



**Mandatory Suspension of Dividends Notice  
Pursuant to Section 4(a) of the Certificate of Designations**

Pursuant to the provisions of Section 4(a) of the Certificate of Designations for the Non-Cumulative Perpetual Preferred Shares, \$0.01 par value per share, \$25 liquidation preference per share (the “Perpetual Preferred Shares”) of Scottish Re Group Limited (the “Company”), the Company hereby notifies holders of the Perpetual Preferred Shares that the Company has not met certain financial tests required for the Company to pay dividends, as described in more detail below. As a result, the Company is precluded by the terms of the Perpetual Preferred Shares from declaring and paying dividends on the July 15, 2016 dividend payment date.

Once precluded from declaring and paying dividends, as the Company previously was on the April 15, 2016 dividend payment date, the declaration and payment of dividends is thereafter prohibited until the Adjusted Shareholders' Equity Amount has increased, or declined by less than 10% as compared to the Adjusted Shareholders' Equity Amount at the end of the date that is ten quarters prior to the most recently completed quarter before that Dividend Declaration Date (even if the Company’s Trailing Four Quarters Consolidated Net Income Amount for the period ending on the quarter that is two quarters prior to the most recently completed quarter before the Dividend Declaration Date was a positive amount).

In connection with the foregoing, the Adjusted Shareholders' Equity Amount as of March 31, 2016 was \$(397.5) million. The Company generally will be precluded by the terms of the Perpetual Preferred Shares from declaring and paying dividends on the October 15, 2016 dividend payment date unless the Adjusted Shareholders Equity Amount as of June 30, 2016 is greater than \$(144.8) million. It is anticipated that the Company will return to a positive Adjusted Shareholders Equity Amount as of June 30, 2016, following the mandatory conversion of the Convertible Cumulative Participating Preferred Shares on May 7, 2016.

Terms not otherwise defined herein shall have the definitions ascribed to them in the Certificate of Designations for the Perpetual Preferred Shares.