

Rules for the QxX Indices – December 6th, 2007

1 GENERAL

1.1 QxX Indices. Each index and sub-index set forth on Annex I, as such annex may be amended from time to time, shall be considered a “QxX Index” (collectively, the “QxX Indices”) and shall be determined in accordance with the rules set forth herein.

1.2 Roll Dates. Financial instruments based on a series of a QxX Index will be available for trading as of the Roll Date for such series set forth in Annex I (or the next Business Day in the event that such date is not a Business Day) of each calendar year (each such date, a “Roll Date”), beginning with the Initial Publication Date set forth in Annex I.

1.3 Administrator. The determination and administration of each QxX Index will be administered by QxX Index Co., LLC (the “Administrator”) based upon the rules and procedures provided herein (the “QxX Rules”). All information provided by any party to the Administrator shall be received by the Administrator in confidence; provided that nothing herein shall limit the Administrator’s ability to provide such information to the Tracking Agent or the Index Auditor in the performance of their tracking and auditing duties with respect to the QxX Indices or publish information as contemplated herein.

1.4 Tracking Agent. The Administrator shall enter into a services agreement with an unaffiliated service provider (the “Tracking Agent”) to provide certain mortality tracking and data verification services with respect to the Reference Lives (as defined below) that constitute the QxX Indices.

1.5 Index Auditor. The Administrator shall enter into a services agreement with one or more unaffiliated service providers (each, an “Index Auditor”) to provide certain auditing services with respect to the QxX Indices.

1.6 Business Days. All references to “Business Days” in these QxX Rules refer to days on which commercial banks and foreign exchange markets settle payments and are open for general business in New York, New York. All times referred to in these QxX Rules refer to local time in New York, New York.

1.7 Amendments. These QxX Rules may be amended by the Administrator in its sole discretion, with market participants being notified prior to the effectiveness of any such amendment. Unless otherwise expressly provided, no amendment shall be interpreted to have retroactive application.

2 DETERMINATION OF THE COMPOSITION OF THE QxX INDICES IN CONNECTION WITH A ROLL DATE

2.1 *Submission of Data Sets.* No later than 10 Business Days prior to the Roll Date of any QxX Index, a data provider employed by the Administrator (the “Data Provider”) will provide (i) to the Administrator, (A) its Data Set (as defined below) that will be used to determine each new QxX Index and (B) a unique identifier (a “Unique Identifier”) for each Reference Life (which, for the avoidance of doubt, shall not by itself allow for the identification of any natural persons related to such Reference Life) and (ii) to the Tracking Agent, the Unique Identifier and the corresponding social security number for each Reference Life in the Data Set.

2.2 *The Data Sets.* The “Data Set” will consist of a list of each reference life (a “Reference Life”) underwritten by, or with respect to which information has been provided to, the Data Provider. With respect to each Reference Life, the Data Set shall include (i) at a minimum the information set forth for each QxX Index in Annex I and (ii) at the Administrator’s discretion, any additional information provided by the Data Provider (in each case, dated as of the most recent date that such information was obtained, determined or calculated by the Data Provider) (the “Reference Life Data”). From time to time, the Administrator (at its discretion) may publish additional information with respect to the Reference Lives then included in one or more QxX Index.

2.3 *Removal of Reference Lives from each Data Set.* No later than 3 Business Days prior to the Roll Date and with respect to each QxX Index and each Data Set, the Administrator shall remove from the Data Set all Disqualifying Reference Lives. A “Disqualifying Reference Life” shall mean any Reference Life that does not satisfy the Eligibility Criteria or Minimum Reference Life Data requirements with respect to such QxX Index, as set forth in Annex I. In addition, the Administrator will determine whether any of the Reference Lives in the Data Set share the same Unique Identifier and shall retain the Reference Life with the most current Reference Life Data. The Administrator shall exclude the remaining Reference Lives in the Data Set that share the same Unique Identifier.

The resulting Data Set, after the application of the procedures set forth in Section 2.3, shall be the “Initial Data Set”.

2.5 *Verification of the Initial Data Set.* No later than 2 Business Days prior to the Roll Date, the Tracking Agent shall determine whether a Mortality Event has occurred with respect to any Reference Life included in the Initial Data Set. The Tracking Agent shall examine the Social Security Death Index, as administered by the Social Security Administration (“SSDI”) and check the social security numbers received from the Data Provider against those appearing in the SSDI. A “Mortality Event” shall mean a Reference Life attaining a status of deceased in the SSDI, as determined by the Tracking Agent. Additionally, no later than 2 Business Days prior to the Roll Date, the Tracking Agent shall determine whether the social security number for each Reference Life in the Initial Data Set is a valid number for issuance by the Social Security Administration. For each Reference Life for which a Mortality Event has occurred or for which the social

security number has been determined to be invalid, the Administrator shall remove such Reference Life from the Initial Data Set.

For each remaining Reference Life, the Tracking Agent shall use commercially available sources to provide to the Administrator the month and year of birth corresponding to the relevant Unique Identifier for such Reference Life. For each such Reference Life for which the month and year of birth provided by the Tracking Agent does not match the month and year of birth recorded in the Initial Data Set, the Administrator shall remove such Reference Life from the Initial Data Set.

The resulting set of Reference Lives, after such removals, shall be the “Verified Data Set”.

2.6 *Audit of Verified Data Set.* The Index Auditor shall randomly select a sub-set of Reference Lives from the Verified Data Set. The Index Auditor shall request that the Data Provider make available specified information in its possession to the Index Auditor with respect to such Reference Lives (for avoidance of doubt, such information to be provided in a secure and limited-access data room at the site of the Data Provider). The Index Auditor will then check the information provided by the Administrator with respect to such Reference Lives against the corresponding information provided by the Data Provider. If, in the course of its audit of the Verified Data Set, the Index Auditor becomes aware of any inaccuracies or inconsistencies in the index data that it believes are sufficient to warrant additional audit procedures, the Index Auditor shall undertake such additional procedures.

No later than 2 Business Days prior to the Roll Date, the Index Auditor shall provide to the Administrator a list of Unique Identifiers that correspond to Reference Lives with respect to which the Index Auditor found discrepancies or inconsistencies in its audit thereof. The Administrator may correct the information contained in the Verified Data Set based on the information provided by the Index Auditor or remove Reference Lives for which data discrepancies or inconsistencies appeared; provided that the Administrator shall be not required to make such corrections or effect such removals if it determines in its sole discretion that the relevant discrepancies or inconsistencies are immaterial.

After the audit of the Verified Data Set, the Administrator may direct the Tracking Agent to undertake an additional examination of the SSDI and report to the Administrator any additional Mortality Events with respect to the Reference Lives included in the Verified Data Set. For each Reference Life for which a Mortality Event has occurred, the Administrator shall remove such Reference Life from the Verified Data Set.

The Verified Data Set, after such removals and corrections, shall be the “Final Data Set” and such remaining reference lives shall be the “Final Reference Lives”.

2.7 *Creation of Sub-Indices.* With respect to a Roll Date or from time to time, the Administrator may in its discretion create sub-indices by selecting from all of the Final

Reference Lives such Final Reference Lives that satisfy the criteria for each sub-index, as set forth in Annex I.

2.8 Publication of the Final Data Set. No later than 2 Business Days prior to the Roll Date, the Administrator will publish to market participants a summary of the Final Data Set and the complete Final Data Set in such form as determined by the Administrator in its sole discretion.

3. ADMINISTRATION AND AUDITING OF THE QxX INDICES

3.1 Monthly Mortality Verification. One to three Business Day before the first Thursday of each calendar month, the Tracking Agent shall examine the SSDI to determine whether a Mortality Event has occurred with respect to any Reference Life in the QxX Indices by checking the social security numbers of the Reference Lives in the QxX Indices against the SSDI. On the Business Day prior to the first Thursday of a calendar month, the Tracking Agent shall provide to the Administrator a list of all Unique Identifiers (but not the actual social security numbers) in the Final Data Set, noting the Reference Lives with respect to which a Mortality Event has occurred.

3.2 Updates with respect to Mortality Events. On the second Thursday of each calendar month (or the immediately following Business Day if such day is not a Business Day) (the “Update Publication Date”), the Administrator shall publish to market participants (i) updated mortality data with respect to the Reference Lives included in the Final Data Set, including (A) the month and year a Mortality Event was observed in the SSDI and (B) corrected data with respect to any Reference Life relating to a Mortality Event published in any previous period, where such Reference Life has ceased to be reported as deceased in the SSDI and (ii) an updated index level (the “Index Level”), which shall constitute the number of Reference Lives in the Final Data Set with respect to which Mortality Events have not occurred. The Administrator may choose to delay publication of the updated index level, so long as the Administrator informs market participants of such delay at least one Business Day prior to the scheduled Update Publication Date.

3.3 Periodic Audit of QxX Indices. No less frequently than on an annual basis, the Index Auditor shall complete an audit of the QxX Indices. Such audit will include the confirmation of the functionality of the procedures and systems used by (i) the Administrator in the performance of its administrative functions as described herein and (ii) the Tracking Agent in tracking Mortality Events. Additionally, the Index Auditor shall randomly select a sub-set of Reference Lives from all Final Data Sets relating to the QxX Indices and will independently verify the accuracy of the information provided by the Tracking Agent to the Administrator with respect to such sub-set, including the accuracy of (i) the mortality data by conducting an additional search of the SSDI and (ii) the month and year of birth data by accessing the same commercially available sources used by the Tracking Agent. If, in the course of its audit, the Index Auditor becomes aware of any inaccuracies or inconsistencies in the index data that it believes are sufficient to warrant additional audit procedures, the Index Auditor shall undertake such

additional procedures. After completion of its audit, the Index Auditor shall provide to the Administrator (i) a list of Unique Identifiers that correspond to Reference Lives with respect to which such Index Auditor found discrepancies or inconsistencies and (ii) corrected information with respect to such Reference Lives.

3.4 *Corrections to Final Data Set.* After receiving from the Index Auditor the list of Unique Identifiers containing discrepancies or inconsistencies as described in Section 3.3, the Administrator shall update the published Final Data Set based on the information provided by the Index Auditor; provided that the Administrator shall not be required to update such published Final Data Set if it determines in its sole discretion that the relevant discrepancies or inconsistencies are immaterial. In addition, the Administrator may in its sole discretion update the published Final Data Set at any time upon becoming aware of inaccuracies in the Final Data Set.

4. OTHER

4.1 *Disclaimers.* The Administrator makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to each QxX Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of each QxX Index or any data included therein, the results obtained from the use of each QxX Index, the composition of a QxX Index at any particular time on any particular date or otherwise. The Administrator is not liable (whether in negligence or otherwise) to the parties or any other person for any error in a QxX Index, and the Administrator is under no obligation to advise the parties or any person of any error therein.

Annex I

<u>QxX Indices</u>	<u>Initial Publication Date</u>	<u>Roll Date</u>	<u>Data Provider(s)</u>	<u>Eligibility Criteria</u>	<u>Minimum Reference Life Data</u>
QxX.LS.1	December 13, 2007	December 13	AVS Underwriting, LLC	Any Reference Life cannot: <ul style="list-style-type: none"> (i) be under 65 years old; or (ii) have a primary impairment of HIV/AIDS, as determined by the Data Provider at the time of the most recent underwriting; or (iii) be underwritten prior to 2001 	Minimum Reference Life Data shall include: <ul style="list-style-type: none"> (i) Unique Identifier; (ii) life expectancy, as determined by the Data Provider at the time of the most recent underwriting; (iii) month and year of birth; (iv) gender; (v) mortality multiplier, as determined by the Data Provider at the time of the most recent underwriting; (vi) primary medical impairment, as determined by the Data Provider at the time of the most recent underwriting and assigned to one of a limited number of QxX impairment categories; and (vii) month and year of most recent underwriting.