are deemed to have forever relinquished and released any and all claims, rights or causes of action or liabilities whatsoever, whether asserted directly, individually, or in a representative capacity, whether known or unknown or suspected to exist, and whether based on federal, state or local statutory or common law or any other law, rule or regulation, that have been or could have been asserted against HCC, or any of its partners, attorneys, insurers, stockholders, financial advisors, accountants, commercial bank lenders, investment bankers, affiliates, parents, subsidiaries, general and limited partners and partnerships, successors and assigns, which arise out of or relate in any way to the Settled

Claims; *provided*, however, that nothing herein shall constitute a release by an Individual Defendant of any claim arising out of the rights, remedies, duties or obligations provided for in the Separation Agreements; and provided, further, that nothing set forth herein shall constitute a release by an Individual Defendant of HCC and/or its insurers from the responsibility or requirement, if any, to indemnify or insure such persons, if such shall be required or permitted under HCC's by-laws, Delaware law, or any indemnification agreement, insurance policy, or similar agreement between HCC, its insurers, and/or any such Individual Defendant, and nothing set forth herein shall release any obligation of any Party as set forth in any employment agreement or similar agreement between HCC and such Individual Defendant (including without limitation any consulting and/or Separation Agreement), nor any obligation of any Party as set forth in any current stock option or similar agreement.

6. Defendants are deemed to have forever relinquished and released any and all claims, rights or causes of action or liabilities whatsoever, whether asserted directly, individually, or in a representative capacity, whether known or unknown or suspected to exist, and whether based on federal, state or local statutory or common law or any other law, rule or regulation, that have been or could have been asserted in the Derivative Litigation or any amendment thereof against Plaintiffs or Plaintiffs' counsel related to the Settled Claims or based upon or arising out of the institution, prosecution, assertion, settlement, or resolution of the Derivative Litigation.

6. In the event that the Settlement of the Derivative Litigation does not become effective as set forth in paragraph 20 of the Stipulation for any reason, then unless waived, without the need for any further action by any party thereto or by the Court, the Stipulation and this Order and Final Judgment shall become null and void and no further force or effect, and

shall not be used or referred to for any purpose whatsoever. In that event, the Stipulation, this Order and Final Judgment, and all negotiations and proceedings relating thereto shall be withdrawn without prejudice as to the rights of all parties thereto, who shall be restored to their respective positions existing prior to the execution of the Stipulation and this Order and Final Judgment.

7. The Court hereby approves the Fee Award in the amount of \$3,000,000 in accordance with the Stipulation and finds that such amount is reasonable.

8. All other relief not expressly granted in this Order and Final Judgment is denied.

9. Without in any way affecting the finality of this Order and Final Judgment, this Court shall retain continuing jurisdiction over the Derivative Litigation and the parties to the Stipulation to enter any further orders as may be necessary to effectuate the Stipulation, the Settlement provided for therein and the provisions of this Order and Final Judgment.

SO ORDERED.

Signed this 1st day of April, 2008.



THE HONORABLE MELINDA HARMON
UNITED STATES DISTRICT JUDGE