



**Potential Dividend Suspension Notice
Pursuant to Section 4(b) of the Certificate of Designations**

Pursuant to the provisions of Section 4(b) of the Certificate of Designations for the Perpetual Preferred Shares, Scottish Re Group Limited (the "Company") hereby notifies holders of the Perpetual Preferred Shares that:

(i) the Trailing Four Quarters Consolidated Net Income for the most recently completed quarter (i.e., March 31, 2012) is \$(204,234,203) and the Adjusted Shareholders Equity Amount for the most-recently completed quarter (i.e., March 31, 2012) and as of the date that is eight quarters prior to such quarter (i.e., March 31, 2010) is \$3,472,183 and \$(81,568,203), respectively; and

(ii) the Company may be precluded by the terms of the Perpetual Preferred Shares from declaring and paying dividends on the October 15, 2012 dividend payment date unless the Company, through the generation of earnings or issuance of new ordinary shares, increases its Adjusted Shareholders' Equity Amount by the relevant amounts set forth above by the October 15, 2012 dividend payment date.

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