Scottish Re Group Limited
P.O. Box HM 2939
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton HM 08, Bermuda

May 11, 2011

Dear Scottish Re Group Limited Shareholder:

You are cordially invited to attend the Extraordinary General Meeting of Shareholders of Scottish Re Group Limited (the "Company"), to be held at the Fairmont Hamilton Princess Hotel, 76 Pitts Bay Road, Pembroke HM 11 Bermuda HM CX, on June 8, 2011, at 9:00 a.m., Bermuda time.

The enclosed Notice of Extraordinary General Meeting of Shareholders to be held on June 8, 2011 (the "Notice") and information statement describe fully the formal business to be transacted at the Extraordinary General Meeting. At this important meeting, you will be asked to consider and vote upon proposals (i) to approve, authorize and adopt the Agreement and Plan of Merger, dated as of April 15, 2011 (as amended or supplemented, the "Merger Agreement"), by and among the Company, SGRL Acquisition, LDC ("SRGL LDC"), Benton Street Partners I, L.P. ("Benton I"), Benton Street Partners II, L.P. ("Benton II"), Benton Street Partners III, L.P. ("Benton III" and, together with Benton I and Benton II, "Benton") and SRGL Benton Ltd. ("Merger Sub") and the plan of merger referred to in Section 233(3) of the Companies Law (2010 Revision), as amended (the "Plan of Merger"), and the merger contemplated thereby, (ii) to make certain amendments to the Company's Amended and Restated Articles of Association (amended and restated by Special Resolutions passed on March 2, 2007) (the "Proposed Amendments") and (iii) to approve and adopt certain resolutions relating to the foregoing proposals (the "Resolutions"). SGRL LDC is an entity controlled by funds and accounts affiliated with Cerberus Capital Management, L.P., and Benton I, Benton II and Benton III are entities controlled by an affiliate of MassMutual Capital Partners LLC. Benton and SRGL LDC together are referred to as the "Investors." Merger Sub is a newly formed Cayman Islands exempted company limited by shares and wholly-owned by the Investors. The Merger Agreement is attached as Annex A to the enclosed information statement, the Plan of Merger is attached as Annex B to the enclosed information statement, and the Proposed Amendments are attached as Exhibit A to the Notice.

The Merger Agreement and the Plan of Merger provide for the merger of Merger Sub with and into the Company, with the Company continuing as the surviving company after the merger (the "Merger").

If the Merger is completed, each ordinary share of the Company, par value $0.01 per share (the "Ordinary Shares"), outstanding immediately prior to the effective time of the Merger (the "Effective Time") (other than any shares owned by the Investors, Merger Sub, any wholly-owned subsidiary of the Investors or Merger Sub, or owned by the Company or any wholly-owned subsidiary of the Company (the "Owned Shares") and any Ordinary Shares owned by shareholders who have perfected and not withdrawn a demand for dissenters' rights under

Cayman Islands law (together, the "Excluded Shares")) will be cancelled and converted into the right to receive $0.30 in cash, without interest (the "Merger Consideration"), at the Effective Time. The Company's Non-Cumulative Perpetual Preferred Shares (the "Perpetual Preferred Shares") and the Company's 7.25% Convertible Cumulative Participating Preferred Shares (the "Convertible Preferred Shares" and, together with the Perpetual Preferred Shares, the "Preferred Shares") will remain issued and outstanding following the Effective Time, unaffected by the Merger. Upon completion of the Merger, all of the outstanding voting shares of the Company will be entirely owned by the Investors.

To assist in evaluating the fairness of the proposed Merger to holders of the Ordinary Shares, our board of directors (the "Board") formed a special committee comprised of the Company's independent directors (the "Special Committee"). The Special Committee was asked to consider the terms and conditions of the Merger, to determine, in its opinion, whether the Merger Consideration is fair, from a financial point of view, to the holders of the Ordinary Shares, and to make a recommendation to the Board. The independent directors are not employees of or affiliated with the Company (other than in their respective capacities as independent directors) or the Investors.

Both the Special Committee and the Board have determined that the Merger Consideration is fair, from a financial point of view, to the holders of the Ordinary Shares and unanimously recommend that you vote "FOR" the approval, authorization and adoption of (i) the Merger, the Merger Agreement and the Plan of Merger, (ii) the Proposed Amendments and (iii) the Resolutions.

Pursuant to the Merger Agreement, the Merger cannot occur unless the Merger, the Merger Agreement and the Plan of Merger are approved, authorized and adopted by the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Ordinary Shares, excluding any Owned Shares, attending and voting at the Extraordinary General Meeting (whether in person or by proxy). The Proposed Amendments and the Resolutions must be approved, authorized and adopted by the affirmative vote of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class. The Investors have agreed to vote the Convertible Preferred Shares at the Extraordinary General Meeting on an as-converted basis, representing approximately 68.7% of the voting power of all of our shareholders entitled to vote at the meeting, in favor of the proposals set forth in the enclosed information statement.

The Merger is also subject to the satisfaction of the other conditions to closing, including the receipt of required regulatory approvals. We currently expect that these regulatory approvals will be obtained and that, assuming the receipt of the requisite shareholder approval, the closing of the Merger will occur in the second quarter of 2011.

Certain directors and officers will be present at the Extraordinary General Meeting and will be available to respond to any questions you may have. We hope you will be able to attend.

Whether or not you plan to attend the Extraordinary General Meeting, please submit your proxy by promptly (i) completing, signing, dating and returning the enclosed proxy card for receipt on or prior to June 7, 2011, (ii) visiting www.proxyvote.com before 11:59 p.m. Eastern time on June 7, 2011 or (iii) calling 1-800-690-6903 before 11:59 p.m. Eastern time on June 7, 2011. This solicitation is being made by the Company on behalf of the Board. If you sign, date and return your proxy card without indicating how you want to vote, and do not revoke the proxy, your proxy will be counted as a vote "FOR" approval, authorization and adoption of (i) the Merger, the Merger Agreement and the Plan of Merger, (ii) the Proposed Amendments and (iii) the Resolutions. You may revoke your proxy at any time before it is voted by submitting a written revocation of your proxy or a later-dated proxy to the Secretary of the Company or by attending the Extraordinary General Meeting and voting in person.

Sincerely,

/s/ Dan Roth
Dan Roth
Chief Financial Officer

EACH VOTE IS IMPORTANT. PLEASE ENSURE THAT YOUR VOTE COUNTS BY COMPLETING, SIGNING, DATING AND RETURNING YOUR PROXY.

The date of this information statement is May 11, 2011.
The approximate date of mailing for this information statement and proxy card(s) is May 11, 2011.

Scottish Re Group Limited
P.O. Box HM 2939
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton HM 08, Bermuda

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 8, 2011

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Shareholders of Scottish Re Group Limited (the "Company") will be held at Fairmont Hamilton Princess Hotel, 76 Pitts Bay Road, Pembroke HM 11, Bermuda HM CX, on June 8, 2011, at 9:00 a.m., Bermuda time, for the purpose of considering and, if thought fit, passing and approving the following resolutions:

1. That, as a Special Resolution, the Company amend its Amended and Restated Articles of Association (amended and restated by Special Resolutions passed on March 2, 2007) (the "Articles of Association") as set forth in Exhibit A hereto (the "Proposed Amendments");

2. That, as a Special Resolution, the Company be authorized to merge (the "Merger") with SRGL Benton Ltd. ("Merger Sub"), an exempted company incorporated under the laws of the Cayman Islands, so that the Company be the surviving company and all the undertaking, property and liabilities of the merging company vest in the surviving company by virtue of such merger pursuant to the provisions of Part XVI of the Companies Law (2010 Revision), as amended (the "Companies Law");

3. That, as a Special Resolution, the Agreement and Plan of Merger, dated as of April 15, 2011, by and among the Company, SGRL Acquisition, LDC, Benton Street Partners I, L.P., Benton Street Partners II, L.P., Benton Street Partners III, L.P. and Merger Sub, as set forth in Annex A to the enclosed information statement (as amended or supplemented, the "Merger Agreement"), and the plan of merger referred to in Section 233(3) of the Companies Law, as set forth in Annex B to the enclosed information statement (the "Plan of Merger"), be authorized, approved and confirmed in all respects;

4. That, as a Special Resolution, the Company be authorized to enter into the Merger Agreement and the Plan of Merger;

5. That, as an Ordinary Resolution, the Plan of Merger be executed by any one director of the Company on behalf of the Company and any other director of the Company or Maples and Calder, on behalf of Maples Corporate Services Limited, be authorized to submit the Plan of Merger, together with any supporting documentation, for registration to the Registrar of Companies of the Cayman Islands and to make such additional filings or to take such additional steps as they deem necessary in respect of the Merger;

6. That, as an Ordinary Resolution, all actions taken and any documents or agreements executed, signed or delivered prior to or after the date of the Extraordinary General

Meeting by any director or officer of the Company in connection with the transactions contemplated by the Merger be and are hereby approved, ratified and confirmed in all respects; and

7. To consider such other business as may properly come before the Extraordinary General Meeting or any adjournments or postponements thereof.

Pursuant to the Companies Law and the Articles of Association of the Company, the resolutions set forth in paragraphs 1 through 4 above must be authorized by a Special Resolution and the affirmative vote of the holders of at least 66 2/3% of the ordinary shares, par value $0.01 per share, of the Company (the "Ordinary Shares") and the 7.25% Convertible Cumulative Participating Preferred Shares of the Company (the "Convertible Preferred Shares") outstanding (voting on an as-converted basis), voting together as a single class. Although not required by the Companies Law or the Articles of Association of the Company, the parties to the Merger Agreement have also required as a condition to closing that a majority of the Ordinary Shares (other than any shares owned by the Investors, Merger Sub, any wholly-owned subsidiary of the Investors or Merger Sub, or owned by the Company or any wholly-owned subsidiary of the Company), attending and voting at the Extraordinary General Meeting (whether in person or by proxy), approve the Merger, the Merger Agreement and the Plan of Merger.

Pursuant to the Articles of Association of the Company, the resolutions set forth in paragraphs 5 and 6 above must be adopted by Ordinary Resolution.

Only holders of Ordinary Shares and holders of Convertible Preferred Shares, in each case of record on the close of business on May 4, 2011 (the "Record Date"), are entitled to notice of the Extraordinary General Meeting or any adjournment or postponement thereof. Only holders of Ordinary Shares and holders of Convertible Preferred Shares as of the close of business on the Record Date are entitled to vote at the Extraordinary General Meeting (or any adjournment or postponement thereof) to approve, authorize and adopt (i) the Merger, the Merger Agreement and the Plan of Merger (ii) the Proposed Amendments and (iii) the resolutions set forth herein (the "Resolutions").

The Board, based on the recommendation of the Special Committee, has approved, authorized and adopted the Merger, the Merger Agreement, the Plan of Merger and the Proposed Amendments and has recommended to the shareholders to vote in favor of the approval, authorization and adoption of the Merger, the Merger Agreement, the Plan of Merger, the Proposed Amendments and the Resolutions. The Special Committee has (i) approved the Merger, the Merger Agreement, the Plan of Merger and the Proposed Amendments, (ii) determined that the Merger Consideration is fair, from a financial point of view, to the holders of the Ordinary Shares and (iii) recommended that the holders of the Ordinary Shares vote "FOR" the approval, authorization and adoption of the Merger, the Merger Agreement and the Plan of Merger.

Shareholders are urged to carefully read the entire information statement. Whether or not you intend to attend the Extraordinary General Meeting, please submit your proxy promptly for receipt by June 7, 2011. Complete, date, sign and return the enclosed proxy card in the accompanying envelope, which does not require postage if mailed in the United

States. Alternatively, you may (i) visit www.proxyvote.com before 11:59 p.m. Eastern time on June 7, 2011 or (ii) call 1-800-690-6903 before 11:59 p.m. Eastern time on June 7, 2011. Signing and returning a proxy card will not prohibit you from attending the Extraordinary General Meeting or voting in person if you attend the Extraordinary General Meeting. Please note that the person designated as your proxy need not be a shareholder.

By Order of the Board of Directors,

/s/ Gregg L. Klingenberg
Gregg L. Klingenberg
General Counsel

Hamilton, Bermuda
May 11, 2011

Exhibit A

BE IT RESOLVED, by special resolution, that the following clauses and articles of the Articles of Association of the Company be amended as set forth below:

1. **IT WAS RESOLVED** by way of Special Resolution pursuant to Article 118:

   THAT Article 6(b) of the Company's Articles of Association be amended to include the following sub-paragraph (iii):

"(iii) any issuance of Ordinary Shares pursuant to a merger of the Company, which merger has been duly approved in accordance with these Articles and the Statute."

2. **IT WAS RESOLVED** by way of Special Resolution pursuant to Article 118:

   THAT Article 6(c)(vi) of the Company's Articles of Association be amended by inserting the following before the words "to equal or exceed 10% of a class of the Company's shares" in the last sentence:

"(other than for any Ordinary Shares issued pursuant to a merger of the Company, which merger has been duly approved in accordance with these Articles and the Statute)"

INFORMATION STATEMENT
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Scottish Re Group Limited
P.O. Box HM 2939
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton HM 08, Bermuda

INFORMATION STATEMENT FOR EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

To Be Held on June 8, 2011

GENERAL QUESTIONS AND ANSWERS

Q: When is the information statement being mailed?

A: This information statement of Scottish Re Group Limited (the "Company," "we," "us" or "our") will first be mailed on or about May 11, 2011 to our shareholders by the board of directors of the Company (the "Board") to solicit proxies for use at the Extraordinary General Meeting of Shareholders of the Company (the "Extraordinary General Meeting").

Q: When is the Extraordinary General Meeting and where will it be held?

A: The Extraordinary General Meeting will be held on June 8, 2011 at 9:00 a.m., Bermuda time, at the Fairmont Hamilton Princess Hotel, 76 Pitts Bay Road, Pembroke HM 11, Hamilton HM CX, Bermuda.

Q: Who is asking for my vote at the meeting?

A: The Board asks that you vote on the proposals set forth in this information statement. The votes will be taken at the Extraordinary General Meeting on June 8, 2011, or, if the Extraordinary General Meeting is adjourned or postponed, at any later meeting. The Board recommends that you vote "FOR" each of the proposals.

Q: Who may attend the Extraordinary General Meeting?

A: All holders of an ordinary share, par value $0.01 per share, of the Company (the "Ordinary Shares" and, such holders, the "Ordinary Shareholders ") and holders of 7.25% Convertible Cumulative Participating Preferred Shares (the "Convertible Preferred Shares" and, such holders, the "Convertible Preferred Shareholders") may attend the Extraordinary General Meeting. Shareholders entitled to attend and vote at the above meeting are entitled to appoint one or more proxies to attend and vote in their place. A proxy need not be a shareholder of the Company.

Q: Who is entitled to vote?

A: Ordinary Shareholders and Convertible Preferred Shareholders as of the close of business on May 4, 2011 (the "Record Date") are entitled to vote at the Extraordinary General Meeting. Each Ordinary Shareholder is entitled to one vote, subject to certain adjustments that may be made under our Articles of Association. Each holder of Convertible Preferred Shares is entitled to vote on an as-converted basis as described below.

In addition, our Articles of Association generally provide that any person other than the Investors or their affiliates beneficially owning voting shares of the Company carrying 10% or more of the total voting rights attached to all of the Company's outstanding voting shares (*i.e.*, 10% or more of the total voting rights attached to all of the Ordinary Shares together with the total voting rights attached to all of the Convertible Preferred Shares (on an as-converted basis)) will have the voting rights attached to its voting shares reduced so that it may not exercise more than approximately 9.9% of such total voting rights. This requirement may have the effect of reducing the voting rights of a shareholder whether or not such shareholder directly holds of record 10% or more of our voting shares. Further, the Board (or its designee) has the authority to request from any shareholder certain information for the purpose of determining whether such shareholder's voting rights are to be reduced. Failure to respond to such a notice, or submitting incomplete or inaccurate information, gives the Board (or its designee) discretion to disregard all votes attached to such shareholder's Ordinary Shares. For more information, see "Information About the Extraordinary General Meeting — Record Date; Shares Entitled to Vote; Quorum." To the Company's knowledge, no person, other than the Investors, holds 10% or more of the total voting rights attached to all of the Company's outstanding voting shares.

Q: What am I being asked to vote on?

A: You will be voting on:

- The proposal to approve, authorize and adopt the Agreement and Plan of Merger, dated as of April 15, 2011 (as amended or supplemented, the "Merger Agreement"), by and among the Company, SGRL Acquisition, LDC ("SRGL LDC"), Benton Street Partners I, L.P. ("Benton I"), Benton Street Partners II, L.P. ("Benton II"), Benton Street Partners III, L.P. ("Benton III" and together with Benton I and Benton II, "Benton" and, together with SRGL LDC, the "Investors") and SRGL Benton Ltd. ("Merger Sub"), the plan of merger referred to in Section 233(3) of the Companies Law (2010 Revision), as amended (the "Plan of Merger"), and the merger contemplated thereby (the "Merger");
- The proposal to approve, authorize and adopt certain amendments to Section 6(b) and Section 6(c)(vi) of the Company's Amended and Restated Articles of Association (amended and restated by Special Resolutions passed on March 2, 2007) (the "Articles of Association"), as set forth in Exhibit A to the enclosed Notice of Extraordinary General Meeting of Shareholders to be held on June 8, 2011(the "Notice" and, such amendments, the "Proposed Amendments");

- The proposal to approve and adopt the resolutions set forth in the Notice relating to the foregoing proposals (the "Resolutions"); and
- Such other business as may properly come before the Extraordinary General Meeting or any adjournments or postponements thereof.

SGRL LDC is a Cayman Islands exempted limited duration company, controlled by funds and accounts affiliated with Cerberus Capital Management, L.P. ("Cerberus"). Benton I is a Cayman Islands exempted limited partnership and Benton II and Benton III are each Delaware limited partnerships. Each of Benton I, Benton II and Benton III is controlled by an entity affiliated with MassMutual Capital Partners LLC ("MassMutual"). Merger Sub is a newly formed Cayman Islands exempted company limited by shares and wholly-owned by the Investors.

Q: How do I vote?

A: You may vote either by attending the Extraordinary General Meeting and voting in person or by appointing a proxy by (i) signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope for receipt on or prior to June 7, 2011, (ii) visiting www.proxyvote.com before 11:59 p.m. Eastern time on June 7, 2011 or (iii) calling 1-800-690-6903 before 11:59 p.m. Eastern time on June 7, 2011. We encourage you to complete and send in your proxy card or to appoint a proxy via the internet or by telephone. If you then decide to attend the Extraordinary General Meeting, you may revoke your proxy by voting in person.

All shares represented by valid proxies, unless the shareholder otherwise specifies, will be voted:

- "FOR" the approval of the proposal to approve, authorize and adopt the Merger Agreement, the Plan of Merger and the Merger;
- "FOR" the approval of the proposal to approve, authorize and adopt the Proposed Amendments;
- "FOR" the approval of the proposal to approve and adopt the Resolutions; and
- at the discretion of the proxy holders with regard to any other matter that may properly come before the Extraordinary General Meeting.

Where a shareholder has properly specified how a proxy is to be voted, it will be voted by the proxy accordingly.

Q: Can I change my vote after I have returned my proxy card?

A: Yes. You may revoke your proxy by (i) providing written notice of revocation at our offices, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda or to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717 by 9:00 a.m. (Bermuda time) on June 8, 2011, (ii) submitting another valid proxy

bearing a later date that is received prior to the Extraordinary General Meeting or (iii) by attending the Extraordinary General Meeting in person.

Q: What does it mean if I receive more than one proxy card?

A: If you receive more than one proxy card, it is because your shares are held in more than one account. You will need to sign and return all proxy cards to ensure that all your shares are voted.

Q: My Ordinary Shares are held in "street name." Will my broker vote my shares at the meeting?

A: Brokers, banks or other nominees who hold Ordinary Shares in "street name" for customers who are the beneficial owners of such Ordinary Shares may not give a proxy to vote those customers' Ordinary Shares in the absence of specific instructions from those customers. If the broker submits a proxy to us (but cannot vote), these non-voted Ordinary Shares, which are referred to as "broker non-votes," will be treated as present at the meeting for purposes of determining the presence of a quorum.

Q: What if I do not provide voting instructions on my proxy?

A: Properly executed proxies that do not contain voting instructions will be voted "FOR" each of the proposals.

Q: Who will count the vote?

A: A representative of Broadridge Financial Solutions, Inc. will tabulate the votes and serve as the Inspector of Elections.

Q: What constitutes a quorum for the Extraordinary General Meeting?

A: As of the Record Date, we had 68,383,370 Ordinary Shares issued, outstanding and entitled to vote at the Extraordinary General Meeting. In addition, the Investors collectively hold 1,000,000 of our Convertible Preferred Shares, which, as of the Record Date, are convertible into 150,000,000 of our Ordinary Shares, subject to adjustment. The Investors have agreed to vote the Convertible Preferred Shares at the Extraordinary General Meeting on an as-converted basis, representing approximately 68.7% of the voting power of all of our shareholders entitled to vote at the meeting, in favor of the proposals set forth in this information statement. The presence, in person or by proxy, of members holding at least 66 2/3% of the issued and outstanding shares entitled to vote at the Extraordinary General Meeting will constitute a quorum for the purposes of considering the proposals set forth in this information statement. If you submit a properly executed proxy card, then you will be considered part of the quorum. Votes that are withheld and broker non-votes will be counted towards a quorum. If a quorum is not present, the Extraordinary General Meeting will be automatically adjourned to June 15, 2011 at the same time and place or to such other time and place as the Board may determine, and if a quorum is not present within half an hour from the time appointed for such meeting, the members present will constitute a quorum.

Q: What is the required vote for approval, authorization and adoption of the Merger Agreement, the Plan of Merger and the Merger?

A: The Merger cannot occur unless the Merger Agreement, the Plan of Merger and the Merger are approved, authorized and adopted by the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Ordinary Shares, excluding any Ordinary Shares owned by the Investors, Merger Sub, any wholly-owned subsidiary of the Investors or Merger Sub, or owned by the Company or any wholly-owned subsidiary of the Company (the "Owned Shares"), attending and voting at the Extraordinary General Meeting (whether in person or by proxy). The Investors have agreed to vote the Convertible Preferred Shares on an as-converted basis in favor of the Merger Agreement, the Plan of Merger and the Merger.

Q: What is the required vote for approval, authorization and adoption of the Proposed Amendments?

A: In order to be approved, authorized and adopted, the Proposed Amendments require the affirmative vote of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class. The Investors have agreed to vote the Convertible Preferred Shares on an as-converted basis in favor of the Proposed Amendments.

Q: What is the required vote for approval and adoption of the Resolutions?

A: In order to be approved and adopted, the Resolutions require the affirmative vote of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class. The Investors have agreed to vote the Convertible Preferred Shares on an as-converted basis in favor of the Resolutions.

Q: What conditions are required to be fulfilled to complete the Merger?

A: We and the Investors are not required to complete the transaction unless specified conditions are satisfied or waived. The conditions that must be satisfied include, among other conditions, the approval, authorization, and adoption by our shareholders of the proposals set forth in this information statement and the receipt of specified government and regulatory approvals. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the transaction, see "The Merger Agreement — Conditions to Closing."

Q: Am I entitled to dissenters' rights?

A: The Merger Agreement and the laws of the Cayman Islands provide that an Ordinary Shareholder who has delivered to the Company a written objection to the Merger and sought appraisal rights pursuant to, and in accordance with, Section 238 of the Companies Law (2010 Revision), as amended, of the Cayman Islands (the "Companies Law") will be entitled

to payment of the fair value of such Ordinary Shareholder's Ordinary Shares held immediately prior to the effective time of the Merger (the "Effective Time" and, such Ordinary Shares, the "Dissenting Shares" and, together with the Owned Shares, the "Excluded Shares"), and the Dissenting Shares will be cancelled at the Effective Time. If a dissenting Ordinary Shareholder fails to perfect or prosecute, or effectively withdraws or loses, such rights under the Companies Law, then such Dissenting Shares will be treated as if they had been converted at the Effective Time into a right to receive the Merger Consideration (as defined herein). See "Information about the Extraordinary General Meeting — Dissenters' Rights" for a description of the procedures that you must follow if you desire to exercise your dissenters' rights under the Companies Law. In addition, Section 238 of the Companies Laws is attached hereto as Annex D.

Q: What government and regulatory filings are required?

A: The Investors and the Company are in the process of making the necessary filings (or obtaining appropriate exemptions from filing) with the insurance regulators of Delaware, Bermuda, the Cayman Islands and Ireland, the states and countries of domicile of our insurance company subsidiaries. MassMutual is also in the process of seeking the necessary approvals, if any, with the Financial Industry Regulatory Authority, Inc. (the "FINRA"), the principal regulator of our broker-dealer subsidiary, Scottish Re Capital Markets, Inc.

The Merger is also subject to U.S. antitrust laws. The Company and Cerberus will separately file the required notifications under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), with both the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission (the "FTC"). The Antitrust Division or the FTC, as well as any state attorney general or private person, may challenge the Merger on antitrust grounds at any time before or after its completion.

For more information on the government and regulatory approvals required for completion of the Merger, see "Regulatory Approvals."

Q: When do we and the Investors expect the Merger to be completed?

A: We and the Investors are working to complete the Merger as expeditiously as practicable. We currently expect the Merger to be completed in the second quarter of 2011. However, we cannot predict the exact timing of the completion of the transaction because it is subject to government and regulatory approvals and other conditions. See "Regulatory Approvals" and "The Merger Agreement — Conditions to Closing."

Q: What will I receive in the Merger?

A: You will receive $0.30 per Ordinary Share in cash, without interest (the "Merger Consideration"), in exchange for each Ordinary Share that you own immediately prior to the Effective Time, unless you provide notice that you object to the Merger and otherwise perfect your dissenters' rights under the Companies Law.

In connection with the Merger, the Investors currently estimate that the total amount of funds required to purchase all of the outstanding Ordinary Shares (excluding any Owned Shares) in the Merger and to pay estimated fees and expenses will be approximately $20.6 million. The Investors anticipate that they will fund the full amount of the aggregate Merger Consideration and related fees and expenses using cash from internal sources.

Q: What are the reasons for the Merger?

A: The purpose for undertaking the Merger is to provide holders of our Ordinary Shares (other than Owned Shares) (the "Unaffiliated Ordinary Shareholders" and, such Ordinary Shares, the "Unaffiliated Ordinary Shares") with liquidity for their investment in the Company through payment of the Merger Consideration. This price represents an approximately 76% premium to the $0.17 closing market price of our Ordinary Shares on the Pink OTC Markets on April 15, 2011, the last trading day prior to the announcement of the proposed Merger.

Among the factors considered by the Special Committee in recommending that the Ordinary Shareholders vote in favor of the proposals set forth in this information statement was a recent change in Cayman Islands law relating to the required shareholder approval to authorize a merger. Previously, Cayman Islands law required a shareholder resolution by majority in number representing 75% in value of the shareholders voting together as one class whereas the recent change now only requires a special resolution of the shares entitled to vote. See "The Merger — Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee." Consequently, the Investors through a vote of the Convertible Preferred Shares alone could effectuate such a merger.

An additional purpose of the Investors and Merger Sub for engaging in the Merger is to increase the Investors' percentage ownership of our outstanding voting shares, on an as-converted basis, from their current position of approximately 68.7% to 100%.

The consummation of the Merger is expected to help simplify the Company's capital structure and to provide greater flexibility in managing the Company and pursuing future strategic alternatives.

Q: What was the role of the Special Committee?

A: Because certain of our directors have actual or potential conflicts of interest in evaluating the Merger, and because the Registration Rights and Shareholders Agreement among the Company, the Investors and certain other shareholders, dated as of May 7, 2007 (the "Registration Rights and Shareholders Agreement") requires that certain transactions, including a merger, involving the Investors and the Company must be approved by a majority of disinterested directors, the Board appointed a special committee of disinterested directors not affiliated with the Investors (the "Special Committee") to evaluate and negotiate the proposed Merger. The Special Committee comprises all of the disinterested directors of the Board. See "Directors and Officers of the Company."

Q: What is the recommendation of the Special Committee?

A: The Special Committee unanimously recommended to the Board that the Merger, the Plan of Merger and the Merger Agreement be approved, authorized and adopted and found that the Merger Consideration was fair, from a financial point of view, to the Ordinary Shareholders. The Special Committee also unanimously resolved to recommend that our shareholders vote in favor of the approval, authorization and adoption of the Merger, the Plan of Merger and the Merger Agreement. See "The Merger — Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee."

Q: What is the recommendation of the Board?

A: The Board, based in part on the unanimous recommendation of the Special Committee, unanimously recommends that our shareholders vote "FOR" (i) the approval, authorization, and adoption of the Merger Agreement, the Plan of Merger and the Merger, (ii) the approval, authorization and adoption of the Proposed Amendments and (iii) the approval and adoption of the Resolutions. Both the Special Committee and the Board, after careful consideration of numerous factors, have determined that the Merger Agreement, the Plan of Merger and the Merger and the Proposed Amendments are in the best interests of the Company. See "The Merger — The Position of the Board as to the Fairness of the Merger; Recommendation of the Board."

Q: What are the consequences of the Merger to present members of the Company's management and the Board?

A: Immediately following the Merger, it is expected that existing members of the management of the Company will continue as the management of the surviving company. Any members of the management of the Company and the Board who hold Ordinary Shares, like other Ordinary Shareholders, will be entitled to receive the Merger Consideration for each of their Ordinary Shares. The directors of the Company immediately prior to the Effective Time will continue to be the directors of the surviving company until their successors have been duly elected and qualified or until their earlier death, resignation or removal.

With respect to options to purchase Ordinary Shares outstanding under any of the Company's or its subsidiaries' share option plans or equity incentive compensation plans, pursuant to the terms of the Merger Agreement, the Company will use commercially reasonable best efforts to obtain the consent of each holder of such options to the cancellation of such options prior to the Effective Time; *provided* that the Company is not obligated to pay any consent fees to any option holders unless approved by the Board. If not cancelled, the terms of the options will not change as a result of the Merger, although the exercise price of the options and/or the number of Ordinary Shares covered by the options may be adjusted pursuant to their terms, if necessary, only as equitably required to take into account the number of Ordinary Shares outstanding following consummation of the Merger and to prevent dilution or enlargement of the rights of the holders of the options.

For more information, see "The Merger Agreement — Consideration to Be Received in the Merger" and "Additional Interests of Directors and Officers in the Transaction — Equity

Ownership in the Company; Merger Consideration to Be Received by Our Directors and Officers."

Q: What are the consequences if the Merger is not approved or completed?

A: It is expected that, if the Merger is not completed, the Company's current management, under the direction of the Board, will continue to manage the Company as an ongoing business. If the Merger is not approved at the Extraordinary General Meeting and, as a result, not consummated, the Investors will continue to hold the Convertible Preferred Shares and will continue to control the Board. The Investors will effectively control whether an alternative change in control transaction could be effected. If the Merger is not consummated, the Investors intend to explore strategic alternatives for the Company prior to the 2016 conversion date of the Convertible Preferred Shares. Such strategic alternatives may include, but are not limited to, a sale of all or substantially all of the Company's assets or a merger or other business combination of the Company with a third-party. If such a strategic alternative is consummated before the 2016 conversion date of the Convertible Preferred Shares, the Ordinary Shareholders would not be entitled to receive any consideration unless the Company is sold for a price greater than the accreted liquidation preference of the Convertible Preferred Shares (which, as of December 31, 2010, was $759.2 million in the aggregate). In addition, if the Merger is not consummated, the Investors will still have certain indemnification claims they have against the Company arising from alleged breaches of representations and warranties made by the Company in the Securities Purchase Agreement, dated as of November 26, 2006, between the Company and affiliates of the Investors (the "Securities Purchase Agreement"). Assuming that the alleged breaches giving rise to the indemnification claim resulted in a dollar for dollar diminution in the value the Investors assigned to the Company at the time of their purchase of the Convertible Preferred Shares, the adjustment to the conversion price of the Convertible Preferred Shares could result in a decline in the as-converted percentage ownership interest of the Unaffiliated Ordinary Shareholders. For more information, see "The Merger — Effect of Failure to Approve, Authorize and Adopt the Transaction."

Q: How will I know if the Merger has occurred?

A: If the Merger occurs, we and/or the Investors will promptly make a public announcement of this fact.

Q: If the Merger is completed, how will I receive the Merger Consideration for my Ordinary Shares?

A: If we complete the Merger, you will be contacted by the institution designated by the Investors to act as paying agent in connection with the Merger. The paying agent will provide instructions explaining how to effect the surrender of your Ordinary Shares (including delivery of any share certificates) and receive cash for those Ordinary Shares. You will receive cash for your Ordinary Shares from the paying agent after you comply with these instructions. If a broker, nominee, custodian or other fiduciary holds your Ordinary Shares in "street name," you will receive instructions from the broker, nominee, custodian or other

fiduciary as to how to effect the surrender of your Ordinary Shares and receive cash for those Ordinary Shares.

Q: Should I send in any share certificates now?

A: No. If we complete the Merger, you will receive written instructions for delivering your share certificates for cash.

Q: Are there other matters to be acted upon at the Extraordinary General Meeting?

A: We do not know of any other matters to be presented or acted upon at the Extraordinary General Meeting. If any other matter is presented at the Extraordinary General Meeting on which a vote may properly be taken, the persons named as proxies on your proxy card will vote the shares represented by such proxies in accordance with their best judgment.

Q: How much did this proxy solicitation cost?

A: Broadridge Financial Solutions, Inc. was hired to assist in the distribution of this information statement and proxy materials at a cost of $10,500 plus out-of-pocket expenses. Fitch Group was hired to print this information statement and proxy materials at a cost of approximately $11,500 plus freight costs. Morrow & Co., LLC will assist in the solicitation of proxies by telephone, by mail, and by electronic means at a cost of $6,500 plus out of pocket expenses.

We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to the owners of Ordinary Shares. Our officers and regular employees may also solicit proxies, but they will not be specifically compensated for such services.

Q: Who can help answer my questions?

A: If you have any questions about the Extraordinary General Meeting you should contact our General Counsel, Gregg Klingenberg, at 441-298-4395.

SUMMARY

This summary highlights material information contained in this information statement, but does not contain all of the information that may be important to your voting decision. You should carefully read this entire information statement, including the attached annexes and exhibits, as well as any materials incorporated by reference herein, for a more complete understanding of the matters to be considered at the Extraordinary General Meeting. Page references are included in parentheses to direct you to more complete descriptions of the topics presented in this summary.

Parties Involved in the Proposed Merger

Scottish Re Group Limited

P.O. Box HM 2939
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton HM 08, Bermuda

Scottish Re Group Limited is a holding company incorporated as an exempted company with limited liability under the laws of the Cayman Islands and engaged through operating subsidiaries in the reinsurance of life insurance, annuities and annuity-type products. The Company has operating companies in Bermuda, Charlotte, North Carolina, Dublin, Ireland and Grand Cayman, Cayman Islands. Our primary operating subsidiaries include Scottish Annuity & Life Insurance Company (Cayman) Ltd., Scottish Re (U.S.), Inc. and Scottish Re Life Corporation.

MassMutual Capital Partners LLC
Benton Street Partners I, L.P.
Benton Street Partners II, L.P.
Benton Street Partners III, L.P.

c/o MassMutual Financial Group
1295 State Street
Springfield, MA 01111

Founded in 1851, MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyholders. With whole life insurance as its foundation, MassMutual provides products to help meet the financial needs of clients, such as life insurance, disability income insurance, long term care insurance, retirement/401(k) plan services, and annuities. In addition, MassMutual's strong and growing network of financial professionals helps clients make good financial decisions for the long-term. MassMutual and its subsidiaries had more than $420 billion in assets under management at year-end 2009. Assets under management include assets and certain external investment funds managed by MassMutual's subsidiaries.

MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company and its affiliated companies and sales representatives. Massachusetts Mutual Life Insurance Company is headquartered in Springfield, Massachusetts and its major affiliates include: Babson Capital Management LLC; Baring Asset Management Limited; Cornerstone Real Estate Advisers LLC; The First Mercantile Trust Company; MassMutual International LLC; MML Investors Services, LLC, member of FINRA and SIPC; OppenheimerFunds, Inc.; and The MassMutual Trust Company, FSB.

Benton I, Benton II and Benton III are entities controlled by an affiliate of MassMutual and together with SRGL LDC own all of the outstanding Convertible Preferred Shares of the Company.

Cerberus Capital Management, L.P.
SRGL Acquisition, LDC

299 Park Avenue
New York, NY 10171

Cerberus Capital Management, L.P. was formed in November 1992 to focus on distressed investments. Over its 18-year history, Cerberus has substantially expanded in size and scope to manage various funds and accounts that focus on four principal investment strategies: distressed private equity, distressed securities and assets, lending and distressed real estate. Cerberus is headquartered in New York City and has multiple advisory offices across both Asia and Europe. SRGL LDC is a Cayman Islands exempted limited duration company, controlled by funds and accounts affiliated with Cerberus. SRGL LDC and together with Benton I, Benton II and Benton III own all of the outstanding Convertible Preferred Shares of the Company.

SRGL Benton Ltd.

Merger Sub is a newly formed Cayman Islands entity and a wholly-owned subsidiary of the Investors created on April 8, 2011 for the purposes of merging with and into the Company. Merger Sub has not had any historic operations and its corporate existence will cease upon the consummation of the Merger.

Ownership of Convertible Preferred Shares (page 88)

On May 7, 2007, the Investors (directly or indirectly through their affiliates) purchased 1,000,000 Convertible Preferred Shares from the Company for $600 million, entitling them in the aggregate to 68.7% of our equity voting power. The creation and issuance of the Convertible Preferred Shares to the Investors was authorized at an extraordinary general meeting of shareholders in March 2007.

Structure of the Merger (page 56)

The proposed transaction is a merger of Merger Sub with and into the Company, with the Company remaining as the sole surviving company following the Merger. After the Merger, the Investors, through their continuing ownership of the Convertible Preferred Shares and the

Ordinary Shares received on conversion of the ordinary shares of Merger Sub, will own all of the outstanding voting shares of the Company.

After the satisfaction or waiver of the conditions to the Merger, the following will occur:

- each Ordinary Share issued and outstanding immediately before the Effective Time, other than Excluded Shares, will be converted into the right to receive the Merger Consideration;
- all Owned Shares will no longer be outstanding and will be cancelled, without consideration;
- all Dissenting Shares will be entitled only to such rights as are granted by Section 238 of the Companies Law and such Dissenting Shares will be cancelled as of the Effective Time;
- all options to purchase Ordinary Shares will become options to purchase ordinary shares of the surviving company, unless the holder of such options consents to their cancellation;
- each ordinary share of Merger Sub will be converted into one ordinary share of the surviving company in the Merger at the Effective Time; and
- the Investors will own all of the outstanding Ordinary Shares of the Company.

Each Non-Cumulative Perpetual Preferred Share of the Company (collectively, the "Perpetual Preferred Shares") and each Convertible Preferred Share will remain outstanding, unaffected by the Merger.

Reasons for the Merger (page 40)

The purpose for undertaking the Merger is to provide our Unaffiliated Ordinary Shareholders with liquidity for their investment in the Company through payment of the Merger Consideration. This price represents an approximately 76% premium to the $0.17 closing market price of our Ordinary Shares on the Pink OTC Markets on April 15, 2011, the last trading day prior to the announcement of the proposed Merger.

Among the factors considered by the Special Committee in recommending that the Ordinary Shareholders vote in favor of the proposals set forth in this information statement was a recent change in Cayman Islands law relating to the required shareholder approval to authorize a merger. Previously, Cayman Islands law required a shareholder resolution by majority in number representing 75% in value of the shareholders voting together as one class whereas the recent change now only requires a special resolution of the shares entitled to vote. See "The Merger — Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee." Consequently, the Investors through a vote of the Convertible Preferred Shares alone could effectuate such a merger.

An additional purpose of the Investors and Merger Sub for engaging in the Merger is to increase the Investors' percentage ownership of our outstanding voting shares, on an as-converted basis, from their current position of approximately 68.7% to 100%.

The consummation of the Merger is expected to help simplify the Company's capital structure and to provide greater flexibility in managing the Company and pursuing future strategic alternatives.

Certain Effects of the Merger (page 56)

Among other results of the Merger, our Unaffiliated Ordinary Shareholders will no longer hold voting shares in the capital of the Company and the Investors will own, directly or indirectly, all of our outstanding voting shares. Only the Investors will participate in our future earnings, subject to any dividends that may be paid to holders of the Perpetual Preferred Shares, which will remain outstanding following the consummation of the Merger.

Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee (page 34)

The Special Committee of the Board is comprised of Messrs. James Chapman, James Butler, Jeffrey Hughes and Robert Joyal. Mr. Chapman serves as Chairman of the Special Committee. The Board has determined that each of the members of the Special Committee is a disinterested director not affiliated with the Investors. The Special Committee retained Cahill Gordon & Reindel LLP ("Cahill") as its special counsel, Appleby Global ("Appleby"), as its Cayman counsel, and Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), as its financial advisor.

On April 14, 2011, the Special Committee met and approved, authorized and adopted the Merger, the Merger Agreement and the Plan of Merger. The Special Committee also determined that the proposed Merger, the Merger Agreement and the Plan of Merger are fair, from a financial point of view, to the Ordinary Shareholders. Based on such determination, the Special Committee is recommending that the Ordinary Shareholders vote "FOR" the approval, authorization and adoption of the Merger, the Merger Agreement and the Plan of Merger. In addition, the Special Committee recommended to the Board on April 15, 2011 that the Board approve, authorize and adopt the Merger, the Merger Agreement, the Plan of Merger and the Proposed Amendments.

Opinion of the Special Committee's Financial Advisor (page 43)

On April 14, 2011, Houlihan Lokey rendered its oral opinion to the Special Committee (which was confirmed in writing by delivery of Houlihan Lokey's written opinion dated April 14, 2011), as to the fairness, from a financial point of view, to the Unaffiliated Shareholders (as defined below), as of April 14, 2011, of the Merger Consideration to be received by such Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. For purposes of its opinion, Houlihan Lokey referred to the holders of Ordinary Shares other than the Investors and their affiliates, as the "Unaffiliated Shareholders."

Houlihan Lokey's opinion was furnished solely for the use and benefit of the Special Committee (solely in its capacity as such) in connection with its evaluation of the Merger and may not be relied upon by any other person (including, without limitation, security holders or creditors of the Company) or used for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion only addressed the fairness from a financial point of view, as of April 14, 2011, to the Unaffiliated Shareholders of the Merger Consideration to be received by such Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the Merger or any agreements, arrangements or understandings entered into in connection therewith or otherwise, including, without limitation, any aspect or implication of the Orkney I Unwind Transaction (as defined herein), though Houlihan Lokey's opinion was not conditioned upon whether or not the Orkney I Unwind Transaction is consummated. The summary of Houlihan Lokey's opinion in this information statement is qualified in its entirety by reference to the full text of Houlihan Lokey's written opinion, which is included as Annex C to this information statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. Houlihan Lokey's opinion and the summary of its opinion and the related analyses set forth in this information statement are not intended to be, and do not constitute, a recommendation to the Special Committee, the Board or any shareholder of the Company as to how to act or vote with respect to any matter relating to the Merger or otherwise. For more information, see "The Merger — Opinion of the Special Committee's Financial Advisor."

Interest of Certain Persons in the Transaction (page 85)

In considering the recommendation of the Board, you should be aware that certain of our officers and directors and the Investors have interests in the transaction that are different from, or are in addition to, the interests of our Unaffiliated Ordinary Shareholders generally. The Special Committee and the Board were aware of these potential or actual conflicts of interest and considered them along with other matters when they determined to recommend the proposals set forth in this information statement. These interests are discussed in detail in the section entitled "Additional Interests of Directors and Officers in the Transaction."

Approvals Required to Complete the Transaction (page 51)

The Investors and the Company are in the process of making the necessary filings (or obtaining appropriate exemptions from filing) with the insurance regulators of Delaware, Bermuda, the Cayman Islands and Ireland, the states and countries of domicile of our insurance company subsidiaries. MassMutual is also in the process of seeking the necessary approvals, if any, with FINRA, the principal regulator of our broker-dealer subsidiary, Scottish Re Capital Markets, Inc.

The Merger is also subject to U.S. antitrust laws. The Company and Cerberus will separately file the required notifications under the HSR Act with both the Antitrust Division and FTC. The Antitrust Division or the FTC, as well as any state attorney general or private person, may challenge the Merger on antitrust grounds at any time before or after its completion.

For more information on the government and regulatory approvals required for completion of the Merger, see "Regulatory Approvals."

Conditions to Closing (page 64)

The obligations of the Company, the Investors and Merger Sub to complete the Merger are subject to the satisfaction or waiver of various conditions specified in the Merger Agreement, including, among other things, conditions relating to:

- approval, authorization and adoption of the Merger Agreement, the Plan of Merger and the Merger by the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Unaffiliated Ordinary Shares attending and voting at the Extraordinary General Meeting (whether in person or by proxy) (the "Requisite Shareholder Approval");

- approval, authorization and adoption of the Proposed Amendments by an affirmative vote of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class;

- absence of any order issued by any court or other governmental authority, or any other legal restraint that prevents or prohibits the consummation of the Merger;

- obtaining the necessary approvals of any governmental authority (including any applicable antitrust approvals), secured creditor of the Company, or any other third party;

- accuracy of the parties' representations and warranties under the Merger Agreement;

- performance by the parties of their obligations under the Merger Agreement;

- no more than 10% of the Unaffiliated Ordinary Shareholders exercising dissenters' rights under the Companies Law with respect to their Ordinary Shares by virtue of the Merger, unless waived by the Investors;

- absence of any material adverse change in the Company's ability to perform its obligations under the Merger Agreement or on the financial condition, business or results of operations of the Company; and

- receipt by the parties of an officer's certificate, dated as of the closing date, to evidence satisfaction of the conditions regarding representations and warranties and performance obligations of the parties under the Merger Agreement.

Solicitation of Alternative Transactions (page 61)

Pursuant to the terms of the Merger Agreement, for 45 days following the execution of the Merger Agreement (the "Marketing Period"), the Company and the Special Committee and

their respective officers, directors, employees, consultants, agents, financial advisors, attorneys, accountants and other advisors, affiliates and other representatives may (a) initiate, solicit and encourage alternative acquisition proposals for the outstanding Ordinary Shares (the "Solicitation") and (b) enter into, engage in and maintain discussions or negotiations with respect to any such alternative acquisition proposals; *provided* that the Company keeps the Investors informed of any such discussions or negotiations. The Special Committee, on behalf of the Company, has engaged Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill") to assist with the Solicitation.

Following the Marketing Period and until the closing of the Merger (the "No Solicitation Period"), the Merger Agreement requires that the Company, its subsidiaries and representatives cease any solicitation, encouragement, discussions or negotiations with any third party that may be ongoing with respect to an alternative acquisition proposal for the outstanding Ordinary Shares. In addition, during the No Solicitation Period the Company, its subsidiaries and representatives may not (i) solicit, initiate or knowingly facilitate or encourage any inquiries regarding, or make any proposal or offer that constitutes, or could reasonably be expected to lead to, an alternative acquisition proposal for the outstanding Ordinary Shares, (ii) engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person, any non-public information in connection with or for the purpose of encouraging or facilitating any alternative acquisition proposal for the outstanding Ordinary Shares or (iii) enter into any letter of intent, memorandum of understanding or other definitive acquisition agreement relating to any alternative acquisition proposal for the outstanding Ordinary Shares. However, if the Company, the Special Committee or their representatives receive such an alternative acquisition proposal during the No Solicitation Period, it may take certain actions to clarify the terms of such proposal. If the Special Committee determines, in good faith, that (i) such acquisition proposal constitutes, or could reasonably be expected to lead to, a superior proposal and (ii) failure to take action could be inconsistent with the directors' fiduciary duties under applicable law, it may change its recommendation (a "Change of Recommendation") with respect to the Merger and terminate the Merger Agreement.

Termination of the Merger (page 65)

The Merger Agreement may be terminated in the following ways:

- by mutual written consent authorized by the Special Committee and the respective boards of directors or general partners of the Investors prior to the Effective Time;

- by either party, prior to the Effective Time, if (a) the Merger is not consummated before October 31, 2011 (the "Outside Date") or (b) the Required Shareholder Approval is not obtained;

- by either party, prior to the Effective Time, if (i) any of the closing conditions cannot be satisfied and have not been waived, (ii) such inability is not capable of being cured by the Outside Date or, if capable of being cured, has not been cured (A) within 20 calendar days following receipt of notice from the other party of such inability or (B) any shorter period that remains between the date of such notice and the Outside Date; *provided* that such terminating party will not be in breach of any representation,

warranty or covenant in the Merger Agreement or other related agreements that would cause such closing condition not to be satisfied;

- by any of the Investors if the Company enters into a definitive agreement with respect to a superior proposal;

- by any of the Investors, if (i) the Special Committee makes a Change of Recommendation, (ii) the Company (by action of the Special Committee) fails to include the recommendation of the Board with its notice of the Extraordinary General Meeting or (iii) the Special Committee fails to recommend against acceptance of a tender or exchange offer for any outstanding Ordinary Shares that constitute an alternative acquisition proposal; or

- by the Company (by action of the Special Committee), if, prior to receipt of the Requisite Shareholder Approval, (i) the Special Committee makes a Change of Recommendation or (ii) the Special Committee authorizes the Company to enter into a definitive agreement with respect to a superior proposal, the Company enters into a definitive agreement with respect to such superior proposal and the Company complied with the terms of the Merger Agreement.

In the event that the Merger Agreement is terminated, the Merger Agreement will immediately become null and void and there will be no liability or obligation on the part of the Company, the Investors, Merger Sub, or any of their respective subsidiaries, officers or directors, except that if the Merger Agreement is terminated as a result of (a) the Company pursuing a Superior Proposal or (b) the Company not receiving the Required Shareholder Approval, the Company will reimburse the Investors for all fees and expenses reasonably incurred by them in connection with the Merger Agreement and the proposed Merger. Otherwise, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby will be paid by the party incurring such expense.

Beneficial Ownership of Shares (page 93)

Without taking into account dilution by the conversion of the Convertible Preferred Shares, as of the Record Date, approximately 0.2% of our outstanding Ordinary Shares were held by our directors and executive officers and 13.6% of our outstanding Ordinary Shares on a fully-diluted basis were held by affiliates of The Cypress Group, whose designee, Jeffrey Hughes, serves on the Board and on the Special Committee. The Investors hold all of our outstanding Convertible Preferred Shares, which represent approximately 68.7% of the voting power of our shares on an as-converted basis.

Dissenters' Rights (page 69)

Any shareholder that is not satisfied that it has been offered fair value for its Ordinary Shares and that provides notice that it objects to the Merger may exercise dissenters' rights under the Companies Law to have the fair value of its Ordinary Shares appraised by the Court. Any payment of amounts to holders exercising such dissenters' rights will be funded by the Investors.

Material United States Federal Income Tax Consequences of the Transaction (page 79)

The surrender of Ordinary Shares by a U.S. holder for cash pursuant to the Merger should be treated as a taxable redemption for U.S. federal income tax purposes. The tax consequences of the Merger are complex, and are dependent upon a shareholder's particular facts and circumstances. You should consult your tax advisor for a full understanding of the tax consequences of the Merger to you, including the federal, state, local, and non-U.S. tax consequences of the Merger. See "Material United States Federal Income Tax Consequences of the Transaction."

Recent Developments

On April 15, 2011, the Company entered into agreements to unwind the transactions previously entered into by our indirect wholly-owned subsidiary Orkney Re, Inc. ("Orkney Re") and its parent, Orkney Holdings, LLC ("Orkney Holdings" and, together with Orkney Re, "Orkney I"), pursuant to which the Company will recapture from Orkney Re and immediately cede to Hannover Life Reassurance Company of America ("Hannover Life Re") the defined block of level premium term life insurance policies issued by direct ceding companies between January 1, 2000 and December 31, 2003 (such defined block, the "Orkney Block") and retire at a significant discount to their stated principal amount the Orkney Notes (as defined below). We refer to these transactions as the "Orkney I Unwind Transaction."

Orkney Re is a Delaware special purpose captive insurer wholly-owned by Orkney Holdings, which in turn is a wholly-owned subsidiary of Scottish Re (U.S.), Inc. ("SRUS"). Orkney Re and Orkney Holdings were formed in February 2005 to provide funding to SRUS for its National Association of Insurance Commissioners Valuation of Life Insurance Policies Model Regulation (referred to as Regulation XXX) reserves in respect of the Orkney Block. In connection therewith, Orkney Holdings issued $850 million of debt securities to third-party investors (the "Orkney Notes"), the proceeds of which were contributed to Orkney Re to satisfy its obligations to SRUS under the reinsurance agreement entered into between SRUS and Orkney Re. For an explanation of the accounting treatment for SRUS of its interests in Orkney Re and Orkney Holdings, including a permitted practice from the Delaware Department of Insurance (the "Delaware Department" and, such permitted practice, the "Permitted Practice"), see notes 9 and 20 to the Scottish Re Group Limited audited Consolidated Financial Statements for the year ended December 31, 2010, which are incorporated herein by reference.

On the date of closing of the Orkney I Unwind Transaction, SRUS would effect the recapture of the Orkney Block and receive recapture consideration from Orkney Re, which recapture consideration will be used in part to fund the ceding commission of $565 million due from SRUS to Hannover Life Re under a new reinsurance agreement. Any assets thereafter remaining in the accounts at Orkney Re will be released to Orkney Holdings. Such remaining assets will be used by Orkney Holdings to purchase all of the outstanding Orkney Notes pursuant to privately negotiated purchase agreements (the "Note Purchase Agreements") for an aggregate amount of $590 million, which represents a discount to the aggregate principal amount of $850 million of the Orkney Notes outstanding. Once repurchased, the Orkney Notes will be cancelled. Approximately $700 million of the aggregate principal amount of the Orkney Notes to be purchased are held by affiliates of Cerberus. The Orkney Notes held by Cerberus affiliates will

be repurchased at a 35% discount to par, whereas the Orkney Notes held by unaffiliated noteholders will be repurchased at a 10% discount to par. As previously disclosed in the Company's financial statements, Cerberus previously informed the Company that Cerberus had acquired the Orkney Notes in the secondary market during 2009. None of the Company, MassMutual, SRUS, Orkney Holdings, Orkney Re, or any of the Company's other subsidiaries was a party to this purchase.

Following cancellation of the Orkney Notes, Orkney Holdings will pay a dividend of any remaining assets to its parent, SRUS, which amounts, together with net amounts remaining at SRUS following completion of the recapture of the Orkney Block from Orkney Re and the subsequent cession of the Orkney Block to Hannover Life Re, are estimated to be approximately $25 million. Under the terms of the Registration Rights and Shareholders Agreement, the Company's execution of the Note Purchase Agreement with Cerberus required the prior approval of the disinterested directors of the Company's Board. To this end, a special committee of the Company's Board, comprised of the same disinterested directors that subsequently were appointed as the Special Committee, was appointed to consider, and determine whether the Company should engage in, the Orkney I Unwind Transaction. In its evaluation and approval of the Orkney I Unwind Transaction and related agreements, including the Note Purchase Agreement with Cerberus, the Special Committee engaged separate legal counsel, Cahill, and a financial advisor, Houlihan Lokey Financial Advisors, Inc., and considered an analysis by the Company and its financial advisor, Merrill, comparing the Orkney I Unwind Transaction with the alternative of holding Orkney I until maturity. See "Certain Relationships Between Us and the Investors — Orkney I."

Merrill acted as exclusive financial advisor to the Company in connection with the Orkney I Unwind Transaction and issued a "fairness" opinion to the Board with respect to the consideration paid by SRUS to Hannover Life Re in connection with Hannover Life Re's assumption of the Orkney Block.

The closing of the Orkney I Unwind Transaction, which is expected to occur in the second quarter of 2011, is subject to a number of closing conditions, including the receipt of required regulatory approvals. The consummation of the Merger is not one of the closing conditions. No assurances can be given that the conditions to closing will be satisfied and the Orkney I Unwind Transaction consummated.

The Company believes that the Orkney I Unwind Transaction is consistent with our run-off strategy of reducing the Company's reinsurance obligations and simplifying the operations of the Company. In 2008, we ceased writing new business and notified our existing clients that we would not be accepting any new reinsurance risks under existing reinsurance treaties, thereby placing our remaining treaties into run-off. We expect to continue to pursue a run-off strategy for the remaining business, whereby we continue to receive premiums, pay claims, and perform key activities under our remaining reinsurance treaties.

While the proposed Orkney I Unwind Transaction is expected to result in a $149 million consolidated U.S. GAAP loss for the year ending December 31, 2011, based on financial information as of December 31, 2010, the Company believes there are many benefits to the Company. The Orkney I Unwind Transaction will significantly improve the current financial

strength of the Company's principal reinsurance operating entity, SRUS. If non-reliance on the Permitted Practice were assumed as of December 31, 2010, the proposed transaction would have increased SRUS' capital and surplus by $147 million, from $222 million to $369 million, on a pro forma basis. See "Unaudited Pro Forma Financial Information." Correspondingly, SRUS' company action level risk-based capital ratio as of December 31, 2010 would have increased from 353% to 586% on a pro forma basis. These increases primarily would have been driven by a combination of the following items:

- The assets in Orkney I are held in segregated accounts for the sole purpose of the securitization structure and Orkney Re's ability to satisfy its reinsurance obligations and the timely payment of interest and ultimate payment of principal by Orkney Holdings for the Orkney Notes. Distributions to the sole equity investor in Orkney I, SRUS, are subject to contractually-defined parameters that prioritize reinsurance and debt obligations. Based on the Company's current modeled projections, SRUS is not expected to receive any distributions from Orkney I until approximately 2023. Following consummation of the Orkney I Unwind Transaction, SRUS is expected to receive net proceeds of approximately $25 million. The result is a considerable acceleration of proceeds into SRUS as compared to maintaining the Orkney I structure through maturity in 2035 and first receiving distributions in approximately 2023 according to current modeled projections.

- The Orkney Block includes $2.7 billion of inforce obligations that exceed the contractual per individual life limit permitted to be ceded to the Orkney I facility. While 100% of the premium associated with the Orkney Block is owed to Orkney I, the reinsurance obligations for policies exceeding the per individual life limit remain the contractual obligation of SRUS, which obligation SRUS has, since inception of the Orkney I structure, retroceded for a fee to third party retrocessionaires. SRUS is required to perform an annual asset adequacy analysis and to maintain an asset adequacy reserve to compensate for any projected future cash flows that contribute to cumulative capital and surplus patterns that are of concern to the appointed actuary of SRUS and the Delaware Department. Approximately $70 million of SRUS' $85 million asset adequacy reserve as of December 31, 2010 was held to address the negative cash flows associated with the premium payments to the third party retrocessionaires on the Orkney Block and the impact on SRUS' projected capital and surplus pattern. In the event the Orkney I Unwind Transaction is consummated, SRUS will be relieved of the significant cost of the obligation to such third party retrocessionaires. As a result, SRUS' cash flow profile will significantly improve, and the Company expects SRUS' asset adequacy reserve associated with the Orkney Block to be released with a corresponding increase in SRUS' capital and surplus.

- SRUS is currently in discussions with the Delaware Department to rescind the Order of Supervision entered against SRUS in January 2009 (as subsequently extended and amended, the "Order of Supervision"), and, in connection therewith, to discontinue utilization of the Permitted Practice, effective with the rescission of the Order of Supervision. Without utilization of the Permitted Practice at December 31, 2010, SRUS' capital and surplus would have been $222 million (compared to $292 million

with the Permitted Practice) and its company action level risk-based capital ratio would have been 353% (compared to 466% with the Permitted Practice). The $70 million decline in SRUS capital and surplus without utilization of the Permitted Practice, as of December 31, 2010, is principally driven by a $52 million reserve credit shortfall related to Orkney I. In the event the Orkney I Unwind Transaction is consummated, this $52 million reserve credit shortfall without utilization of the Permitted Practice, and its corresponding decrease in SRUS' capital and surplus, would be avoided.

In addition to the specific financial benefits outlined above, the Orkney I Unwind Transaction reduces the likelihood of earnings volatility to the Company by mitigating the risk of future adverse experience relative to assumptions by the Company's management on the Orkney Block and removing the possibility that Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC") would need to contribute capital to SRUS to support its reserve credit requirements for Orkney I prior to the maturity of the Orkney Notes in 2035.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this information statement are not historical facts and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from the forward-looking statements. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "continue," "project," and similar expressions, as well as statements in the future tense, identify forward-looking statements.

These forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. These risks and uncertainties include, but are not limited to:

- our ability to consummate the Merger (including obtaining necessary regulatory approvals and shareholder approval);
- the validity of assumptions and methodologies used by the management of the Company in analyzing potential run-off scenarios and in predicting our future capital and liquidity needs and the inability to predict with certainty any future scenarios;
- uncertainties in our ability to raise equity capital or other sources of funding to support ongoing capital and liquidity needs;
- the risk that our risk analysis and underwriting may be inadequate;
- changes in expectations regarding future realization of gross deferred tax assets;
- risks arising from our investment strategy, including risks related to the market value of our investments, fluctuations in interest rates and our need for liquidity;
- our ability to consummate the Orkney I Unwind Transaction and realize the benefits of such transaction;
- uncertainties arising from control of our invested assets by third parties;
- developments in global financial markets that could affect our investment portfolio and investment income;
- exposure to mortality experience which differs from our assumptions;
- changes in the rate of policyholder withdrawals or recapture of reinsurance treaties;
- the risk that our retrocessionaires may not honor their obligations to us;

- terrorist attacks on the United States and the impact of such attacks on the economy in general and on our business in particular;
- political and economic risks in developing countries;
- loss of the services of any of our key employees;
- losses due to foreign currency exchange rate fluctuations;
- uncertainties relating to government and regulatory policies (such as subjecting us to insurance regulation or taxation in additional jurisdictions); and
- changes in accounting principles.

The effects of these factors are difficult to predict. New factors emerge from time to time and we cannot assess the financial impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date of this information statement and we do not undertake any obligation, other than as may be required under the United States Federal securities laws, to update any forward looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of unanticipated events.

THE MERGER

General

The Merger Agreement provides that, subject to certain conditions, Merger Sub will merge with and into the Company, with the Company continuing as the surviving company. A copy of the Merger Agreement is attached hereto as Annex A. You are urged to, and should, read the Merger Agreement in its entirety because it is the legal document governing the merger.

If the Merger is approved, the Company will file the Plan of Merger with the Registrar of Companies, which, if the requirements of the Companies Law are satisfied, will register the Plan of Merger and issue a certificate of merger. The Merger is effective on the date the Plan of Merger is registered.

Background of the Transaction

Since 2008, the management of the Company and the Board, a majority of whom are the representatives of the Investors, periodically have reviewed various strategies for reducing financing costs and enhancing financial stability. As disclosed in the Company's financial statements during 2009 and 2010, the Company implemented several transactions with these strategies in mind. In January 2010, the Company was approached by a third party reinsurance company expressing interest in acquiring the Orkney Block, but not the related collateral financing facility. In connection with this expression of interest, the management of the Company began exploring the idea of unwinding the Orkney I collateral financing structure and, with the assistance of Merrill, identifying and contacting various interested potential acquirers of the Orkney Block. Several of these contacted parties began conducting due diligence on the Orkney Block on a confidential basis. During the course of this process, certain of the contacted parties indicated interest in acquiring other blocks of the Company's business, including the Company's annuity business, certain of its subsidiaries and the Company as a whole. As a result, the Company retained Merrill as financial advisor in July 2010. The final terms of the engagement were extended to include not only the disposition of the Orkney Block, but any possible sale of the Company's reinsurance business in whole or in part. In July 2010, one of the parties conducting diligence delivered an unsolicited letter to the Company proposing to acquire all of the outstanding voting securities of the Company. The management of the Company shared this letter with the Board and notified the Board of its intent to respond to this party suggesting that it conduct further diligence, including reviewing financial statements for the six months ended June 30, 2010, and arrive at a more detailed proposal.

In July 2010, the Company also received a letter from a third party proposing to pursue a transaction to acquire the Company's in-force U.S. annuity business. On September 8, 2010, the Company received a letter from another third party proposing to conduct diligence on its subsidiary, Scottish Re Life Corporation ("SRLC"), and subsequently negotiate an agreement to acquire all of the outstanding shares of capital stock of SRLC for the price set forth in such non-binding offer letter. On September 14, 2010, the Company received a letter from another third party proposing to acquire the remaining reinsurance business of the Company. After considering these proposals, including that several of the proposals would require the assumption

by a buyer, or the redemption by the Company, of approximately $129.5 million principal amount of outstanding capital and trust preferred securities that had been issued by certain of our subsidiaries, the Board concluded that none of these proposals were in the best interests of the Company or shareholders. For a description of the Company's outstanding capital and trust preferred securities, see note 10 to the Consolidated Financial Statements of the Company for the year ended December 31, 2010 incorporated herein by reference. See "Historical Financial Information."

On September 21, 2010, the Company received a letter from a third party proposing to pursue a transaction to acquire all of the outstanding Ordinary Shares and Convertible Preferred Shares of the Company and to assume the existing obligations in respect of the Perpetual Preferred Shares and the Company's capital and trust preferred securities. The proposed transaction would have taken the form of a merger in exchange for common shares of the third party having a putative market value of $350 million, with the allocation of this merger consideration between the Convertible Preferred Shares and the Ordinary Shares to be determined by the Company. In its consideration of this proposal, the Board determined that the form of consideration consisting of common shares in this third party, a relatively new offshore reinsurer with a limited operating history, was not in the Company's interest and declined to proceed.

Following this inquiry, the Investors began to consider other possible ways to maximize the value of the Company and to facilitate pursuit of either future growth of the Company or a potential sale of the Company. In September 2010, at the request of the Board, the Company management conducted an analysis of the possibility of strategic alternatives, including acquiring blocks of existing reinsurance business and writing new reinsurance business. The Company management concluded that such a strategy would not be feasible without significant amounts of new capital being injected into the Company, obtaining an investment grade rating from rating agencies and potentially rebranding. The Investors considered that, given the accreted liquidation preference of the Convertible Preferred Shares (which as of September 30, 2010 was approximately $784.1 million in the aggregate) and the priority of the Perpetual Preferred Shares, it was unlikely that any strategy for the Company would result in an increase in value in excess of the outstanding liquidation preference of the Convertible Preferred Shares and the priority of the Perpetual Preferred Shares; as a result, Ordinary Shareholders would not be entitled to any consideration in any liquidation, dissolution or winding-up process. Moreover, the ability to attract any new equity capital to the Company would require a more simplified capital structure. The Investors concluded that a conversion of the Convertible Preferred Shares into Ordinary Shares would provide the Company with greater flexibility in order to attract new capital or potentially to sell the Company.

On December 2, 2010, the Investors delivered a letter to the Company proposing to convert all of the Convertible Preferred Shares into Ordinary Shares in a transaction designed to simplify the Company's capital structure and provide financial flexibility to pursue strategic alternatives to maximize shareholder value. The proposal involved conversion of the Convertible Preferred Shares into Ordinary Shares at a rate significantly greater than provided for in the Certificate of Designations of the Convertible Preferred Shares, dated May 3, 2007, and would have resulted in the Investors owning approximately 97% of the aggregate outstanding voting equity of the Company.

In response to this letter, the Board formed a Special Committee of its disinterested directors, consisting of James Chapman, James Butler, Jeffrey Hughes and Robert Joyal. The Special Committee retained legal counsel, Cahill and Appleby, and a financial advisor, Houlihan Lokey.

In informal discussions between members of this Special Committee and the Investors, the Special Committee expressed concern about the valuation of the Investors' proposal absent a cash out alternative for the Unaffiliated Ordinary Shares, such as a cash tender offer by the Investors for the Ordinary Shares. The representatives of the Investors responded that they would not consider a cash-out offer unless it resulted in the Investors acquiring 100% of the Ordinary Shares.

On January 28, 2011, the Investors delivered the following letter to the Company, in lieu of their December 2, 2010 proposal, offering to acquire the Ordinary Shares in a merger for $0.21 per share.

Cerberus Capital Management, L.P.

January 28, 2011

Gregg Klingenberg
General Counsel
For the attention of the Board of Directors
c/o Scottish Re Group Ltd.
Crown House, Second Floor
4 Par-la-Ville Road Hamilton HM08, Bermuda

Dear Gregg:

Cerberus Capital Management, L.P., on behalf of funds and accounts managed by it ("Cerberus"), in conjunction with the Benton Street Partners funds affiliated with MassMutual Capital Partners LLC (the "Mass Mutual Capital Funds") (together "we" or the "Convertible Holders"), are pleased to offer to acquire all of the issued and outstanding ordinary shares (the "Ordinary Shares") of Scottish Re Group Limited ("you" or "SGRL") pursuant to a merger (the "Merger"). We are offering to acquire the Ordinary Shares at a price of $0.21 per Ordinary Share, which represents a premium of 35% over the closing price of the Ordinary Shares on January 26, 2011.

We believe that the Merger, pursuant to which an entity formed by the Convertible Holders would merge with and into SGRL as the surviving company, would be in the best interest of SRGL and its shareholders generally. The Merger represents a liquidity opportunity for the holders of Ordinary Shares to receive an attractive cash price for their shares at a significant premium to recent trading values, as well as an opportunity for SRGL to restructure its balance sheet and obtain flexibility. The proposed terms and conditions of the Merger are set forth in the term sheet attached hereto as Annex A.

Nothing in this letter nor in any other oral or written proposal or communication relating to the subject matter hereof shall be deemed to constitute a binding agreement to enter into any transaction. Such a binding agreement, if any, shall only be evidenced by mutually acceptable definitive agreements that have been executed and delivered by the parties. This letter is confidential and should be treated as such.

We look forward to working with you to negotiate definitive agreements and consummate the Merger.

Very truly yours,
CERBERUS CAPITAL MANAGEMENT, L.P.

By: /s/Lenard Tessler_____
Lenard Tessler
Managing Director

Annex A

TERM SHEET - MERGER AGREEMENT

This non-binding term sheet (this "**Term Sheet**") sets forth the proposed terms upon which Cerberus Capital Management, L.P., on behalf of funds and accounts managed by it ("**Cerberus**"), in conjunction with the Benton Street Partners funds affiliated with MassMutual Capital Partners LLC (collectively, "**MassMutual**" and together with Cerberus, the "**Investors**") propose to create a new shell entity ("**Merger Sub**") for the purposes of merging with and into Scottish Re Group Limited ("**SRGL**") (the "**Merger**"). It is understood that this Term Sheet does not constitute an obligation binding on any party and creates no rights in favor of any party. It is further understood that a binding agreement will result only from the execution of the definitive transaction documents, subject to the terms, conditions, covenants, representations and warranties set forth therein. The Investors reserve the right to terminate discussions or negotiations at any time in their sole discretion and without cause. No rights or liabilities, on whatever legal grounds, shall arise from such termination.

Merger Sub	A Cayman Islands exempted company to be formed and wholly-owned by the Investors.
Structure of the Transaction	The transaction will be structured as a reverse triangular merger in which Merger Sub will merge with and into SRGL, with SRGL as the surviving entity (the "**Surviving Entity**"). Upon the consummation of the Merger (the "**Effective Time**"), the ordinary shares of Merger Sub will automatically be converted into ordinary shares of the Surviving Entity.

Closing Date	The closing shall take place at the offices of Schulte Roth & Zabel LLP no later than the second business day following the date on which all of the closing conditions are satisfied or waived. If the Marketing Period (defined below) has not ended at such time, the closing shall occur on the date following the satisfaction or waiver of the closing conditions that is the next business day after the final day of the Marketing Period.
Merger Consideration	Each ordinary share, par value $0.01 per share (the "**Ordinary Shares**") will be converted into a right to receive $0.21. The Non-Cumulative Perpetual Preferred Shares (the "**Perpetual Preferred Shares**") and the Convertible Cumulative Participating Preferred Shares (the "**Convertible Shares**" and together with the Perpetual Preferred Shares, the "**Preferred Shares**") will remain issued and outstanding following the Effective Time, unaffected by the Merger.
Representations and Warranties	SRGL will provide limited "fundamental" representations and warranties, including those related to: (a) organization and qualification; (b) capitalization; (c) authority; (d) subsidiaries and (e) no conflicts, required filings and consents. SRGL shall not be required to give representation and warranties related to its business
Go-Shop	SRGL will be entitled to seek a Superior Proposal (defined below) after the Merger Agreement is executed for a period of 45 days (the "**Marketing Period**"). After the end of the Marketing Period, SRGL will be subject to a no-shop provision with a fiduciary out. During the no-shop period, SRGL will be able to continue to negotiate with any third party that has submitted what the special committee of the SRGL board considers to be a Superior Proposal. During and after the Marketing Period, the Investors will have matching rights if SRGL receives a Superior Proposal from a third party. A "**Superior Proposal**" is a proposal to acquire all of the issued and outstanding Ordinary Shares that is more favorable to the holders of Ordinary Shares than the Merger from a financial point of view that (i) has fully committed financing, (ii) is not subject to conditions different than the Merger, and (iii) is capable of being consummated.
Shareholder Approval	SRGL shall hold a meeting of its shareholders to obtain the approval of the shareholders within 30 days following the execution of the merger agreement (the "**Merger Agreement**").

Interim Business Operating Covenants	None.
Mutual Closing Conditions	The mutual closing conditions of the Investors and Merger Sub, on the one hand, and SRGL, on the other hand, shall be as follows: • The Required Approvals have been obtained; • No enjoinment or prevention of consummation by a governmental authority; • All waiting periods have been terminated; and • All regulatory and third party consents have been obtained. For purpose of this Term Sheet, "**Required Approvals**" means the approval of: • The holders of at least 66 2/3% of the outstanding Ordinary Shares and Preferred Shares, voting as a single class on an as-converted basis, based on those who attend and vote[1]; and • The vote of at least a majority in number of the holders of Ordinary Shares, excluding any Ordinary Shares held by the Investors (*i.e.*, a majority of the minority), based on those who attend and vote at the shareholders meeting. Execution of the Merger Agreement shall have also been approved by the special committee of the SRGL board of directors.
Conditions to Closing of the Investors and Merger Sub	The closing conditions of the Investors and Merger Sub shall be as follows: • Representations and warranties of SRGL are true and correct in all respects at and as of the signing date and the Effective Time; • Material compliance by SRGL with its obligations under the Merger Agreement; • Not more than 10% of the issued and outstanding Ordinary Shares (not including those held by the Investors, Merger Sub, any wholly owned subsidiary of the Investors or Merger Sub or SRGL or any wholly-owned subsidiary of SRGL) have dissented and sought appraisal rights; and • Since the date of the Merger Agreement, no material adverse change in the business and operations of SRGL shall have occurred or be reasonably likely to occur. The obligations of the Investors and Merger Sub to close shall not be subject to a financing condition.

[1] The Merger Agreement will be executed after, or subject to a condition subsequent as to its effectiveness that, the proposed amendment of Section 233(6) of the Companies Law is approved by the Cayman legislature and becomes effective, which is currently anticipated to be late February 2011.

Conditions to Closing of SRGL	The closing conditions of SRGL shall be as follows: • Representations and warranties of the Investors and Merger Sub are true and correct in all respects at and as of the signing date and Effective Time; and • Material compliance by the Investors and Merger Sub with their obligations under the Merger Agreement.
Termination Rights	The Agreement may be terminated as follows: • Upon mutual written consent of SRGL and the Investors; • By either SRGL or the Investors if the Merger has not been consummated six months after the execution of the Merger Agreement (the "**Outside Date**"); • By SRGL if SRGL's closing conditions cannot be satisfied (or if breached but are curable, are not cured within 20 days of notice to the Investors), so long as SRGL is not then in breach of the Merger Agreement; • By the Investors if the Investors' closing conditions cannot be satisfied (or if breached but are curable, are not cured within 20 days of notice to SRGL), so long as the Investors are not then in breach of the Merger Agreement; • By the Investors or SRGL if SRGL enters into an alternative acquisition agreement with respect to a Superior Proposal or publicly announced an intentions to do so.
Non-Survival of Representations and Warranties	The representations and warranties will not survive the closing. Therefore, the Investors will have no right of indemnification for breaches of SRGL's representations and warranties.
Appraisal Rights	Ordinary Shareholders shall have the right to dissent from the Merger and seek appraisal rights under Cayman law.
Effect of Termination	There shall be no termination fee and no party shall have any liability to the other party for terminating the agreement except that SRGL shall be obligated to reimburse the Investors for their fees and expenses in certain circumstances as noted under "Reimbursement of Fees and Expenses" below.
Reimbursement of Fees and Expenses	The Investors and Merger Sub shall be entitled to reimbursement of their fees and expenses if the Merger Agreement is terminated because (1) SRGL accepts a Superior Proposal of a third party and enters into an agreement with such party (or SRGL publicly announces an intention to do so), or (2) the Required Approvals are not obtained.
Governing Law	The Merger Agreement shall be governed by New York law, without regard to conflicts of laws principles.

Special Committee Review of the Merger Proposal

- On February 15, 2011, the Special Committee held its first telephonic meeting to discuss the potential engagement of Houlihan Lokey as its financial advisor in connection with the Special Committee's consideration of the Investors' proposal.

- On February 18, 2011, counsel to the Investors delivered to the Company and to the Special Committee a draft of the Merger Agreement setting forth in detail the terms of the Investors' proposal, including a merger consideration of $0.21 per Ordinary Share.

- On March 4, 2011, representatives of Houlihan Lokey and Cahill met with the Company's management at the Company's offices to gather additional information regarding the Company.

- On March 8, 2011, the Special Committee had a telephonic meeting to discuss the term sheet attached to the Investors' proposal. As a preliminary matter, the members of the Special Committee, with the assistance of its legal advisors, reviewed the distributions that would be required to be made in the event of a sale to a third party or in the case of a liquidation of the Company and concluded that, in any sale and liquidation, the distributable proceeds would have to exceed the aggregate liquidation preferences of the Convertible Preferred Shares and the Perpetual Preferred Shares (approximately $884 million) before any payment would be made with respect to Ordinary Shares. This liquidation preference compares to the implied gross enterprise value reference range of $492 million to $599 million subsequently indicated by the draft actuarial appraisal prepared by the Company's actuarial consultants, after adjustments based on discussions with the Company's management for the value of non-insurance assets and liabilities not considered in the appraisal. See "—Opinion of the Special Committee's Financial Advisor—Other Considerations."

- On March 15, 2011, the Special Committee had a telephonic meeting to discuss the Merger Agreement and to receive an update from Houlihan Lokey as to the status of its financial review.

- On March 17, 2011, the Special Committee held a telephonic meeting to discuss the Merger Agreement. The Special Committee (i) determined to require a vote of a majority of the Unaffiliated Ordinary Shares to approve the Merger, as opposed to the Investors' proposal to require the vote of a majority of the Unaffiliated Ordinary Shareholders and (ii) concluded that, as a condition to the Merger, the Investors should release their indemnification claim against the Company arising from alleged breaches of representations and warranties made by the Company in connection with the Investors' purchase of the Convertible Preferred Shares.

- On March 31, 2011, the Special Committee met to discuss the negotiations on the Merger Agreement and the progress of Houlihan Lokey's financial review. Houlihan Lokey advised the Special Committee that it was close to completing its financial

review with respect to the Company but would need to know the amount of the proposed merger consideration in order to complete its financial analysis with respect to the proposed merger. The Special Committee authorized its Chairman, James Chapman, to negotiate with the representatives of the Investors regarding the amount of merger consideration to be received by the Ordinary Shareholders.

- Over the next week, Mr. Chapman had negotiations with the representatives of the Investors regarding the merger consideration (with Mr. Chapman proposing merger consideration of $0.39 per share, to which the Investors responded with an offer of $0.25 per share). The Special Committee expressed its concern that the Investors could sell the Company shortly after consummation of the Merger at a price that would have yielded greater value to the Ordinary Shareholders, despite the fact that the Company had represented that they were not aware of any third party interest in buying either the Unaffiliated Ordinary Shares or the entire Company. Mr. Chapman, on behalf of the Special Committee, proposed that the Investors include in the merger consideration a contingent value right to the Unaffiliated Ordinary Shareholders to protect their value in the event of a sale of the Company shortly after the Merger. The representatives of the Investors rejected that proposal because it could impede pursuing future strategic alternatives or the Company's current operations (including its run-off strategy), confirming that they were not aware of any third party interest in buying either the Unaffiliated Ordinary Shares or the entire Company but proposed to increase their initial offer to $0.30 per share.

- On April 8, 2011, the Special Committee held a telephonic meeting to discuss the merger consideration. The Special Committee believed that a purchase price of $0.30 per Ordinary Share (which represented an increase of approximately 43% over the $0.21 merger consideration originally proposed by the Investors and a significant premium over the then current market price of the Ordinary Shares on the Pink OTC Markets) was sufficiently attractive to warrant further consideration.

- On April 14, 2011, the Special Committee held a telephonic meeting to more fully review and consider the proposed merger. At that meeting, the representatives of Houlihan Lokey reviewed their financial analyses with respect to the Company and the proposed merger. See "— Opinion of the Special Committee's Financial Advisor." Thereafter, at the request of the Special Committee, the representatives of Houlihan Lokey rendered Houlihan Lokey's oral opinion to the Special Committee (which was confirmed in writing by delivery of Houlihan Lokey's written opinion dated April 14, 2011), as to the fairness, from a financial point of view, to the Unaffiliated Shareholders, as of April 14, 2011, of the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. Following an extensive discussion among members of the Special Committee and their advisors, the Special Committee approved, authorized and adopted the Merger Agreement and recommended that the

Board approve, authorize and adopt the Merger, the Merger Agreement and the Plan of Merger.

- On April 22, 2011, the Special Committee held a telephonic meeting to discuss the engagement of a financial advisor to assist the Company and the Special Committee in soliciting alternative proposals as permitted under the Marketing Period provision of the Merger Agreement. The Special Committee considered a proposal from Houlihan Lokey and a proposal from Merrill, which the Company had retained in July 2010 regarding the possible sale of its reinsurance business (see "— Background of the Transaction"). The Special Committee and the Company decided to engage Merrill to conduct the Marketing Period solicitations in connection with its existing engagement with the Company, in part because Merrill was familiar with potential buyers of the Company from its previous engagement by the Company during 2010.

- On April 26, 2011, the Special Committee and the Company approved the engagement of Merrill to conduct the Solicitations.

Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee

In reaching its determination and making its recommendation, the Special Committee considered factors including:

- the financial analysis reviewed by Houlihan Lokey with the Special Committee, and the oral opinion rendered to the Special Committee (which was confirmed in writing by delivery of Houlihan Lokey's written opinion dated April 14, 2011), as to the fairness, from a financial point of view, to the Unaffiliated Shareholders, as of April 14, 2011, of the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. See "— Opinion of the Special Committee's Financial Advisor."

- the fact that the Merger Consideration to be received by our Unaffiliated Ordinary Shareholders represented (i) an approximately 76% premium to the closing market price of our Ordinary Shares on the Pink OTC Markets on April 15, 2011, the last trading day prior to the announcement of the proposed Merger, (ii) an approximately 61.9% premium to the average trading price over the prior six months and (iii) an approximately 91.1% premium to the average trading price over the prior two years.

- the active and direct role of the members of the Special Committee and their representatives in the negotiations with respect to the Merger, and the consideration of the transaction by the Special Committee at numerous Special Committee meetings;

- the fact that, under the terms of the Convertible Preferred Shares, in any sale of the Company to a third party (including a merger of the Company with a third party) or in any liquidation of the Company, prior to 2016, the Investors' liquidation preference would exceed $759.2 million;

- the fact that recent amendments to the Cayman Islands law relating to mergers changed the required shareholder approval to authorize a merger from a majority in number representing 75% in value of the shareholders voting together as one class to a special resolution of the shares entitled to vote. Consequently, the Investors through a vote of the Convertible Preferred Shares alone could effectuate a merger;

- the negotiations that took place between the Special Committee and its representatives, on the one hand, and the representatives of the Investors and Merger Sub, on the other hand, and the belief by the members of the Special Committee that $0.30 per share, which price is 43% higher than the price originally proposed by the Investors, was the highest price that the Investors would agree to pay to our shareholders;

- the fact that the Merger Consideration is being funded solely by the Investors and not by the Company;

- the fact that, to date, no third party has come forward with an alternative proposal;

- the availability to shareholders who do not vote for the approval, authorization and adoption of the Merger Agreement and the Plan of Merger of dissenters' rights under the Companies Law, which provide shareholders that dispute the fairness of the Merger Consideration and provide notice to the Company that they object to the Merger with an opportunity to have a court determine the fair value of their Ordinary Shares; and

- the terms of the Merger Agreement, which the Special Committee generally viewed as favorable to the Company and the interests of our Unaffiliated Ordinary Shareholders, principally:

    - the terms of the Merger Agreement that permit the Company to actively solicit for a period of 45 days alternative proposals for the acquisition of the Ordinary Shares and to permit the Board or the Special Committee to (i) approve or recommend a superior proposal or (ii) modify or withdraw its recommendation with respect to the Merger Agreement and the Merger where failure to do so would be inconsistent with the exercise of its fiduciary duties under applicable law;

    - the Company's right to terminate the Merger Agreement in the event the Special Committee approves or recommends a superior proposal;

    - although not required under Cayman Islands law, the condition in the Merger Agreement that a majority of the Unaffiliated Ordinary Shares attending and

voting at the Extraordinary General Meeting (whether in person or by proxy), approve, authorize and adopt the Merger;

- the condition (although subject to waiver by the Investors) that no more than 10% of the Unaffiliated Ordinary Shareholders exercise dissenters' rights under the Companies Law with respect to their Ordinary Shares by virtue of the Merger;

- the requirement that the Investors release their pending indemnification claims against the Company or its affiliates arising from alleged breaches of representations and warranties made by the Company in the Securities Purchase Agreement; and

- the limited representations, warranties and covenants by the Company to the Investors.

The Special Committee believes that each of these factors supported its conclusion that the Unaffiliated Ordinary Shareholders should be given the opportunity to vote on whether to accept the Merger Consideration offered by the Investors or avail themselves of dissenters' rights under the Companies Law.

The Special Committee also considered a variety of risks and other potentially negative factors concerning the Merger Agreement and the transactions contemplated thereby, including the Merger. These factors included:

- the fact that, following the Merger, our Unaffiliated Ordinary Shareholders will no longer participate in our future earnings or benefit from any increases in our value;

- the fact that the Convertible Preferred Shares automatically convert into 150,000,000 Ordinary Shares in 2016 (unless previously redeemed or converted) (or such higher number in connection with the resolution of the indemnification claim described in "— Effect of Failure to Approve, Authorize and Adopt the Transaction");

- the fact that, while we expect the Merger will be consummated, there can be no assurances that all conditions to the parties' obligations to complete the Merger Agreement will be satisfied and, as a result, the Merger may not be consummated; and

- the fact that, for U.S. federal income tax purposes, the Merger Consideration will be taxable to our Ordinary Shareholders receiving the Merger Consideration if their basis in the Ordinary Shares is less than $0.30.

This discussion of the information and factors considered by the Special Committee in reaching its conclusions and recommendation includes all of the material factors considered by the Special Committee, but is not intended to be exhaustive. In view of the wide variety of factors the Special Committee considered in evaluating the Merger Agreement and the transactions contemplated thereby, including the Merger, and the complexity of these matters,

the Special Committee did not find it practicable, and did not attempt, to quantify, rank or otherwise assign relative weight to the factors. In addition, different members of the Special Committee may have given different weight to different factors.

The Special Committee believes that sufficient procedural safeguards were and are present to ensure the fairness of the Merger and to permit the Special Committee to represent effectively the interests of our Unaffiliated Ordinary Shareholders. These procedural safeguards include the following:

- the Special Committee's active negotiations, with the assistance of its independent legal and financial advisors, with the representatives of the Investors and Merger Sub regarding the Merger Consideration and the other terms of the Merger and the Merger Agreement;

- the Special Committee being comprised of four disinterested directors who are not affiliated with the Investors and are not employees of the Company or any of its subsidiaries, and one of the Special Committee members, Jeffrey Hughes, representing the largest holder of the outstanding Ordinary Shares;

- other than their receipt of Board and Special Committee fees (which are not contingent upon the consummation of the Merger or the Special Committee's recommendation of the Merger) and their indemnification and liability insurance rights under the Merger Agreement, members of the Special Committee not having an interest in the Merger different from that of our Unaffiliated Ordinary Shareholders;

- the Special Committee retaining and receiving the advice and assistance of Houlihan Lokey, as its financial advisor, and Cahill and Appleby, as its legal advisors;

- the recognition by the Special Committee that it had no obligation to recommend the approval of the Merger proposal or any other transaction;

- the recognition by the Special Committee that it may consider and recommend superior proposals and, subject to matching rights of the Investors, terminate the Merger Agreement and enter into an alternative acquisition agreement pursuant to such a superior proposal;

- the recognition by the Special Committee that each of the Special Committee and the Board could modify or withdraw its recommendation of the Merger and Merger Agreement if the failure to so modify or withdraw would be inconsistent with its fiduciary duties under applicable law; and

- the availability of dissenters' rights under the Companies Law for our shareholders who oppose the Merger.

Position of the Board as to the Fairness of the Merger; Recommendation of the Board

The Board believes that the Merger Agreement and the Merger are in the best interests of the Company for all of the reasons set forth above under "— Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee."

In reaching these conclusions, the Board considered it significant that the Special Committee retained its own financial and legal advisors who have extensive experience with transactions similar to the Merger and who assisted the Special Committee in evaluating the Merger and in negotiating with the Investors and their advisors.

After considering the unanimous recommendation of the Special Committee (which recommendation the Board relied on), on April 15, 2011, the Board unanimously adopted the Merger Agreement, approved the Merger and resolved to recommend to our Unaffiliated Ordinary Shareholders that they vote for the approval, authorization and adoption of the proposals set forth in this information statement. On the evening of April 15, 2011, the Company issued a press release announcing the execution of the Merger Agreement.

In reaching its determination and making its recommendation, the Board relied on the management of the Company to provide financial information, projections and assumptions, based on the best information available to the Company's management at the time, as the starting point for its analysis. In reaching its determination that the Merger Agreement and the Merger are in the best interests of the Company, the Board determined that the analysis of the Special Committee that the Merger Consideration was fair to the Company was reasonable. In determining the reasonableness of the Special Committee's analysis, the Board considered and relied upon:

- the process the Special Committee conducted in considering the Merger;
- the Special Committee's having retained and received advice from its independent legal counsel and financial advisor in relation to the Merger;
- the Special Committee's unanimous recommendation on April 15, 2011, which recommendation the Board expressly adopted, that the Merger Agreement and the Merger are in the best interests of the Company and the Unaffiliated Ordinary Shareholders;
- the availability of dissenters' rights under the Companies Law for our Ordinary Shareholders who believe the Merger Consideration is less than fair value for their Ordinary Shares; and
- the factors we refer to above as having been taken into account by the Special Committee, including the amount of the Merger Consideration in general, the terms of the Merger Agreement and, although the Board is not entitled to rely upon such opinion, the receipt by the Special Committee of the opinion of Houlihan Lokey as to the fairness, from a financial point of view, to the Unaffiliated Shareholders, as of

April 14, 2011, of the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement.

In addition to the items described above, the Board expressly adopted the Special Committee's analysis of the fairness of the Merger Agreement and the Merger to our Unaffiliated Ordinary Shareholders.

The Board also believes that sufficient procedural safeguards were present to ensure the fairness of the transaction and to permit the Special Committee to represent effectively the interests of our Unaffiliated Ordinary Shareholders. The Board reached this conclusion based on, among other things:

- the fact that the Special Committee consisted solely of disinterested directors who are not affiliated with the Investors and their affiliates;
- the selection and retention by the Special Committee of its own financial advisor and legal counsel;
- the fact that the negotiations that had taken place between the representatives of the Investors and Merger Sub, on the one hand, and the Special Committee and its representatives, on the other hand, were structured and conducted so as to preserve the independence of the Special Committee and promote the fairness of the transaction; and
- the fact that the Merger Agreement and the Merger were unanimously approved by the members of the Board who are not our employees or affiliated with the Investors and their affiliates.

The Board also considered a variety of risks and other potentially negative factors concerning the Merger Agreement and the transactions contemplated thereby, including the Merger. These factors included:

- the fact that, following the Merger, our Unaffiliated Ordinary Shareholders will no longer participate in our future earnings or benefit from any increases in our value;
- the fact that the Convertible Preferred Shares automatically convert into 150,000,000 Ordinary Shares in 2016 (unless previously redeemed or converted) (or such higher number in connection with the resolution of the indemnification claim described in "— Effect of Failure to Approve, Authorize and Adopt the Transaction");
- the fact that, while we expect the Merger will be consummated, there can be no assurances that all conditions to the parties' obligations to complete the Merger Agreement will be satisfied and, as a result, the Merger may not be consummated; and

- the fact that, for U.S. federal income tax purposes, the Merger Consideration will be taxable to our Ordinary Shareholders receiving the Merger Consideration if their basis in the Ordinary Shares is less than $0.30.

In view of the wide variety of factors considered by the Board in evaluating the Merger and the complexity of these matters, they did not find it practicable, and did not attempt, to quantify, rank or otherwise assign relative weight to those factors. In addition, different members of the Board may have given different weight to different factors.

Based in part upon the recommendation of the Special Committee, the Board unanimously voted to approve, authorize and adopt the Merger, the Merger Agreement and the Plan of Merger and resolved to recommend that you vote "FOR" the authorization, approval and adoption of the proposals set forth in this information statement.

If the Merger is consummated, members of the Board, including members of the Special Committee will, (i) as Ordinary Shareholders, be entitled to receive an aggregate of approximately $32,400 in Merger Consideration, most of which will be received by members of the Special Committee, and (ii) be entitled to the benefit of the indemnification provisions in the Merger Agreement. See "Additional Interests of Directors and Officers in the Transaction."

Based in part on the unanimous recommendation of the Special Committee, the Board recommends that our shareholders vote "FOR" the approval, authorization and adoption of the proposals set forth in this information statement. This recommendation was made after consideration of all the material factors, both positive and negative, as described above.

Position of the Investors as to the Fairness of the Merger

The views of the Investors as to fairness of the proposed Merger should not be construed as a recommendation to any of the Company's Ordinary Shareholders as to how you should vote on the proposals set forth in this information statement.

Unaffiliated Ordinary Shareholders of the Company were represented by the Special Committee, which negotiated the terms and conditions of the Merger Agreement on their behalf, with the assistance of the Special Committee's independent financial and legal advisors. Accordingly, none of the Investors undertook an independent evaluation of the fairness of the proposed Merger or engaged a financial advisor for such purposes. None of the Investors participated in the deliberations of the Special Committee regarding, or received advice from the Special Committee's legal or financial advisors as to, the substantive and procedural fairness of the proposed Merger. The Investors believe, however, that the proposed Merger is substantively and procedurally fair to the Company's Unaffiliated Ordinary Shareholders.

The foregoing discussion of the information and factors considered and given weight by the Investors in connection with the fairness of the Merger is not intended to be exhaustive but is believed to include all material factors considered by the Investors. The Investors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the individual factors considered in reaching their conclusions as to the fairness of the proposed Merger. Rather, the

Investors made the fairness determinations after consideration of all of the foregoing factors as a whole.

Effect of Failure to Approve, Authorize and Adopt the Transaction

It is expected that, if the Merger is not completed, our current management, under the direction of the Board, will continue to manage the Company as an ongoing business. From time to time, it is expected that we will evaluate and review our business operations, properties, dividend policy and capitalization, among other things, make such changes as we deem appropriate and continue to seek to identify strategic alternatives to increase shareholder value. If the Merger is not consummated, there can be no assurance that any other transaction acceptable to us will be offered or that our business and operations will not be adversely affected. In addition, if the Merger is not consummated, it is anticipated that the Investors will continue to hold a controlling interest in the Company and would effectively control whether an alternative change in control transaction could be effected. In this regard, under the Companies Law, the Company may be merged with a third party, or substantially all the assets of the Company sold to a third party, in a change of control transaction without requiring the approval of the Ordinary Shareholders as a separate class and without court approval. In any such transaction, the Investors control 68.7% of the outstanding voting shares of the Company and can thereby determine the outcome of any required shareholder vote under the applicable provisions of the Companies Law. Moreover, the Registration Rights and Shareholders Agreements and the Company's Articles of Association do not require the approval by disinterested directors of a change in control transaction involving a third party acquirer that is unaffiliated with the Investors. Under the terms of the Convertible Preferred Shares, a change of control transaction would entitle Convertible Preferred Shareholders to redeem the Convertible Preferred Shares at their liquidation preference ahead of Ordinary Shareholders. Accordingly, although the Convertible Preferred Shares automatically convert to Ordinary Shares in 2016 (unless previously redeemed or converted), in the event that the Investors cause a merger or other change of control of the Company prior to such date, the Ordinary Shareholders would not be entitled to receive any consideration unless the Company were sold for a price greater than $759.2 million (such amount determined as of December 31, 2010). This liquidation preference compares to the implied gross enterprise value reference range of $492 million to $599 million indicated by the draft actuarial appraisal prepared by the Company's actuarial consultants, after adjustments based on discussions with the Company's management for the value of non-insurance assets and liabilities not considered in the appraisal. See "—Opinion of the Special Committee's Financial Advisor—Other Considerations." In addition, if the Merger is not consummated, the Investors will still have certain indemnification claims they have against the Company arising from alleged breaches of representations and warranties made by the Company in the Securities Purchase Agreement. Although the results of such a claim remain uncertain, based on the applicable provisions of the Securities Purchase Agreement, and assuming that the alleged breaches giving rise to the indemnification claim resulted in a dollar for dollar diminution in the value the Investors assigned to the Company at the time of their purchase of the Convertible Preferred Shares, the adjustment to the conversion price of the Convertible Preferred Shares could result in a decline of the as-converted percentage ownership interest of the Unaffiliated Ordinary Shareholders in the Company. For example, if the claim resulted in a diminution in value to the Convertible Preferred Shares of $0.89 per share, this would result in the conversion price of the

Convertible Preferred Shares adjusting from $4.00 to $3.19. Such a decrease in the conversion price of the Convertible Preferred Shares would increase the Investors' as-converted ownership percentage from 68.7% to 73.4%, thereby diluting the investment of the Unaffiliated Ordinary Shareholders in the Company.

Purposes of the Merger

The purpose for undertaking the Merger is to provide our Unaffiliated Ordinary Shareholders with liquidity for their investment in the Company through payment of the Merger Consideration. This price represents an approximately 76% premium to the $0.17 closing market price of our Ordinary Shares on the Pink OTC Markets on April 15, 2011, the last trading day prior to the announcement of the proposed Merger. The table below sets forth the average closing price of our Ordinary Shares on the Pink OTC Markets for each calendar quarter end in 2010, as well the closing price on April 15, 2011 (the day on which we announced the Merger) and each weekly close from April 15, 2011 through the date hereof:

	Average Closing Price
2011	
May 6, 2011	$ 0.32
April 29, 2011	0.33
April 21, 2011	0.32
April 15, 2011	0.16
2010	
December 31, 2010	0.18
September 30, 2010	0.21
June 30, 2010	0.20
March 30, 2010	0.16

Among the factors considered by the Special Committee in recommending that the Ordinary Shareholders vote in favor of the proposals set forth in this information statement was a recent change in Cayman Islands law relating to the required shareholder approval to authorize a merger. Previously, Cayman Islands law required a shareholder resolution by majority in number representing 75% in value of the shareholders voting together as one class whereas the recent change now only requires a special resolution of the shares entitled to vote. See "The Merger — Position of the Special Committee as to the Fairness of the Merger; Recommendation of the Special Committee." Consequently, the Investors through a vote of the Convertible Preferred Shares alone could effectuate such a merger.

An additional purpose of the Investors and Merger Sub for engaging in the Merger is to increase the Investors' percentage ownership of our outstanding voting shares, on an as-converted basis, from their current position of approximately 68.7% to 100%.

The consummation of the Merger is expected to help simplify the Company's capital structure and to provide greater flexibility in managing the Company and pursuing future strategic alternatives.

Opinion of the Special Committee's Financial Advisor

On April 14, 2011, Houlihan Lokey rendered its oral opinion to the Special Committee (which was confirmed in writing by delivery of Houlihan Lokey's written opinion dated April 14, 2011), to the effect that, as of April 14, 2011, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion, the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to such Unaffiliated Shareholders.

Houlihan Lokey's opinion was furnished solely for the use and benefit of the Special Committee (solely in its capacity as such) in connection with its evaluation of the Merger and may not be relied upon by any other person (including, without limitation, security holders or creditors of the Company) or used for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion only addressed the fairness, from a financial point of view, to the Unaffiliated Shareholders, as of April 14, 2011, of the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the Merger or any agreements, arrangements or understandings entered into in connection therewith or otherwise, including, without limitation, any aspect or implication of the Orkney I Unwind Transaction, though Houlihan Lokey's opinion was not conditioned upon whether or not the Orkney I Unwind Transaction is consummated. The summary of Houlihan Lokey's opinion in this information statement is qualified in its entirety by reference to the full text of Houlihan Lokey's written opinion, which is included as Annex C to this information statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. Houlihan Lokey's opinion and the summary of its opinion and the related analyses set forth in this information statement are not intended to be, and do not constitute, a recommendation to the Special Committee, the Board or any shareholder of the Company as to how to act or vote with respect to any matter relating to the Merger or otherwise.

In arriving at its opinion, Houlihan Lokey, among other things:

1. reviewed a draft dated April 14, 2011 of the Merger Agreement;

2. reviewed certain publicly available business and financial information relating to the Company that Houlihan Lokey deemed to be relevant;

3. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of the Company made available to Houlihan Lokey by the Company, including financial projections (and adjustments to those projections) prepared by and/or discussed with the management of the Company;

4. spoke with certain members of the management of the Company and certain of their representatives and advisors regarding the business, operations, financial condition and prospects of the Company, the Merger and related matters;

5. reviewed the current and historical market prices and trading volume for certain of the Company's securities, and the current and historical market prices and trading volume of the publicly traded securities of certain other companies that Houlihan Lokey deemed to be relevant; and

6. conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to it, discussed with or reviewed by it, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, the management of the Company advised Houlihan Lokey, and Houlihan Lokey assumed, that the financial projections (and adjustments thereto) reviewed by it had been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the Company's management as to the future financial results and condition of the Company, and Houlihan Lokey expressed no opinion with respect to such projections or the assumptions on which they were based. Houlihan Lokey relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Houlihan Lokey that would be material to its analyses or opinion, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading.

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that are referred to in the Merger Agreement were true and correct, (b) each party to the Merger Agreement and such other related documents and instruments would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Merger would be satisfied without waiver thereof, and (d) the Merger would be consummated in a timely manner in accordance with the terms described in the Merger Agreement and such other related documents and instruments, without any amendments or modifications thereto. Houlihan Lokey also relied upon and assumed, without independent verification, that (i) the Cayman Islands Companies (Amendment) Law, 2011 would become effective prior to meeting of the shareholders of the Company at which such shareholders will vote with respect to the Merger, (ii) the Merger would be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (iii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Merger would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an effect on the Merger or the Company that would be material to its analyses or opinion. In addition, Houlihan Lokey relied upon and assumed, without

independent verification, that the final form of the Merger Agreement would not differ in any respect from the draft of the Merger Agreement identified above.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Company or any other party, nor was Houlihan Lokey provided with any such appraisal or evaluation, except that Houlihan Lokey reviewed a draft actuarial appraisal containing certain actuarial data and information prepared by, and discussed with, the Company's actuarial consultants which Houlihan Lokey assumed, with our consent, reflected such actuarial consultants' best estimates and judgments with respect to such data and information. Houlihan Lokey is not an actuary and its services did not include any actuarial determination or evaluation. In that regard, Houlihan Lokey did not analyze or opine as to the adequacy of the reserves of the Company or the outstanding claim obligations of the Company. Houlihan Lokey did not estimate, and expressed no opinion regarding, the liquidation value of any entity or business. Houlihan Lokey did not undertake any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which the Company was or may be a party or was or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Company was or may be a party or was or may be subject.

Houlihan Lokey was not requested to, and did not, solicit any indications of interest from third parties with respect to the Merger, the securities, assets, businesses or operations of the Company or any other party, or any alternatives to the Merger, or negotiate the terms of the Merger. Houlihan Lokey's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion.

Houlihan Lokey's opinion was furnished solely for the use and benefit of the Special Committee (solely in its capacity as such) in connection with its evaluation of the Merger and may not be relied upon by any other person (including, without limitation, security holders or creditors of the Company) or used for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. Houlihan Lokey's opinion was not intended to be, and does not constitute, a recommendation to the Special Committee, the Board, any security holder of the Company or any other person as to how to act or vote with respect to any matter relating to the Merger. Houlihan Lokey's opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor may any reference to Houlihan Lokey or any of its affiliates be made, without the prior written consent or agreement of Houlihan Lokey.

Houlihan Lokey's opinion only addresses whether, as of the date of the opinion, the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger pursuant to the Merger Agreement, is fair, from a financial point of view, to such Unaffiliated Shareholders and did not address any other aspect or implication of the Merger or any aspects or implications

of the Merger that are not susceptible to financial analyses, and Houlihan Lokey was not requested to opine as to, and its opinion expressed no opinion as to, or otherwise addressed, among other things: (i) the underlying business decision of the Special Committee, the Board, the Company, the Company's security holders or any other party to proceed with or effect the Merger, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Merger or otherwise (other than the Merger Consideration to the extent expressly specified in the opinion), (iii) the fairness of any portion or aspect of the Merger to the holders of any class of securities, creditors or other constituencies of the Company, or to any other party, except if and only to the extent expressly set forth in the last sentence of Houlihan Lokey's opinion, (iv) the relative merits of the Merger as compared to any alternative business strategies that might exist for the Company or any other party or the effect of any other transaction in which the Company or any other party might engage, (v) the fairness of any portion or aspect of the Merger to any one class or group of the Company's or any other party's security holders vis-à-vis any other class or group of the Company's or such other party's security holders (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders), (vi) whether or not the Company, its security holders or any other party is receiving or paying reasonably equivalent value in the Merger, (vii) the solvency, creditworthiness or fair value of the Company or any other participant in the Merger, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Merger, any class of such persons or any other party, relative to the Merger Consideration to be received by the Unaffiliated Shareholders in the Merger or otherwise. Furthermore, no opinion, counsel or interpretation was intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. Houlihan Lokey assumed that such opinions, counsel or interpretations had been or would be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with our consent, on the assessments by the Special Committee, the Board, the Company and their respective advisors, as to all legal, regulatory, accounting, insurance and tax matters with respect to the Company and the Merger.

In preparing its opinion to the Special Committee, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey's analyses provided below is not a complete description of the analyses underlying Houlihan Lokey's opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytical methods employed and the adaptation and application of these methods to the unique facts and circumstances presented. As a consequence, neither a fairness opinion nor its underlying analyses is readily susceptible to summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, methodology or factor. Accordingly, Houlihan Lokey believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, methodologies and factors, without considering all analyses, methodologies and factors, could create a misleading or incomplete view of the processes underlying Houlihan Lokey's analyses

and opinion. The quality, quantity and nature of the available information may affect the utility of particular analytical techniques.

In performing its analyses, Houlihan Lokey considered general business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of the opinion. Houlihan Lokey's analyses involved judgments and assumptions with regard to industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are beyond the control of the Company, such as the impact of competition on the business of the Company and on the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of the Company or the industry or in the markets generally. No company, transaction or business used in Houlihan Lokey's analyses for comparative purposes is identical to the Company or the proposed Merger and an evaluation of the results of those analyses is not entirely mathematical. Houlihan Lokey believes that mathematical derivations (such as determining an average and median) of financial data are not by themselves meaningful and should be considered together with qualities, judgments and informed assumptions. The estimates contained in the Company's analyses and the implied reference range values indicated by Houlihan Lokey's analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the control of the Company. Much of the information used in, and accordingly the results of, Houlihan Lokey's analyses are inherently subject to substantial uncertainty.

Houlihan Lokey's opinion was provided to the Special Committee in connection with its consideration of the proposed merger and was only one of many factors considered by the Special Committee in evaluating the proposed merger. Neither Houlihan Lokey's opinion nor its analyses were determinative of the Merger Consideration or of the views of the Special Committee or the Company's management with respect to the Merger or the Merger Consideration. The type and amount of consideration payable in the Merger were determined through negotiation between the Special Committee and the Investors, and the decision to enter into the Merger was solely that of the Special Committee and the Board.

The following is a summary of the material analyses reviewed by Houlihan Lokey with the Special Committee in connection with the rendering of Houlihan Lokey's opinion to the Special Committee on April 14, 2011. The order of the analyses does not represent relative importance or weight given to those analyses by Houlihan Lokey. Considering the data without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Houlihan Lokey's analyses.

For purposes of its analyses, Houlihan Lokey reviewed a number of financial metrics, including:

- Gross Enterprise Value, which means, with respect to the Company, the value of the Company's equity and similar securities (including the Convertible Preferred Shares,

the Perpetual Preferred Shares and the Ordinary Shares) after deducting the value of the Company's outstanding trust preferred securities.

- Book Value, which generally means the value of the relevant company's outstanding equity and capital securities as it appears on the relevant company's balance sheet as of a specified date.

The Company's outstanding securities include capital and trust preferred securities, the Convertible Preferred Shares and the Perpetual Preferred Shares, each of which is senior in priority to the Ordinary Shares. For a description of the Company's outstanding capital and trust preferred securities, see note 10 to the Consolidated Financial Statements of the Company for the year ended December 31, 2010. See "Historical Financial Statements."

Discounted Cash Flow Analyses. Houlihan Lokey calculated the estimated net present value of future dividends forecasted by the Company's management using discount rates ranging from 10% to 14%. For purposes of this analysis, Houlihan Lokey considered two cases, a base case based on projections prepared and provided by the Company's management and an adjusted liquidity case in which the base case projections prepared and provided by the Company's management were adjusted based on discussions with the Company's management to provide for the earlier payment of dividends from the Company's insurance subsidiaries by eliminating certain annual dollar caps on distributions and reducing total capital targets as a percentage of risk-based capital than were assumed in the base case. The discounted dividend analysis indicated implied gross enterprise value reference ranges for the Company of $348 million to $409 million under the base case, and $378 million to $425 million under the adjusted liquidity case, in each case as compared to an aggregate liquidation preference of $759 million on the Convertible Preferred Shares owned by affiliates of the Investors.

Selected Companies Analysis. Houlihan Lokey calculated implied multiples of book value based on certain financial and stock market or other trading data for the Company and the following selected reinsurance companies:

- Reinsurance Group of America Inc.
- SCOR SE
- Swiss Reinsurance Co.
- Hanover Ruckversicherung AG
- Muncherner Ruckversicherung-Gesellschaft

Based on Houlihan Lokey's review of the selected companies' analysis, Houlihan Lokey calculated an implied gross enterprise value reference range by applying a range of 0.6x to 0.8x to the aggregate book value of the Company's Ordinary Shares and adding the book value of the Company's Perpetual Preferred Shares and Convertible Preferred Shares. The selected companies analysis indicated an implied gross enterprise value reference range of $412 million to $549 million as compared to an aggregate liquidation preference of $759 million on the Convertible Preferred Shares owned by the Investors.

Other Considerations. Houlihan Lokey also noted that a review of the draft actuarial appraisal prepared by the Company's actuarial consultants, after adjustments based on

discussions with the Company's management for the value of non-insurance assets and liabilities not considered in the appraisal, indicated an implied gross enterprise value reference range of $492 million to $599 million, as compared to an aggregate liquidation preference of $759 million on the Convertible Preferred Shares owned by the Investors.

Other Matters

Houlihan Lokey was engaged by the Special Committee to act as its financial advisor in connection with the Merger. The Special Committee engaged Houlihan Lokey based on Houlihan Lokey's experience and reputation. Houlihan Lokey is regularly engaged to provide advisory services in connection with mergers and acquisitions, financings, and financial restructurings. Pursuant to the engagement letter, the Company agreed to pay Houlihan Lokey a customary fee for its services, a portion of which became payable upon the execution of Houlihan Lokey's engagement letter, a portion of which was payable during the term of Houlihan Lokey's engagement and the balance of which became payable upon the delivery of Houlihan Lokey's opinion, regardless of the conclusion reached therein. The Company has also agreed to reimburse Houlihan Lokey for certain expenses and to indemnify Houlihan Lokey, its affiliates and certain related parties against certain liabilities and expenses, including certain liabilities under the federal securities laws arising out of or relating to Houlihan Lokey's engagement.

In the ordinary course of business, certain of Houlihan Lokey's affiliates, as well as investment funds in which they may have financial interests, may acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Company, Cerberus, MassMutual, their investment funds owning the Investors or any other party that may be involved in the Merger and their respective affiliates (including the Investors) or any currency or commodity that may be involved in the Merger.

Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and other financial services to the Company, Cerberus and one or more of their respective affiliates and/or portfolio companies, for which Houlihan Lokey and such affiliates have received, and may receive, compensation, including, among other things, (i) currently providing and in the past provided financial advisory services to the Company in connection with certain transactions and (ii) having provided investment banking and financial advisory services to Cerberus, Residential Capital Corp., GMAC and Oriental Trading Company. Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and other financial services to the Company, Cerberus, other participants in the Merger or certain of their respective affiliates in the future, for which Houlihan Lokey and such affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of its and their respective employees may have committed to invest in private equity or other investment funds managed or advised by the Company, Cerberus, other participants in the Merger or certain of their respective affiliates, and in portfolio companies of such funds, and may have co-invested with the Company, Cerberus, other participants in the Merger or certain of their respective affiliates, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in

the future act as financial advisor to debtors, creditors, equity holders, trustees and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, the Company, Cerberus, other participants in the Merger or certain of their respective affiliates, for which advice and services Houlihan Lokey and such affiliates have received and may receive compensation.

REGULATORY APPROVALS

Antitrust

Under the HSR Act and the rules promulgated under that act by the FTC, the Merger may not be completed until notifications have been given and information furnished to the Antitrust Division and the FTC, and until the specified waiting period has expired or been terminated. The Company and Cerberus will file notification and report forms under the HSR Act with the Antitrust Division and the FTC on or about May 13, 2011, and the statutory waiting period under the HSR Act will expire at 11:59 p.m. on the 30th day after the filings are made**,** unless the FTC grants early termination of such period. MassMutual is not required to make any antitrust filings.

At any time before or after completion of the Merger, the Antitrust Division or the FTC could take any action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin completion of the Merger or seeking divestiture of substantial assets of us or the Investors. Private parties could also take action under the antitrust laws, including seeking an injunction prohibiting or delaying the Merger, divestiture or damages under certain circumstances. Additionally, at any time before or after the completion of the Merger, any state could take action under its antitrust laws as it deems necessary or desirable in the public interest.

Insurance Regulations

The insurance laws and regulations of all 50 U.S. states, the District of Columbia and the U.S. Virgin Islands generally require that, prior to directly or indirectly acquiring control of an insurance company, whether through the acquisition of voting securities of or merger with the insurance company or a holding company of that insurance company or otherwise, the acquiring company must obtain approval from the insurance commissioner of the insurance company's state of domicile. In connection with the acquisition of control of the Company by the Investors in 2007, the Investors filed the necessary applications with the insurance commissioner of Delaware, the state of domicile of our U.S. insurance company subsidiaries. In connection with the proposed Merger, the Investors have filed or sought interpretive confirmation that there is no requirement to file such applications with the insurance commissioner of Delaware.

In addition, the insurance laws and regulations of certain U.S. states require that, prior to acquisition of an insurance company doing business in that state or licensed by that state (or the acquisition of its holding company), a notice or re-licensing filing must be submitted in the applicable jurisdiction by the acquiring company.

Furthermore, applications or notifications have been filed with various foreign regulatory authorities in connection with the changes in control that may be deemed to occur as a result of the Merger. These filings have been, or will be, made in Bermuda, the Cayman Islands and Ireland.

Other Regulatory Approvals

Applications or notifications are being filed where required with various state and foreign regulatory authorities and self-regulatory organizations in connection with the Merger or changes in control of certain of our subsidiaries, including broker-dealers and insurance subsidiaries, that may be deemed to occur as a result of the Merger, including with the Financial Industry Regulatory Authority.

Obtaining Regulatory Approvals

Although we and the Investors do not expect that any of the foregoing regulatory authorities will raise any significant concerns in connection with their review of the Merger, there can be no assurance that we and the Investors will obtain all required regulatory approvals, or that those approvals will not include terms, conditions or restrictions that may have a material adverse effect on us or the benefits, taken as a whole, that the Investors reasonably expect to derive from the Merger.

Other than the filings described above, neither we nor the Investors are aware of any regulatory approvals required to be obtained, or waiting periods that must expire, to complete the Merger. If we discover that other approvals or waiting periods are necessary, we will seek to comply with them. If any additional approval or action is needed, however, we and the Investors may be unable to obtain it, as is the case with respect to other necessary approvals. Even if we and the Investors do obtain all necessary approvals, conditions may be placed on any such approval that could cause the Investors to abandon the Merger.

PROPOSAL 1 – APPROVAL, AUTHORIZATION AND ADOPTION OF THE PROPOSED AMENDMENTS

The following is a summary of the material terms of the Proposed Amendments. This summary does not purport to describe all the terms of the Proposed Amendments and is qualified by the complete amendments, which are attached as Exhibit A to the Notice preceding this information statement and incorporated by reference herein. All shareholders are urged to read the Proposed Amendments carefully and in their entirety.

General

In connection with the Merger, the Board has adopted a resolution to submit to a vote of shareholders a proposal to amend the Company's Memorandum and Articles of Association. The purpose of the Proposed Amendments is to make certain technical changes to the Company's Articles of Association in order for the Merger to be completed.

Vote Required

The affirmative vote by special resolution of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (on an as-converted basis) is required to approve, authorize and adopt the Proposed Amendments. The Investors have agreed to cause the Convertible Preferred Shares to be voted on an as-converted basis in favor of the Proposed Amendments. The Company intends to conduct all voting at the Extraordinary General Meeting by poll. In the poll, each shareholder present in person or by proxy will generally have one vote for each Ordinary Share registered in its name and for each Ordinary Share into which the Convertible Preferred Shares registered in its name may be converted.

THE BOARD RECOMMENDS A VOTE ''FOR'' THE APPROVAL, AUTHORIZATION AND ADOPTION OF THE PROPOSED AMENDMENTS.

PROPOSAL 2 – APPROVAL, AUTHORIZATION AND ADOPTION OF THE MERGER AGREEMENT, THE PLAN OF MERGER AND THE MERGER

General

As a result of the Merger, Merger Sub will merger with and into the Company, with the Company surviving as the surviving company following the Merger. After the satisfaction or waiver of the conditions set forth in the Merger Agreement, among other things, each Ordinary Share issued and outstanding immediately prior to the Effective Time, other than Excluded Shares, will be converted into the right to receive the Merger Consideration. Additional details regarding the proposed Merger are set forth in this information statement.

Vote Required

The required vote to approve, authorize and adopt the Merger Agreement, the Plan of Merger and the Merger is the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Unaffiliated Ordinary Shares attending and voting at the Extraordinary General Meeting (whether in person or by proxy). The Investors have agreed to cause the Convertible Preferred Shares to be voted in favor of the Merger Agreement, the Plan of Merger and the Merger.

THE BOARD RECOMMENDS A VOTE ‘‘FOR’’ THE APPROVAL, AUTHORIZATION AND ADOPTION OF THE MERGER AGREEMENT, THE PLAN OF MERGER AND THE MERGER.

PROPOSAL 3 – APPROVAL AND ADOPTION OF THE RESOLUTIONS

General

The laws of the Cayman Islands require that the shareholders approve and adopt each of the resolutions set forth in the Notice in order to effect Proposals 1 and 2.

Vote Required

The affirmative vote by special resolution of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (on an as-converted basis) is required to approve and adopt the Resolutions. The Investors have agreed to cause the Convertible Preferred Shares to be voted on an as-converted basis in favor of the Resolutions. The Company intends to conduct all voting at the Extraordinary General Meeting by poll. In the poll, each shareholder present in person or by proxy will generally have one vote for each Ordinary Share registered in its name and for each Ordinary Share into which the Convertible Preferred Shares registered in its name may be converted.

THE BOARD RECOMMENDS A VOTE ‘‘FOR’’ THE APPROVAL AND ADOPTION OF THE RESOLUTIONS.

THE MERGER AGREEMENT

The following is a summary of certain material provisions of the Merger Agreement, a copy of which we have attached to this information statement as Annex A and which is incorporated herein by reference. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. We urge you to read the Merger Agreement carefully and in its entirety because it is the legal document that governs the Merger. The rights and obligations of the parties are governed by the express terms of the Merger Agreement and not by this summary or any other information contained in this information statement.

We have included the description of the Merger Agreement in this information statement to provide you with information regarding its terms.

Cayman Islands Plan of Merger

In addition to entering into the Merger Agreement, the Company also entered into the Plan of Merger with Merger Sub in order to satisfy certain requirements under the Companies Law and the Company's Memorandum and Articles of Association. The Plan of Merger is governed by Cayman Islands law, and its terms and conditions are consistent with the terms and conditions of the Merger Agreement.

The Merger

At the Effective Time, Merger Sub will merge with and into the Company. As a result of the Merger, the separate corporate existence of Merger Sub will cease, and the Company will continue as the surviving company. Merger Sub was created solely for the purposes of the Merger and has no material assets or operations of its own.

Following completion of the Merger, the Company will be a privately held company and our current Unaffiliated Ordinary Shareholders will cease to have any ownership interest in the Company or rights as Ordinary Shareholders. Therefore, the Unaffiliated Ordinary Shareholders will not participate in the Company's future earnings and will not benefit from any appreciation in our value.

Closing of the Merger

The closing will occur as soon as practicable, but no later than the second business day following the day on which all the conditions to the Merger set forth in the Merger Agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing but subject to the fulfillment or waiver of those conditions), or such other date as the parties may agree. For further discussion on the conditions to the Merger, see "— Conditions to Closing."

Consideration to Be Received in the Merger

At the Effective Time, as a result of the Merger and without any action on the part of the Company, the Investors, Merger Sub or the holder of any shares of the Company, each Ordinary

Share issued and outstanding immediately before the Effective Time will be converted into the right to receive the Merger Consideration. This does not apply to (i) Owned Ordinary Shares, which will be cancelled without consideration, and (ii) Dissenting Shares, which will be entitled only to such rights as are granted by Section 238 of the Companies Law and which will be cancelled.

Cancellation of Ordinary Shares

At the Effective Time, all of our Ordinary Shares converted into the Merger Consideration will no longer be outstanding, will be cancelled and will cease to exist. Each certificate previously representing any Ordinary Shares will thereafter represent (i) only the right to receive, with respect to each underlying Ordinary Share, the Merger Consideration (other than any Owned Shares, which will be cancelled, without consideration, and will cease to exist as of the Effective Time) or, (ii) if dissenters' rights are properly exercised, only such rights granted under Section 238 of the Companies Law. If an Ordinary Shareholder fails to perfect or prosecute, or effectively withdraws or loses, such rights under the Companies Law, then the Dissenting Shares will be treated as if they had been converted at the Effective Time into a right to receive the Merger Consideration attributable to such Ordinary Shares. The Dissenting Shares will be cancelled at the Effective Time. In addition, at the Effective Time, each outstanding Perpetual Preferred Share and each Convertible Preferred Share will remain outstanding, unaffected by the Merger.

Ordinary Shares of Merger Sub

At the Effective Time, as a result of the Merger and without any action on the part of the Company, the Investors or Merger Sub, each ordinary share, par value $0.01 per share, of Merger Sub will be converted into one ordinary share, par value $0.01 per share, of the Company.

Dissenters' Shares

The Merger Agreement and the laws of the Cayman Islands provide that an Ordinary Shareholder who has delivered to the Company a written objection to the Merger and sought appraisal rights pursuant to, and in accordance with, Section 238 of the Companies Law will be entitled to payment of the fair value of its Dissenting Shares held immediately prior to the Effective Time, and such Dissenting Shares will be cancelled at the Effective Time. If a holders of Dissenting Shares fails to perfect or prosecute, or effectively withdraws or loses, such rights under the Companies Law, then such Dissenting Shares will be treated as if they had been converted at the Effective Time into a right to receive the Merger Consideration.

With respect to any payment on the Dissenting Shares, the Merger Agreement requires that the Investors have all funds necessary to fund any consideration due to holders of Dissenting Shares. See "Information about the Extraordinary General Meeting — Dissenters' Rights" for a description of the procedures that you must follow if you desire to exercise your dissenters' rights under the Companies Law.

Exchange and Payment Procedures

At or prior to the Effective Time, the Investors will deposit, or will cause to be deposited, an amount of cash in an exchange fund with an exchange agent sufficient to pay the Merger Consideration in respect of the Ordinary Shares that are being converted into the right to receive the Merger Consideration pursuant to the Merger Agreement. As soon as practicable after the Effective Time, but in no event later than ten business days after the Effective Time, the Investors will cause the exchange agent, which will be an institution selected by the Investors, to mail to all record Ordinary Shareholders a letter of transmittal and instructions on how to surrender their Ordinary Shares in exchange for the Merger Consideration. As an Ordinary Shareholder, you will receive the Merger Consideration, less any applicable withholding taxes. Payment of the Merger Consideration is contingent upon the proper surrender to the exchange agent of any certificate issued in respect of your Ordinary Shares for cancellation, or if lost, stolen or destroyed or not issued at all, a declaration stating such in the form attached to the letter of transmittal, the properly completed and executed letter of transmittal and other required documents and information.

You should not send in your share certificates (if any) until you receive a letter of transmittal and instructions. Do not send share certificates (if any) with the enclosed proxy card, and do not forward your share certificates (if any) to the exchange agent without a properly completed letter of transmittal.

If, prior to the Effective Time, a transfer of ownership of any Ordinary Share is not registered in the Company's transfer records, the Merger Consideration payable upon surrender of the Ordinary Shares will be paid to the transferee only if a properly completed letter of transmittal duly completed and executed, together with the share certificate (if any) representing such Ordinary Share(s), is presented to the exchange agent accompanied by all documents required to evidence and effect the transfer and to establish to the satisfaction of the Investors that any applicable share transfer or other taxes have been paid or are not applicable.

No interest will be paid or accrued on any cash or on any unpaid dividends or distributions payable to holders of certificates or book-entry shares. The Investors and the surviving company will be entitled to deduct and withhold from the Merger Consideration such amounts as the Investors and the surviving company are required to deduct and withhold pursuant to applicable tax laws. Any sum that is withheld will be treated as having been delivered and paid to the person from whom it is withheld.

At the Effective Time, the Company's register of members will be closed for transfers, and there will be no transfers of the Company's Ordinary Shares that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, share certificates (if any) representing the Company's Ordinary Shares are presented to the exchange agent, they will be cancelled and exchanged for the Merger Consideration, if entitled thereto.

Any portion of the Merger Consideration exchange fund deposited with the exchange agent that remains unclaimed by shareholders, or is not otherwise provided for in any dissenters' rights claims, for six months after the Effective Time will be paid to the surviving company. Former shareholders who have not complied with the exchange and payment procedures

described above will then look to the surviving company for payment of the Merger Consideration, without any interest due. None of the Company, the Investors, Merger Sub, the exchange agent or any other person will be liable to any former shareholders for any amount delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

If you have lost a certificate, or if it has been stolen or destroyed, then before you will be entitled to receive the Merger Consideration, you will have to make an affidavit of the loss, theft or destruction. If reasonably required by the Investors, you will also need to post a bond in a customary amount and upon such terms as the Investors may determine are reasonably necessary as indemnity against any claim that may be made against them or the surviving company with respect to the certificate. These procedures will be described in the letter of transmittal that you will receive, which you should read carefully in its entirety.

Memorandum and Articles of Association

At the Effective Time, and without any further action on the part of the Company, the Investors or Merger Sub, the Company's Memorandum and Articles of Association will become the Memorandum and Articles of Association of the surviving company.

Representations and Warranties

The Merger Agreement contains representations and warranties made by the Company to the Investors and Merger Sub, and representations and warranties made by the Investors and Merger Sub to the Company, and may be subject to important limitations and qualifications agreed to by the parties in connection with negotiating the terms of the Merger Agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to contractual standards of materiality different from those generally applicable to public disclosures to shareholders or may have been used for the purpose of allocating risk among the parties rather than establishing matters of fact. For the foregoing reasons, you should not rely on the representations and warranties contained in the Merger Agreement as statements of factual information.

The Merger Agreement contains a number of representations and warranties made by the Company that relate to, among other things:

- corporate organization, valid existence and good standing of the Company and certain of its subsidiaries, their qualification to do business and similar matters;
- capitalization of the Company, including the number of authorized and outstanding Ordinary Shares, Perpetual Preferred Shares and Convertible Preferred Shares;
- the absence of any special preemptive or similar rights or outstanding warrants, options or similar contracts, arrangements or undertakings of the Ordinary Shares, Perpetual Preferred Shares and Convertible Preferred Shares;

- the Company's corporate power and authority to enter into, execute and deliver the Merger Agreement and, subject to the approval of the Merger Agreement by the required vote of its shareholders, to consummate the transactions contemplated by the Merger Agreement;

- recommendation of the Board that the shareholders adopt the Merger Agreement;

- the absence of conflicts with the Company's charter documents, its subsidiaries' charter documents, applicable law and certain contracts;

- the absence of required governmental or third-party consents, approvals, filings or registrations in connection with the execution and delivery of the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement; and

- the solvency of the Company.

The Merger Agreement also contains a number of representations and warranties made by the Investors and Merger Sub, including representations and warranties relating to:

- corporate organization, valid existence and good standing of the Investors and Merger Sub, their qualification to do business and similar matters;

- the corporate power and authority of the Investors and Merger Sub to enter into, execute and deliver the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement;

- the absence of conflicts with the Investors' governing documents, applicable law or certain contracts; and

- the absence of required governmental or third-party consents, approvals, filings or registrations in connection with the execution and delivery of the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement.

Covenants and Agreements

Shareholders' Meeting and Approval

Subject to the "Marketing Period" and "No Solicitation" sections of the Merger Agreement, which are described below, the Company is including the Special Committee recommendation and the recommendation of the Board in this information statement and is using its good faith efforts to solicit from shareholders entitled to vote, proxies to be voted at the Extraordinary General Meeting sufficient to approve, authorize and adopt the proposals set forth in this information statement. Following the start of the No Solicitation Period (as defined in "— No Solicitation" below), the Company will provide its shareholders a supplement to this

information statement regarding any acquisition proposals that were received during the Marketing Period (as defined in "— Marketing Period" below).

Marketing Period

Pursuant to the terms of the Merger Agreement, for 45 days following the execution of the Merger Agreement, the Special Committee and the Company and their respective officers, directors, employees, consultants, agents, financial advisors, attorneys, accountants and other advisors, affiliates and other representatives have the right to (a) initiate, solicit and encourage alternative acquisition proposals for the outstanding Ordinary Shares and (b) enter into, engage in and maintain discussions or negotiations with respect to any such alternative acquisition proposals for the outstanding Ordinary Shares; *provided* that the Company keeps the Investors informed of any such discussions or negotiations. During such Marketing Period and prior to the date on which the Company obtains shareholder approval, the Company agrees to promptly provide the Investors with copies of any written alternative acquisition proposals received by the Company or any of its subsidiaries.

The Company has engaged the services of Merrill to aid in the solicitation of alternative acquisition proposals for the outstanding Ordinary Shares during the Marketing Period.

No Solicitation

Pursuant to the terms of the Merger Agreement, following the Marketing Period and until the closing of the Merger, the Company, its subsidiaries and representatives will cease any solicitation, encouragement, discussions or negotiations with any third party that may be ongoing with respect to an alternative acquisition proposal for the outstanding Ordinary Shares. In addition, during the No Solicitation Period, the Company will not (i) solicit, initiate or knowingly facilitate or encourage any inquiries regarding, or make and proposal or offer that constitutes, or could reasonably be expected to lead to, an alternative acquisition proposal for the outstanding Ordinary Shares, (ii) engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person, any non-public information in connection with, or for the purpose of encouraging or facilitating, any alternative acquisition proposal for the outstanding Ordinary Shares or (iii) enter into any letter of intent, memorandum or understanding or other definitive agreement relating to any alternative acquisition proposal for the outstanding Ordinary Shares.

Notwithstanding the foregoing, following the start of the No Solicitation Period but prior to the date on which the Company obtains shareholder approval, if the Company, the Special Committee or their representatives receive a written alternative acquisition proposal, and contingent upon the Company not breaching the covenants set forth in the Merger Agreement, the Company, the Special Committee or their representatives may contact such person to clarify the terms and conditions of such alternative acquisition proposal. If the Special Committee determines, in good faith, after consultation with its financial and legal advisors, that (i) such written alternative acquisition proposal provides or reasonably could be expected to be provide terms and conditions more favorable to our Unaffiliated Ordinary Shareholders than the terms and conditions set forth in the Merger Agreement (a "Superior Proposal") and (ii) the failure to take action could be inconsistent with the Board's fiduciary duties under applicable law, then the

Company may also furnish information to such soliciting party (*provided* that the Company also provides such information to the Investors). The Company may also negotiate and participate in discussions or negotiations with such soliciting party if the person or group has submitted a Superior Proposal if, and only to the extent that and so long as:

- the Company and its subsidiaries are otherwise in compliance with the covenants set forth in the Merger Agreement and, prior to furnishing the information to such person, the Company receives from the person an executed confidentiality agreement; and

- the Company promptly keeps the Investors informed of the status and details of any such discussions or negotiations and provides the Investors with any information delivered to such soliciting party.

Except as described below, neither the Board nor the Special Committee will:

- withdraw or modify in a manner adverse to the Investors, or publicly propose to withdraw or modify in a manner adverse to the Investors, the approval or recommendation by the Board and the Special Committee of the Merger Agreement or the Merger;

- approve or recommend, or propose to approve or recommend, any alternative takeover proposal; or

- approve or enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement with respect to any alternative takeover proposal.

Notwithstanding the foregoing, prior to the date on which the Company obtains shareholder approval, the Board or the Special Committee may (a) approve or recommend any alternative acquisition proposal that it believes is or is reasonably likely to be a Superior Proposal or (b) withhold, withdraw, qualify or modify its recommendation to approve, authorize and adopt the Merger, the Merger Agreement and the Plan of Merger, if, in either case, the Board or Special Committee determines in good faith, after consultation with outside counsel, that failure to do so could violate its fiduciary duties under applicable law. The Board and Special Committee will not be entitled to make a change in recommendation referred to in clause (a) above, however, unless, at least five business days will have passed following the Investors' receipt of written notice from the Special Committee advising them that the Company or the Special Committee, as applicable, has received a Superior Proposal that it intends to approve or recommend, which notice will include a copy of any proposed agreements with respect thereto, and the Investors do not make an offer that the Special Committee concluded in its good faith judgment, after consultation with its financial advisors and outside counsel, has caused such takeover proposal to cease constituting a Superior Proposal.

Regulatory Matters

The Company, the Investors and Merger Sub have agreed to use their commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to

assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, the Merger, including:

- complying with all requirements of governmental authorities related to the Merger;
- obtaining, as promptly as practicable, all necessary permits, orders and other consents, approvals or authorizations of governmental authorities and other third parties; and
- making all required filings.

The Company and the Investors will furnish each other with copies of all correspondence, filings and written communications between them or their subsidiaries or affiliates and any governmental entity or its respective staff with respect to the Merger Agreement and the Merger, including any correspondence with any insurance regulatory authorities. In addition, the Company and the Investors will give the other party reasonable prior written notice of the time and place of any meeting or other conferences with any insurance regulatory authority regarding the Merger, and will permit the other party to participate in any such meeting or conference, to the extent permitted by the applicable insurance regulator.

The Company and the Investors also agree to promptly advise each other upon receiving any communication from any governmental entity whose consent or approval is required for consummation of the transactions contemplated by the Merger Agreement that causes the party to believe that there is a reasonable likelihood that any such consent or approval will not be obtained or that the receipt of any such approval will be materially delayed.

Additional Agreements

The Merger Agreement contains additional agreements among the Company, the Investors and Merger Sub relating to the following:

- *Notices*. Subject to the terms and conditions of the Merger Agreement, the Company and the Investors have agreed to promptly notify the other party of the occurrence or non-occurrence of any event that would reasonably be expected to result in any condition to the obligations of any party to effect the Merger to not be completed;
- *Further Assurances*. The Company and the Investors and Merger Sub, at the reasonable request of the other party, will execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting the consummation of the Merger Agreement and the transactions contemplated thereby.
- *Public Disclosure*. Unless otherwise permitted by the Merger Agreement, the Company, the Special Committee and the Investors will consult with each other before issuing any press release or otherwise making any public statement or making any other public or non-confidential disclosure, regarding the terms of the Merger Agreement or any of the transactions contemplated thereby.

- *Takeover Statutes*. If any takeover statute is or may become applicable to the Merger, the Company and the Board have agreed to grant all approvals and take all actions as are necessary so that the Merger may be consummated as promptly as practicable on the terms contemplated by the Merger Agreement and otherwise act to eliminate or minimize the effects of any takeover statute on the Merger.

Conditions to Closing

The obligations of the Company, the Investors and Merger Sub to complete the Merger are subject to the satisfaction or waiver of various conditions specified in the Merger Agreement, including, among other things, conditions relating to:

- approval, authorization and adoption of the Merger Agreement and the Plan of Merger by the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Unaffiliated Ordinary Shares attending and voting at the Extraordinary General Meeting (whether in person or by proxy);

- approval, authorization and adoption of the Proposed Amendments by an affirmative vote of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class;

- absence of any order issued by any court or other governmental authority, or any other legal restraint that prevents or prohibits the consummation of the Merger;

- obtaining the necessary approvals of any governmental authority (including any applicable approvals under the HSR Act), secured creditor of the Company, or any other third party;

- accuracy of the parties' representations and warranties under the Merger Agreement;

- performance by the parties of their obligations under the Merger Agreement;

- no more than 10% of the Unaffiliated Ordinary Shareholders exercising dissenters' rights under the Companies Law with respect to their Ordinary Shares by virtue of the Merger, unless waived by the Investors;

- absence of any material adverse change in the Company's ability to perform its obligations under the Merger Agreement or on the financial condition, business or results of operations of the Company; and

- receipt by the parties of an officer's certificate, dated as of the closing date, to evidence satisfaction of the conditions regarding representations and warranties and performance obligations of the parties under the Merger Agreement.

Termination

The Merger Agreement may be terminated in the following ways:

- by mutual written consent authorized by the Special Committee and the respective boards of directors or general partners of the Investors prior to the Effective Time;

- by either party, prior to the Effective Time, if (a) the Merger is not consummated before the Outside Date or (b) the approval, authorization and adoption of the proposals set forth in the information statement is not obtained;

- by either party, prior to the Effective Time, if (i) any of the closing conditions cannot be satisfied and have not been waived, (ii) such inability is not capable of being cured by the Outside Date or, if capable of being cured, has not been cured (A) within 20 calendar days following receipt of notice from the other party of such inability or (B) any shorter period that remains between the date of such notice and the Outside Date; *provided* that such terminating party will not be in breach of any representation, warranty or covenant in the Merger Agreement or other related agreements that would cause such closing condition not to be satisfied;

- by any of the Investors if the Company enters into a definitive agreement with respect to a Superior Proposal;

- by any of the Investors, if (i) the Special Committee changes its recommendation that shareholders approve, authorize and adopt Merger, the Merger Agreement and the Plan of Merger, (ii) the Company (by action of the Special Committee) fails to include the recommendation of the Board with its notice of the Extraordinary General Meeting or (iii) the Special Committee fails to recommend against acceptance of a tender or exchange offer for any outstanding Ordinary Shares that constitutes an alternative acquisition proposal; or

- by the Company (by action of the Special Committee), if, prior to receipt of the Requisite Shareholder Approval, (i) the Special Committee changes its recommendation that shareholders approve, authorize and adopt the Merger, the Merger Agreement and the Plan of Merger or (ii) the Special Committee authorizes the Company to enter into a definitive agreement with respect to a Superior Proposal, the Company enters into a definitive agreement with respect to such Superior Proposal and the Company complied with the terms of the Merger Agreement.

Effect of Termination

In the event that the Merger Agreement is terminated, the Merger Agreement will immediately become null and void and there will be no liability or obligation on the part of the Company, the Investors, Merger Sub, or any of their respective subsidiaries, officers or directors, except that if the Merger Agreement is terminated as a result of (a) the Company pursuing a Superior Proposal or (b) the Company not receiving the Required Shareholder Approval, the Company will reimburse the Investors for all fees and expenses reasonably incurred by them in

connection with the Merger Agreement and the proposed Merger. Otherwise, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby will be paid by the party incurring such expense.

Pursuant to the terms of the Merger Agreement, no party will be entitled to damages for breach of the Merger Agreement and each party waives any right to receive damages from any other party based on any theory of liability for any special, indirect, consequential (including lost profits), punitive or similar damages.

Expenses

Subject to the reimbursement terms described in "— Effect of Termination" above, whether or not the Merger is consummated, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated thereby (including, without limitation, the fees and expenses of its advisors, brokers, finders, agents, accountants and legal counsel) will be paid by the party incurring the expense.

Amendment

The Merger Agreement may be amended by the Investors and Merger Sub (by action of their respective boards or general partners) or by the Company (by action of the Special Committee), each only pursuant to execution of an instrument in writing signed by each of the parties. Following the approval of the Merger Agreement by the Company's shareholders, no amendments may be made to the Merger Agreement without the further consent of the shareholders, if such amendment would require shareholder approval in accordance with applicable law.

Extension and Waiver

At any time prior to the Effective Time, the Investors, Merger Sub and the Company (by action of the Special Committee) may each, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties, (ii) waive any inaccuracies in the representations and warranties made to such party contained in the Merger Agreement or in any document delivered pursuant thereto and (iii) waive compliance with any of the agreements or conditions for the benefit of such party contained in the Merger Agreement. Any agreement to an extension or waiver on the part of a party to the Merger Agreement will be valid only if set forth in an instrument in writing signed by such party.

INFORMATION ABOUT THE EXTRAORDINARY GENERAL MEETING

We are furnishing this information statement to you as part of the solicitation of proxies by the Board at the Extraordinary General Meeting.

Date, Time, Place and Purpose of the Extraordinary General Meeting

The Extraordinary General Meeting will be held at the Fairmont Hamilton Princess Hotel, 76 Pitts Bay Road, Pembroke HM 11, Bermuda HM CX, on June 8, 2011, at 9:00 a.m., Bermuda time. The purpose of the meeting is to consider and vote upon proposals to (i) approve, authorize and adopt the Merger Agreement, the Plan of Merger and the Merger (ii) approve, authorize and adopt the Proposed Amendments and (iii) approve and adopt the Resolutions. The Board has determined that the Merger Consideration is fair, from a financial point of view, to our Unaffiliated Ordinary Shareholders, has approved such matters and unanimously recommends that our shareholders vote "FOR" the proposals set forth in this information statement.

Record Date; Shares Entitled to Vote; Quorum

The holders of record of Ordinary Shares and Convertible Preferred Shares as of the close of business on May 4, 2011, which is the Record Date for the Extraordinary General Meeting, are entitled to receive notice of and to vote at the Extraordinary General Meeting.

In addition, our Articles of Association generally provide that any person (or any group of which such person is a member) other than the Investors or their affiliates, holding directly, or by attribution, or otherwise beneficially owning voting shares of the Company carrying 10% or more of the total voting rights attached to all of the Company's outstanding voting shares (*i.e.*, 10% or more of the total voting rights attached to all of the Ordinary Shares together with the total voting rights attached to all of the Convertible Preferred Shares (on an as-converted basis)) will have the voting rights attached to its voting shares reduced so that it may not exercise more than approximately 9.9% of such total voting rights. Because of the attribution provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the rules of the Securities and Exchange Commission (the "SEC") regarding determination of beneficial ownership, this requirement may have the effect of reducing the voting rights of a shareholder whether or not such shareholder directly holds of record 10% or more of our voting shares. Further, the Board (or its designee) has the authority to request from any shareholder certain information for the purpose of determining whether such shareholder's voting rights are to be reduced. Failure to respond to such a notice, or submitting incomplete or inaccurate information, gives the Board (or its designee) discretion to disregard all votes attached to such shareholder's Ordinary Shares. To the Company's knowledge, no person, other than the Investors, holds 10% or more of the total voting rights attached to all of the Company's outstanding voting shares.

As of the Record Date, we had 68,383,370 Ordinary Shares issued, outstanding and entitled to vote at the Extraordinary General Meeting. In addition, the Investors collectively hold 1,000,000 of our Convertible Preferred Shares, which, as of the Record Date, are convertible into 150,000,000 of our Ordinary Shares, subject to adjustment. The Investors have agreed to vote the Convertible Preferred Shares at the Extraordinary General Meeting on an as-converted basis,

representing approximately 68.7% of the voting power of all of our shareholders entitled to vote at the meeting, in favor of the proposals set forth in this information statement. The presence, in person or by proxy, of members holding at least 66 2/3% of the issued and outstanding shares entitled to vote at the Extraordinary General Meeting will constitute a quorum for the purposes of considering the proposals set forth in this information statement. If you submit a properly executed proxy card, then you will be considered part of the quorum. Votes that are withheld and broker non-votes will be counted towards a quorum. If a quorum is not present, the Extraordinary General Meeting will be automatically adjourned to June 15, 2011 at the same time and place or to such other time and place as the Board may determine, and if a quorum is not present within half an hour from the time appointed for such meeting, the members present will constitute a quorum.

Required Vote to Approve, Authorize and Adopt the Merger Agreement, the Plan of Merger and the Merger

The Merger cannot occur unless the Merger Agreement, the Plan of Merger and the Merger are approved, authorized and adopted by the affirmative vote of (i) the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class, and (ii) a majority of the Unaffiliated Ordinary Shares attending and voting at the Extraordinary General Meeting (whether in person or by proxy). The Investors have agreed to vote the Convertible Preferred Shares in favor of the Merger Agreement, the Plan of Merger and the Merger.

Required Vote to Approve, Authorize and Adopt the Proposed Amendments

In order to be approved, authorized and adopted, the Proposed Amendments require the affirmative vote of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class. The Investors have agreed to vote the Convertible Preferred Shares in favor of the Proposed Amendments.

Required Vote to Approve and Adopt the Resolutions

In order to be approved, authorized and adopted, the Resolutions require the affirmative vote of the holders of at least 66 2/3% of the Ordinary Shares and the Convertible Preferred Shares outstanding (voting on an as-converted basis), voting together as a single class. The Investors have agreed to vote the Convertible Preferred Shares in favor of the Resolutions.

Abstentions and Broker Non-Votes

Brokers, banks or other nominees who hold Ordinary Shares in "street name" for customers who are the beneficial owners of such Ordinary Shares may not give a proxy to vote those customers' Ordinary Shares in the absence of specific instructions from those customers. If the broker submits a proxy to us (but cannot vote), these non-voted Ordinary Shares, which are referred to as "broker non-votes," will be treated as present at the meeting for purposes of determining the presence of a quorum. Properly executed proxies that do not contain voting instructions will be voted "FOR" each of the proposals.

Dissenters' Rights

Under Cayman Islands law, in the event of a merger of a Cayman Islands company with another company or corporation, any shareholder of such Cayman Islands company is entitled to receive fair value for its shares.

Any shareholder that is not satisfied that it has been offered fair value for its Ordinary Shares and that provides notice that it will not vote its shares in favor of the Merger may exercise its dissenters' rights under the Companies Law to have the fair value of its Ordinary Shares appraised by the Court. Attached for your reference as Annex D is a copy of Section 238 of the Companies Law, entitled "Rights of Dissenters," which sets forth both the rights of dissenting shareholders and the process by which to exercise such rights. The following summarizes Section 238 of the Companies Law regarding the rights of dissenting shareholders and how such rights are exercised:

- The shareholder must give its written objection to the Merger to the Company before the vote of the Merger. Such objection must include a statement that the shareholder proposes to demand payment for its Ordinary Shares if the Merger is authorized by the vote.

- Within 20 days following the date on which the Merger is approved by the shareholders, the Company must give written notice of the approval to each shareholder that made a written objection.

- A shareholder must within 20 days following the date on which such written notice is given by the Company, give Company a written notice of its intention to dissent stating (i) its name and address; (ii) the number of Ordinary Shares in respect of which it dissents (this must be all the Ordinary Shares that it holds in the Company); and (iii) a demand for payment for the fair value of its Ordinary Shares. The shareholder will cease to have any rights of a shareholder upon the giving of such notice of dissent except the right to be paid the fair value of its Ordinary Shares (and the right to participate in court proceedings to determine the fair value of its Ordinary Shares or the right to institute proceedings on the grounds that the Merger is void or unlawful).

- Within seven days following the date of the expiration of the period set out in the preceding paragraph or within seven days following the date on which the Plan of Merger is filed, whichever is later, the Company or the surviving company must make a written offer to each dissenting shareholder to purchase its Ordinary Shares at a price that the company determines is the fair value and if the Company and the shareholder agree on the price within 30 days following the date on which the offer was made, the Company must pay the shareholder such amount.

- If the Company and the shareholder fail to agree on a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the Company (or any dissenting shareholder) must file a petition with the court to determine the fair value and such petition must be accompanied by a list of the names and addresses of

the dissenting shareholders with whom the agreement as to the fair value of their Ordinary Shares has not been reached by the company. The company must serve a copy of such petition on the other parties.

- At the hearing, the court has the power to determine the fair value of the Ordinary Shares together with a fair rate of interest, if any, to be paid by the Company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached.

- The costs of the proceeding may be determined by the court and the court may order all or a portion of the expenses incurred by any shareholder in connection with the proceedings, including reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the Ordinary Shares which are the subject of the proceeding.

Shares Beneficially Owned by Directors, Executive Officers and the Investors

As of the Record Date, our directors and executive officers owned and were entitled to vote a total of 109,000 Ordinary Shares, approximately 0.2% of our outstanding Ordinary Shares. One member of the Board, Jeffrey Hughes, is the designated representative of The Cypress Group, which is entitled to designate one individual for election to the Board so long as The Cypress Group and its affiliates collectively beneficially own in the aggregate at least 2.5% of the Company's outstanding voting shares on a fully-diluted basis. As of the Record Date, The Cypress Group and its affiliates owned collectively 4.3% of the Company's outstanding voting shares on a fully-diluted basis and 13.6% of the Ordinary Shares. The Convertible Preferred Shares owned by the Investors represent approximately 68.7% of the voting power of all of our shareholders entitled to vote at the meeting, on an as-converted basis. We currently expect that the Investors and all of our directors and executive officers will vote their Ordinary Shares and Convertible Preferred Shares in favor of the proposals set forth in this information statement, although none of the directors or executive officers have entered into any agreement obligating them to do so. Pursuant to the Merger Agreement, the Investors have agreed to vote all the Convertible Preferred Shares on an as-converted basis in favor of the Merger Agreement, the Plan of Merger, the Merger and the Proposed Amendments.

Voting Rights

You may vote either by attending the Extraordinary General Meeting and voting in person or by appointing a proxy by (i) signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope, (ii) visiting www.proxyvote.com before 11:59 p.m. Eastern time on June 7, 2011 or (iii) calling 1-800-690-6903 before 11:59 p.m. Eastern time on June 7, 2011. We encourage you to complete and send in your proxy card or to appoint a proxy via the internet or by telephone. If you then decide to attend the Extraordinary General Meeting, you may revoke your proxy by voting in person. If you hold your Ordinary Shares through a broker or other nominee, you should follow the procedures provided by your broker, which may include voting through the internet or by telephone.

Shareholders that attend the Extraordinary General Meeting and wish to vote in person will be given a ballot at the Extraordinary General Meeting. If your Ordinary Shares are held in "street name" and you want to attend the Extraordinary General Meeting, you must bring a letter from the brokerage firm or bank holding your Ordinary Shares showing that you were the beneficial owner of the Ordinary Shares on the Record Date and are to act as the registered holder's proxy in respect of such Ordinary Shares.

Revocability of Proxies

You may revoke your proxy by:

- providing written notice of revocation at the offices of Scottish Re Group Limited, P.O. Box HM 2939 Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda or to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717 by 9:00 a.m. (Bermuda time) on June 8, 2011;

- submitting another valid proxy bearing a later date that is received prior to the Extraordinary General Meeting; or

- attending the Extraordinary General Meeting and voting in person.

Solicitation of Proxies

We have retained Broadridge Financial Solutions, Inc. to assist in the distribution of this information statement and proxy materials at a cost of $10,500 plus out-of-pocket expenses. A representative of Broadridge Investor Communication Solutions will serve as the Inspector of Elections and will receive a payment of $2,500 plus out-of-pocket expenses. Fitch Group was hired to print this information statement and proxy materials at a cost of approximately $11,500 plus freight costs. Morrow & Co., LLC will assist in the solicitation of proxies by telephone, by mail, and by electronic means and will receive a payment of $6,500 plus out of pocket expenses.

In addition to solicitation by mail, we may use our directors, officers and employees to solicit proxies by telephone, other electronic means or in person. These people will not receive any additional compensation for their services, but we will reimburse them for their out-of-pocket expenses. We will reimburse banks, brokers, nominees, custodians and fiduciaries for their reasonable expenses in forwarding copies of this information statement to the beneficial owners of our Ordinary Shares and in obtaining voting instructions from those owners. We will pay all expenses of filing, printing and mailing this information statement.

Other Business

We are not currently aware of any business to be acted upon at the Extraordinary General Meeting other than the matters discussed in this information statement. Except as required by law, no business may be conducted at any extraordinary general meeting except in accordance with the procedures set forth in our Articles of Association. If matters do properly come before the Extraordinary General Meeting, or at any adjournment or postponement thereof, we intend that our Ordinary Shares represented by properly submitted proxies will be voted by and at the

discretion of the persons named as proxies on the proxy card. In addition, the grant of a proxy will confer discretionary authority on the persons named as proxies on the proxy card to vote in accordance with their best judgment on procedural matters incidental to the conduct of the Extraordinary General Meeting, including any adjournment or postponement thereof.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated balance sheets are based on the historical financial statements of the Company after giving effect to (i) the consummation of the Merger and (ii) completion of the Orkney I Unwind Transaction.

The unaudited pro forma condensed consolidated balance sheets give effect to the Merger and the Orkney I Unwind Transaction as if they occurred on December 31, 2010.

The unaudited pro forma condensed consolidated balance sheets have been prepared for illustration purposes only. The unaudited pro forma condensed consolidated financial statements should be read together with the Company's historical financial statements and related notes. See "Historical Financial Information."

Pro Forma Impact of the Merger and the Orkney I Unwind Transaction Condensed Consolidated Balance Sheets of the Company at December 31, 2010

(U.S. dollars in thousands)	December 31, 2010 (As Presented)	Pro Forma Effect of Transactions	December 31, 2010 (Pro Forma)
ASSETS			
Total investments (1)	$ 4,198,419	$ (1,171,485)	$ 3,026,934
Deferred acquisition costs (2)	269,352	(83,204)	186,148
Receivables and amounts recoverable from reinsurers (3)	696,184	254,285	950,469
Other assets (4)	77,215	(13,240)	63,975
Total assets	$ 5,241,170	$ (1,013,644)	$ 4,227,526
LIABILITIES			
Collateral finance facilities (5)	$ 1,300,000	$ (850,000)	$ 450,000
Reserves	1,477,594	-	1,477,594
Other liabilities (6)	1,768,275	(14,728)	1,753,547
Total liabilities	$ 4,545,869	$ (864,728)	$ 3,681,141
MEZZANINE EQUITY*	555,857	-	555,857
SHAREHOLDERS' EQUITY (DEFICIT)	139,444	(148,916)	(9,472)
Total liabilities, mezzanine equity, and shareholders' equity	$ 5,241,170	$ (1,013,644)	$ 4,227,526

* The mezzanine equity has a liquidation preference of $759.3 million as of December 31, 2010.

The Merger has no impact on the pro forma condensed consolidated balance sheet for the Company as of December 31, 2010.

The pro forma condensed consolidated balance sheet for the Company as of December 31, 2010 reflects significant adjustments associated with the Orkney I Unwind Transaction. The significant adjustments resulting from the Orkney I Unwind Transaction, based on financial information as of December 31, 2010, are as follows:

(1) “Total investments” will decrease primarily due to the payment of a ceding commission of $565 million to Hannover Life Re, in accordance with the reinsurance agreement pursuant to which Hannover Life Re will assume the Orkney Block, and the retirement of $850 million of Orkney Notes for consideration of $590 million to the holders of the Orkney Notes ($700 million of the Orkney Notes are held by an affiliate of Cerberus with the remaining $150 million held by third parties);

(2) “Deferred acquisition costs” of $83 million related to the Orkney Block will be written off because the business related to these deferred costs will now be retroceded to Hannover Re;

(3) “Receivables and amounts recoverable from reinsurers” will increase by approximately $254 million because the Orkney Block will now be retroceded to Hannover Life Re;

(4) “Other assets” will decrease by approximately $13 million primarily due to the write-off of $10 million of unamortized debt issuance costs related to the Orkney Notes and the settlement of $3 million of accrued interest on investments;

(5) “Collateral finance facilities” will decrease due to the retirement of $850 million of Orkney Notes; and

(6) “Other liabilities” will decrease by approximately $15 million primarily due to the write-off of deferred taxes of $9 million and the reduction of reinsurance and other liability balances of $6 million.

In the event the Orkney I Unwind Transaction is consummated, the Company’s consolidated assets as of January 1, 2011 will be decreased by approximately $1,014 million, the Company’s consolidated liabilities will be decreased by approximately $865 million, and the Company will record a consolidated net loss of approximately $149 million, based on financial information as of December 31, 2010. The effects of the Orkney I Unwind Transaction will be determined and recorded in the period in which the transaction closes, and the effects will differ from the pro forma amounts presented above, which have been presented based on financial information as of December 31, 2010.

While the proposed Orkney I Unwind Transaction is expected to result in a $149 million consolidated U.S. GAAP loss for the year ending December 31, 2011, based on financial information as of December 31, 2010, the Company believes there are many benefits to the Company. The Orkney I Unwind Transaction will significantly improve the current financial strength of the Company’s principal reinsurance operating entity, SRUS. If non-reliance on the Permitted Practice were assumed as of December 31, 2010, the proposed transaction would have increased SRUS’ capital and surplus by $147 million, from $222 million to $369 million, on a pro forma basis. Correspondingly, SRUS’ company action level risk-based capital ratio as of December 31, 2010 would have increased from 353% to 586% on a pro forma basis. These increases primarily would have been driven by a combination of the following items:

- The assets in Orkney I are held in segregated accounts for the sole purpose of the securitization structure and Orkney Re's ability to satisfy its reinsurance obligations and the timely payment of interest and ultimate payment of principal by Orkney Holdings for the Orkney Notes. Distributions to the sole equity investor in Orkney I, SRUS, are subject to contractually-defined parameters that prioritize reinsurance and debt obligations. Based on the Company's current modeled projections, SRUS is not expected to receive any distributions from Orkney I until approximately 2023. Following consummation of the Orkney I Unwind Transaction, SRUS is expected to receive net proceeds of approximately $25 million. The result is a considerable acceleration of proceeds into SRUS as compared to maintaining the Orkney I structure through maturity in 2035, and first receiving distributions in approximately 2023 according to current modeled projections.

- The Orkney Block includes $2.7 billion of inforce obligations that exceed the contractual per individual life limit permitted to be ceded to the Orkney I facility. While 100% of the premium associated with the Orkney Block is owed to Orkney I, the reinsurance obligations for policies exceeding the per individual life limit remain the contractual obligation of SRUS, which obligation SRUS has, since inception of the Orkney I structure, retroceded for a fee to third party retrocessionaires. SRUS is required to perform an annual asset adequacy analysis and to maintain an asset adequacy reserve to compensate for any projected future cash flows that contribute to cumulative capital and surplus patterns that are of concern to the appointed actuary of SRUS and the Delaware Department. Approximately $70 million of SRUS' $85 million asset adequacy reserve as of December 31, 2010 was held to address the negative cash flows associated with the premium payments to the third party retrocessionaires on the Orkney Block and the impact on SRUS' projected capital and surplus pattern. In the event the Orkney I Unwind Transaction is consummated, SRUS will be relieved of the significant cost of the obligation to such third party retrocessionaires. As a result, SRUS' cash flow profile will significantly improve, and the Company expects SRUS' asset adequacy reserve associated with the Orkney Block to be released with a corresponding increase in SRUS' capital and surplus.

- SRUS is currently in discussions with the Delaware Department to rescind the Order of Supervision, and, in connection therewith, to discontinue utilization of the Permitted Practice, effective with the rescission of the Order of Supervision. Without utilization of the Permitted Practice at December 31, 2010, SRUS' capital and surplus would have been $222 million (compared to $292 million with the Permitted Practice) and its company action level risk-based capital ratio would have been 353% (compared to 466% with the Permitted Practice). The $70 million decline in SRUS' capital and surplus without utilization of the Permitted Practice, as of December 31, 2010, is principally driven by a $52 million reserve credit shortfall related to Orkney I. In the event the Orkney I Unwind Transaction is consummated, this $52 million reserve credit shortfall without utilization of the Permitted Practice, and its corresponding decrease in SRUS' capital and surplus, would be avoided.

In addition to the specific financial benefits outlined above, the Orkney I Unwind Transaction reduces the likelihood of earnings volatility to the Company by mitigating the risk of future adverse experience relative to assumptions by the management of the Company on the Orkney Block and removing the possibility that SALIC would need to contribute capital to SRUS to support its reserve credit requirements for Orkney I prior to maturity of the Orkney Notes in 2035.

Adverse experience in SRUS and its subsidiaries has led to significant capital contributions from SALIC, totaling over $400 million from 2007 to 2009. A significant portion of these capital contributions was required to strengthen SRUS' statutory reserves while maintaining acceptable risk-based capital ratios. The Orkney I Unwind Transaction supports our strategy of strengthening the capital and surplus position of SRUS and increasing the likelihood that the Delaware Department will rescind the Order of Supervision and, over time, will approve returns of capital from SRUS to SALIC, which ultimately can be returned to the Company. These returns of capital offer the opportunity to increase SALIC and the Company's combined unrestricted assets of $106 million as of December 31, 2010.

Discussion of the Company's Consolidated Results of Operations for the Year Ended December 31, 2010 excluding Orkney I and the Orkney Block

The Orkney I Unwind Transaction, and the resulting reinsurance of the Orkney Block to Hannover Life Re effective January 1, 2011, will impact the Company's consolidated results of operations for the year ending December 31, 2011. The following information is provided to consider the effects of Orkney I and the Orkney Block on the Company's consolidated results of operations for the year ended December 31, 2010. If Orkney I and the Orkney Block were assumed to have been eliminated from the Company's consolidated results of operations for the year ended December 31, 2010, the Company's consolidated pro forma results of operations would have been affected in the following ways:

- Premiums earned, net would have decreased by approximately $85 million;
- Investment income would have decreased by approximately $23 million;
- Net realized and unrealized gains would have decreased by approximately $72 million;
- Claims, policy benefits, and changes in policyholder reserves, net would have decreased by approximately $78 million;
- Amortization of deferred acquisition costs and other insurance expenses, net would have decreased by approximately $20 million; and
- Collateral finance facilities expense would have decreased by approximately $15 million.

Orkney I and the Orkney Block contributed approximately $67 million to the Company's income from continuing operations before income taxes for the year ended December 31, 2010.

Excluding net realized and unrealized gains, Orkney I and the Orkney Block had a negative impact of approximately $5 million on the Company's income from continuing operations before income taxes for the year ended December 31, 2010. The amounts above assume that Orkney I and the Orkney Block are eliminated from the Company's consolidated results of operations for the year ended December 31, 2010 and do not reflect the one-time transaction impact of the Orkney I Unwind Transaction described earlier.

HISTORICAL FINANCIAL INFORMATION

Copies of the following financial information, which is incorporated by reference herein, can be found on the Company's web site at www.scottishre.com:

1. Scottish Re Group Limited audited Consolidated Financial Statements for the year ended December 31, 2010 and notes thereto.

2. Scottish Re Group Limited audited Consolidated Financial Statements for the year ended December 31, 2009 and notes thereto.

There have been no audit or review procedures on the Company's consolidated financial statements performed subsequent to December 31, 2010. The Company expects to issue its unaudited Consolidated Financial Statements for the period ended March 31, 2011 and notes thereto in May 2011. Such financial statements will be available on the Company's website at www.scottishre.com and incorporated by reference herein.

You may request copies of any of the foregoing documents by contacting the Company at Crown House Second Floor, 4 Par-la-Ville Road, Hamilton HM MX, Bermuda, Attention: Dan Roth, Chief Financial Officer, or by phone at 441-298-4373. No information, other than the information contained in this information statement or specifically referenced in the preceding paragraph, is incorporated by reference or otherwise made a part of this information statement for any purpose. No information contained on the Company's website is incorporated by reference in this information statement or otherwise made a part hereof, except for the information specifically referred to in the preceding paragraph.

The Company previously filed annual, quarterly and current reports, information statements and other information with the SEC for 2007 and prior. The Ordinary Shares were delisted from the New York Stock Exchange as of April 7, 2008, and, therefore, the Company has no further reporting obligations under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company also had fewer than 300 holders of its securities as of January 1, 2008 and, as a result, its reporting obligations under Sections 13 and 15(d) of the Exchange Act were suspended. On May 13, 2008, the Company filed a Form 15 suspending its reporting obligations with the SEC. As a result, notwithstanding the occurrence of material developments (either positive or negative), the Company is not required to, nor does it intend to, make future public filings or issue press releases as it has in the past. The Company's reports, proxy statements or other information that previously were filed with the SEC may be read at the following location of the SEC: Public Reference Room, 100 F Street, N.E. Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Copies of this information are available by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. The Company's SEC filings are also available to the public from document retrieval services and the internet website maintained by the SEC at www.sec.gov.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION

The following summary sets forth the material U.S. federal income tax considerations relating to the receipt of Merger Consideration by Ordinary Shareholders upon cancellation of their Ordinary Shares in the Merger as a consequence of the Merger Agreement.

The following legal discussion (including and subject to the matters and qualifications set forth in such summary) of the material tax considerations under "— Taxation of Shareholders — United States Taxation" is based upon the advice of Dewey & LeBoeuf LLP, our U.S. counsel. The advice of such firm does not include any factual or accounting matters, determinations or conclusions, including amounts and computations or facts relating to the business or activities of the Company or its subsidiaries. The advice of such firm relies upon and is premised on the accuracy of the assumptions contained herein and the factual statements and representations made by the Company concerning its businesses, properties, ownership, organization, source of income and manner of operation, including any forward looking statements, beliefs, intentions or expectations with respect to such. Statements contained herein as to the beliefs, expectations and conditions of the Company and its subsidiaries represent the view of management and do not represent the opinions of counsel. The discussion is based upon current law. Legislative, judicial or administrative changes or interpretations may be forthcoming that could be retroactive and could affect the tax consequences to our shareholders. There can be no assurances that the Internal Revenue Service (the "IRS") or other taxing authority will not challenge one or more of the consequences discussed herein.

THE UNITED STATES FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PERSON, FOR THE PURPOSE OF AVOIDING U.S. TAX PENALTIES AND IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN. SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN.

TAXATION OF SHAREHOLDERS

United States Taxation

The following summary sets forth the material U.S. federal income tax considerations related to the disposition of our Ordinary Shares in the Merger. Unless otherwise stated, this summary deals only with shareholders that are U.S. holders (as defined below) who hold their Ordinary Shares as capital assets within the meaning of section 1221 of the Code. The following discussion is only a discussion of the material U.S. federal income tax matters as described herein and does not purport to address all of the U.S. federal income tax consequences that may be relevant to a particular shareholder in light of such shareholder's specific circumstances. In addition, the following summary does not address the U.S. federal income tax consequences that may be relevant to special classes of shareholders, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers or traders in

securities, tax exempt organizations, expatriates, investors in pass through entities, persons whose functional currency is not the U.S. dollar, persons who are considered with respect to any of us as "United States shareholders" for purposes of the controlled foreign corporation rules of the Code (generally, a U.S. holder, as defined below, who owns or is deemed to own 10% or more of the total combined voting power of all classes of the Company's shares or the shares of any of our non-U.S. subsidiaries entitled to vote (*i.e.*, a U.S. 10% shareholder)), persons who hold their shares in connection with an investment in the Investors or the Cypress Entities, or persons who hold their shares as part of a hedging or conversion transaction or as part of a short-sale or straddle, who may be subject to special rules or treatment under the Code.

This discussion does not include any description of the tax laws of any state or local governments within the United States or of any non-U.S. government. Persons considering the transactions described herein should consult their own tax advisors concerning the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our Ordinary Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Ordinary Shares, you should consult your own tax advisor.

For purposes of this discussion, the term "U.S. holder" means (i) an individual citizen or resident of the United States, (ii) a partnership or corporation created or organized in or under the laws of the United States, or organized under the laws of any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, (iv) a trust if either (x) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. persons (as defined in the Code) have the authority to control all substantial decisions of such trust or (y) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (v) any other person or entity that is treated for U.S. federal income tax purposes as if it were one of the foregoing.

Dispositions of Ordinary Shares. The surrender of Ordinary Shares by a U.S. holder for cash pursuant to the Merger should be treated as a taxable redemption for U.S. federal income tax purposes. Such transaction will be treated as a "sale or exchange" for U.S. federal income tax purposes if it (i) results in a "complete termination" of all such U.S. holder's equity interest in us, (ii) results in a "substantially disproportionate" redemption with respect to such U.S. holder, or (iii) is "not essentially equivalent to a dividend" with respect to such U.S. holder. Otherwise, such transaction should be treated as a distribution with respect to our Ordinary Shares.

In applying the above tests, which are discussed in further detail below, a U.S. holder generally must take into account shares of the U.S. holder owned actually and by attribution by application of the constructive ownership rules of section 318(a) of the Code (*i.e.*, "constructively under section 318(a)"). The receipt of cash by a U.S. holder in the Merger will result in a complete termination of the U.S. holder's equity interest in us if either (i) the U.S. holder owns none of our shares either actually or constructively under section 318(a) immediately after the Merger, or (ii) the U.S. holder actually owns none of our shares

immediately after the Merger and, with respect to shares owned constructively under section 318(a) immediately after the Merger, the U.S. holder is eligible to waive, and effectively waives, constructive ownership of all such shares under the procedures described in Section 302(c) of the Code. The receipt of cash by a U.S. holder will result in a "substantially disproportionate" redemption with respect to such U.S. holder if (i) the percentage of our outstanding voting shares owned actually and constructively under section 318(a) by the U.S. holder immediately following the Merger is less than 80% of the percentage of our outstanding voting shares owned actually and constructively under section 318(a) by the U.S. holder immediately before the Merger and (ii) immediately following the Merger, the U.S. holder owns actually and constructively under section 318(a) less than 50% of the total combined voting power of all classes of our shares entitled to vote. Even if the receipt of cash by a U.S. holder fails to satisfy the "complete termination" test and the "substantially disproportionate" test, a U.S. holder may nevertheless satisfy the "not essentially equivalent to a dividend" test if the U.S. holder's surrender of Ordinary Shares pursuant to the Merger results in a "meaningful reduction" in the U.S. holder's equity interest in us. Whether the receipt of cash by a U.S. holder will be "not essentially equivalent to a dividend" will depend upon the U.S. holder's particular facts and circumstances. A surrender of Ordinary Shares in the Merger that results in any reduction of the proportionate ownership of our shares by a U.S. Holder (taking into account shares owned actually and constructively under section 318(a)) with a relative equity interest in us that is minimal and that does not exercise any control over or participate in the management of our corporate affairs generally should be treated as "not essentially equivalent to a dividend." U.S. Holders should consult their tax advisors regarding the application of the above tests in their particular circumstances.

If none of the above tests are met, amounts received by a U.S. holder in the Merger will be treated as a distribution with respect to our Ordinary Shares. Such amounts will be taxable to the U.S. holder as a dividend to the extent of such holder's allocable share of our earnings and profits determined under U.S. federal income tax principles, and the excess of such amounts received over the portion that is taxable as a dividend will constitute a non−taxable return of capital (to the extent of the U.S. holder's adjusted tax basis in the Ordinary Shares). Any amounts received in excess of the U.S. holder's adjusted tax basis in the Ordinary Shares in such case will be taxed as gain from the sale or exchange of our Ordinary Shares.

The remainder of this discussion assumes, unless otherwise indicated, that the surrender of our Ordinary Shares in the Merger by a U.S. holder will be treated as a sale or exchange of our Ordinary Shares and not as a distribution with respect to our Ordinary Shares. U.S. holders should consult their tax advisors regarding the tax consequences of the Merger if amounts received by such U.S. holders are treated as distributions with respect our Ordinary Shares.

Subject to the discussion below relating to the potential application of section 1248 of the Code and the passive foreign investment company ("PFIC") rules, a U.S. holder will generally recognize capital gain or loss for U.S. federal income tax purposes on the sale or exchange of our Ordinary Shares in the Merger equal to the difference between the amount realized upon the sale or exchange and the U.S. holder's tax basis in the Ordinary Shares sold or exchanged. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if the U.S. holder held the shares for more than one year immediately prior to such disposition. Long-term capital gains of individuals are eligible for reduced rates of taxation. Moreover, gain,

if any, generally will be U.S. source gain and generally will constitute "passive income" for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Section 1248 of the Code. Code section 1248 provides that if a U.S. holder sells or exchanges shares in a non-U.S. corporation and such person owned, directly, indirectly through certain non-U.S. entities or by attribution by application of the constructive ownership rules of section 958(b) of the Code (*i.e.*, "constructively under section 958(b)"), 10% or more of the voting power of the corporation at any time during the five-year period, ending on the date of disposition, when the corporation was a controlled foreign corporation ("CFC"), any gain from the sale or exchange of the shares should be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and while the corporation was a CFC (with certain adjustments).

We believe, although not free from doubt, based upon information made available to us regarding our existing shareholder base, the dispersion of our share ownership (other than with respect to the Investors and the Cypress Entities) and the provisions of our articles of association restricting transfer, issuance and voting power of our shares that no U.S. holder who disposes of Ordinary Shares in the Merger should be treated as owning (directly, indirectly through non-U.S. entities or constructively under section 958(b)) 10% or more of the total voting power of all our shares; to the extent this is the case, the application of Code section 1248 under the regular CFC rules should not apply to dispositions of such Ordinary Shares. However, the IRS could successfully challenge this position. Accordingly, no assurance can be given that a U.S. holder who owns shares will not be characterized as a 10% U.S. Shareholder (as defined below). A 10% U.S. Shareholder may in certain circumstances be required to report a disposition of shares of a CFC by attaching IRS Form 5471 to the U.S. federal income tax or information return that it would normally file for the taxable year in which the disposition occurs.

Additionally, Code section 1248, in connection with the related person insurance income ("RPII") rules, provides that if a U.S. holder sells or exchanges shares in a non-U.S. corporation characterized as a CFC under the RPII rules, any gain from the disposition will generally be treated as a dividend to the extent of the holder's share of the corporation's undistributed earnings and profits that were accumulated during the period that the holder owned the shares (whether or not such earnings and profits are attributable to RPII). Existing proposed regulations do not address whether Code section 1248 would apply if a non-U.S. corporation is not a CFC but the non-U.S. corporation has a subsidiary that is a CFC that would be taxed as an insurance company if it were a domestic corporation. We believe, however, that this application of Code section 1248 under the RPII rules should not apply to dispositions of our shares because the Company is not directly engaged in the insurance business. We cannot be certain, however, that the IRS will not interpret the proposed regulations in a contrary manner or that the Treasury Department will not retroactively amend the proposed regulations to provide that these rules would apply to dispositions of shares such as ours. Shareholders should consult their tax advisors regarding the effects of these rules on a disposition of our Ordinary Shares in the Merger.

A non-U.S. corporation is considered a CFC if 10% U.S. shareholders own (directly, indirectly through non-U.S. entities or constructively under section 958(b)) more than 50% of the total combined voting power of all classes of voting shares of such non-U.S. corporation, or

more than 50% of the total value of all shares of such corporation. For purposes of taking into account insurance income, a CFC also includes a non-U.S. insurance company in which more than 25% of the total combined voting power of all classes of shares or more than 25% of the total value of all shares is owned (directly, indirectly through non-U.S. entities or constructively under section 958(b)) by 10% U.S. Shareholders on any day of the taxable year of such corporation, if the gross amount of premiums or other consideration for the reinsurance or the issuing of insurance or annuity contracts (other than certain insurance or reinsurance related to same country risks written by certain insurance companies not applicable here) exceeds 75% of the gross amount of all premiums or other consideration in respect of all risks.

A "10% U.S. Shareholder" of a non-U.S. corporation is a U.S. holder who owns (directly, indirectly through non-U.S. entities or constructively under section 958(b)) at least 10% of the total combined voting power of all classes of shares entitled to vote of the non-U.S. corporation.

A non-U.S. corporation will be treated as a CFC under the RPII rules if U.S. holders that own shares (directly or indirectly through non-U.S. entities) are treated as owning (directly, indirectly through non-U.S. entities or constructively under section 958(b)) 25% or more of the shares of the non-U.S. corporation by vote or value.

PFIC Rules. If we were characterized as a PFIC, a U.S. holder that disposes of our Ordinary Shares in the Merger generally would be subject to certain adverse federal income tax consequences, unless a timely "qualified electing fund ("QEF") election" was made or the U.S. holder is a 10% U.S. Shareholder and we are a CFC. In general, a non-U.S. corporation will be a PFIC in any taxable year in which either:

- 75% or more of its gross income constitutes "passive income"; or
- on average 50% or more of its assets produce, or are held for the production of, passive income.

If a non-U.S. corporation is determined to be a PFIC during the time a U.S. holder held shares, the U.S. holder generally would be subject to a special tax and an interest charge at the time of the disposition of, or receipt of an "excess distribution" with respect to, their shares and a portion of any gain on the disposition of their shares may be recharacterized as ordinary income. A U.S. holder is treated as receiving an "excess distribution" if the amount of the distribution is more than 125% of the average distribution with respect to their shares during the three preceding taxable years (or shorter period during which the taxpayer held shares). If the redemption of our Ordinary Shares in the Merger were treated as a distribution with respect to our Ordinary Shares rather than a disposition and we were characterized as a PFIC, it is expected that a U.S. holder surrendering Ordinary Shares in the Merger should be treated as having received an excess distribution.

In general, the special tax and interest charges discussed above are based on the value of the tax deferral of the taxes that are deemed due during the period the U.S. holder owned the shares, computed by assuming that the excess distribution or gain (in the case of a disposition) with respect to the shares was taxed in equal portions throughout the U.S. holder's period of

ownership at the highest marginal tax rate. The interest charge is computed using the applicable rate imposed on underpayments of U.S. federal income tax for such period.

In general, if a U.S. holder owns shares in a non-U.S. corporation during any taxable year in which such corporation is a PFIC, the shares will generally be treated as shares in a PFIC for all subsequent years. A U.S. holder that directly or indirectly owns shares of a PFIC is treated as owning a proportionate amount by value of any shares owned by that PFIC.

For the above purposes, passive income generally includes interest, dividends, annuities and other investment income. The PFIC rules, however, provide that income "derived in the *active* conduct of an insurance business by a corporation which is predominantly engaged in an insurance business is not treated as passive income." This "insurance company exception" is intended to ensure that income derived by a bona fide insurance company is not treated as passive income, except to the extent such income is attributable to financial reserves in excess of the reasonable needs of the insurance business. The PFIC statutory provisions also contain a look-through rule under which a non-U.S. corporation shall be treated as if it "received directly its proportionate share of the income" and as if it "held its proportionate share of the assets" of any other corporation in which it owns at least 25% of the value of the shares. Under the look-through rule, the Company would be deemed to own its proportionate share of the assets and to have received its proportionate share of the income of its subsidiaries for purposes of the two PFIC tests (*i.e.*, the 75% income and 50% asset tests) described above. The Company, operating through its insurance subsidiaries, has attempted to engage in active insurance and reinsurance activities that involve substantial transfer of insurance or annuity risks and the Company has attempted to have *de minimis* passive income and assets when compared to the Company's overall income and assets but is currently not underwriting new insurance risk. In addition, we do not expect that our insurance subsidiaries have financial reserves in excess of the reasonable needs of their insurance and reinsurance businesses. Accordingly, although it is unclear and not free from doubt, it is the Company's expectation that it should not be characterized as a PFIC. However, we cannot assure you that the IRS will not contend otherwise and that the courts will not sustain such a challenge.

No final regulations interpreting the PFIC provisions have been issued, and thus substantial uncertainty exists with respect to their application and new regulations or pronouncements interpreting or clarifying these rules, possibly on a retroactive basis, may be forthcoming. All U.S. holders should consult their tax advisors as to the effects of the PFIC rules.

Information Reporting and Backup Withholding. Information returns may be filed with the IRS in connection with the proceeds from the sale or exchange of the Ordinary Shares by a U.S. holder in the Merger unless the U.S. holder properly establishes an exemption from the information reporting rules. A U.S. holder of Ordinary Shares that does not establish such an exemption may be subject to U.S. backup withholding tax on such proceeds if the holder fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund; *provided* that the required information is timely furnished to the IRS.

ADDITIONAL INTERESTS OF DIRECTORS AND OFFICERS IN THE TRANSACTION

In considering the recommendation of the Board, you should be aware that certain of our officers and directors and the Investors may have interests in the transaction that are different from, or are in addition to, the interests of our Unaffiliated Ordinary Shareholders generally. The Special Committee and the Board were aware of these potential or actual conflicts of interest and considered them along with other matters when they determined to recommend the Merger.

Management and Directors of the Company

Certain members of the management of the Company and the Board are affiliated with the Investors and have actual or potential conflicts of interest in evaluating the Merger. Specifically, Jonathan Bloomer, Brett Adamczyk, Thomas Finke, Larry Port, Michael Rollings and Raymond Wechsler all currently are employed by the Investors or their affiliates. For detailed information, see "Directors and Officers of the Company."

Equity Ownership in the Company; Merger Consideration to Be Received by Our Directors and Officers

Each member of the management of the Company who holds Ordinary Shares will, at the Effective Time, have the right to receive the Merger Consideration.

The Company's directors (including the Special Committee members) and the executive officers will receive the following compensation in connection with the Merger:

Position	Number of Ordinary Shares Beneficially Owned	Aggregate Compensation for Service on Special Committee	Total Cash Payments Upon Completion of the Merger
Directors, excluding Members of the Special Committee	N/A	N/A	N/A
Members of the Special Committee	108,000	$ 280,000*	$ 312,400
Executive Officers	5,798	N/A	$ 1,739

* In addition members of the Special Committee receive fees, commensurate with the per meeting fees of Board members, for each Committee meeting attended in person or by conference call.

Jeffrey Hughes, one of the directors and a member of the Special Committee, is Vice Chairman of The Cypress Group whose affiliates own, as of the Record Date, an aggregate of 9,330,510 Ordinary Shares and have the right to receive the Merger Consideration therefor. Such affiliates are parties to the Registration Rights and Shareholders Agreement described below. See "Certain Relationships Between Us and the Investors — Registration Rights and Shareholders Agreement."

Directors' and Officers' Indemnification and Insurance

Pursuant to the Merger Agreement, during the six-year period following the Effective Time, the Company, as the surviving company of the Merger, will, to the fullest extent permitted by the laws of the Cayman Islands, indemnify and hold harmless each current (as of the date of the Merger Agreement) director and officer of the Company and each such individual who, as of the date of the Merger Agreement, was or is serving at the request of the Company as a member of the Special Committee or as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise (collectively, the "Indemnified Parties") against all costs and expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities and settlement amounts paid in connection with any claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), whether civil, administrative or investigative, except to the extent such losses are attributable to the fraud, bad faith, gross negligence or willful misconduct of any Indemnified Party as determined by a non-appealable decision of a court of competent jurisdiction, (a) based on the fact that such individual is or was a director or officer of the Company or a member of the Special Committee or (b) arising out of or pertaining to any action or omission occurring at or before the Effective Time (including the transactions contemplated thereby) and the Company will advance to the Indemnified Parties his or her legal and other expenses (including the cost of any investigation and preparation incurred in connection therewith) to the fullest extent permitted by the laws of the Cayman Islands within ten business days of receipt by the Company from the Indemnified Party of a request therefor; *provided* that any person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification. The Company will be entitled to assume the defense of any claim, action, suit, investigation or proceeding, unless there is a conflict of interest between the Company and the Indemnified Party. The Company will not be liable to any Indemnified Party for any legal expenses of separate counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if the Company elects not to assume such defense or there are conflicts of interest between the Company and the Indemnified Party, the Company will pay all reasonable fees and expenses of such counsel for the Indemnified Party within ten business days of receipt by the Company of statements therefor; *provided* that the Company will not be liable for the fees of more than one counsel with respect to a particular claim, action, suit, investigation or proceeding, for all Indemnified Parties; *provided*, *further*, that the Company will not be liable for any settlement effected without its written consent (which consent will not be unreasonably withheld or delayed).

Prior to the Effective Time, the Company, as the surviving company of the Merger, will, as of the Effective Time, obtain and fully pay premium for the extension of the Company's current directors and officers and members of the Special Committee (as defined to mean those persons insured under such policy) insurance and indemnification policies (including Side A coverage), for a period of not less than six years after the Effective Time, that provides coverage for events occurring at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Company's current insurance carrier as of the Effective Time with respect to directors' and officers' liability insurance with terms, conditions, retentions and limits of liability that are at least as favorable as the Company's existing policies with respect to any

matter claimed against a director or officer of the Company or any of its Subsidiaries by reason of his or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with the Merger Agreement or the transactions or actions contemplated thereby); *provided*, *however*, that in no event will the Company expend for such policies pursuant to this sentence an annual premium amount in excess of 200% of the annual premiums currently paid by the Company for such insurance. If the Company for any reason fails to obtain such "tail" insurance policies as of the Effective Time, the Company will, as of the Effective Time, continue to maintain in effect for a period of at least six years from and after the Effective Time the D&O insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are at least as favorable as provided in the Company's existing policies as of the date hereof, or the Company will purchase comparable D&O insurance for such six-year period with terms, conditions, retentions and limits of liability that are at least as favorable as provided in the Company's existing policies as of the date hereof; *provided*, *however*, that in no event will the Company or the surviving company expend for such policies pursuant to this sentence an annual premium amount in excess of 200% of the annual premiums currently paid by the Company for such insurance.

Executive Officer Retention

It is expected that immediately following the Effective Time, our officers immediately prior to the Effective Time will remain officers of the Company.

Special Committee Compensation

In consideration of the expected time and other commitments that would be required of Special Committee members, the Board determined that each member of the Special Committee (other than James Chapman, who served as Chairman of the Special Committee) would receive an upfront fee of $60,000 in February 2011, and each member of the Special Committee (including James Chapman) would receive per meeting fees commensurate with the per meeting fees of the Board. James Chapman, in his capacity as Chairman of the Special Committee, received an upfront fee of $100,000 in February 2011. The fees were payable without regard to whether the Special Committee intended to recommend approval, authorization and adoption of the Merger Agreement and the Plan of Merger or whether the Merger were consummated. In addition, the members of the Special Committee will also be reimbursed for their reasonable out-of-pocket travel and other expenses in connection with their service on the Special Committee. Such amounts are in addition to directors fees for service on the Board and on any committee of the Board.

CERTAIN RELATIONSHIPS BETWEEN US AND THE INVESTORS

Convertible Cumulative Participating Preferred Shares

On May 7, 2007, the Company completed the equity investment transaction by affiliates of the Investors, announced by the Company on November 27, 2006 (the "2007 New Capital Transaction"). The creation and issuance of the Convertible Preferred Shares to the Investors was approved by the Ordinary Shareholders at an extraordinary general meeting of shareholders in March 2007. Pursuant to the 2007 New Capital Transaction, affiliates of the Investors invested an aggregate $600 million in the Company in exchange for 1,000,000, in the aggregate, newly-issued Convertible Cumulative Participating Preferred Shares, which were subsequently assigned to the Investors. The gross proceeds were $600 million less $44.1 million in closing costs, which resulted in aggregate net proceeds of $555.9 million. Each Convertible Preferred Share has a par value of $0.01 per share with an initial stated value and liquidation preference of $600 per share, as adjusted for the accretion of dividends or the payment of dividends or distributions as described further below.

As of April 15, 2011, the Investors held in the aggregate approximately 68.7% of the Company's equity voting power, along with the right to designate two-thirds of the members of the Board.

The Convertible Preferred Shares are convertible at the option of the holder, in whole or in part, at any time, into an aggregate of 150,000,000 Ordinary Shares (or such higher number in connection with the resolution of the indemnification claim described in "— Effect of Failure to Approve, Authorize and Adopt the Transaction"). In 2016, on the ninth anniversary of the issuance, each outstanding Convertible Preferred Share (except those that have been redeemed or converted by then), automatically will convert into 150,000,000 Ordinary Shares, subject to adjustment. The Company is not required at any time to redeem the Convertible Preferred Shares for cash, except in the event of a liquidation or upon the occurrence of a change-in-control event. Under the terms of the Convertible Preferred Shares, a change of control includes (i) a merger or consolidation of the Company, (ii) a sale of all or substantially all the assets of the Company and (iii) the acceptance by a majority of Ordinary Shareholders of a tender offer for the Ordinary Shares.

Dividends on the Convertible Preferred Shares are cumulative and accrete daily on a non-compounding basis at a rate of 7.25% per annum on the stated value of $600 million, whether or not there are profits, surplus, or other funds available for the payment of dividends. Such dividends will be made solely by increasing the liquidation preference of the Convertible Preferred Shares. As of December 31, 2010, the amount of dividends accreted pursuant to the terms of the Convertible Preferred Shares was $159.3 million in the aggregate, or $159.26 per share, resulting in a liquidation preference of $759.2 million in the aggregate, or $759.26 per share, as of December 31, 2010.

Redemption of the Convertible Preferred Shares is contingent upon a change in control. Since neither liquidation nor a change in control is currently probable, the accreted dividends have not been accrued in the Company's consolidated financial statements.

In the event that dividends or distributions are made to Ordinary Shareholders, the holders of the Convertible Preferred Shares will receive a dividend or distribution equal to the dividend or distribution that such holders would have been entitled to receive had the right been exercised to convert all of the Convertible Preferred Shares to Ordinary Shares.

To the extent that the Convertible Preferred Shares participate on an as-converted basis in dividends paid on Ordinary Shares, a corresponding reduction will be made to the liquidation preference for the Convertible Preferred Shares. The Convertible Preferred Shares have a liquidation preference equal to their initial stated value, as adjusted for (x) the accretion of dividends and (y) any cash payment or payment in property of dividends or distributions. The Convertible Preferred Shareholders may, among other things, require the Company to redeem the Convertible Preferred Shares upon a change-in-control event.

Upon a change-in-control event, the redemption price of the Convertible Preferred Shares is an amount equal to the greater of (i) the stated value of the outstanding Convertible Preferred Shares, plus an amount equal to the sum of all accreted dividends through the earlier of (A) the date of payment of the consideration payable upon a change-in-control event, or (B) the fifth anniversary of the issue date of the Convertible Preferred Shares, or (ii) the amount that the holder of the Convertible Preferred Shares would have been entitled to receive with respect to such change-in-control event if it had exercised its right to convert all or such portion of its Convertible Preferred Shares for Ordinary Shares immediately prior to the date of such change-in-control event.

The liquidation preference of the Convertible Preferred Shares (including any adjustments thereto) is not applicable once the Convertible Preferred Shares have been converted into Ordinary Shares, as described above.

The Convertible Preferred Shares rank, with respect to payment of dividends and distribution of assets upon voluntary or involuntary liquidation, dissolution, or winding-up (a "Liquidation Event"): (a) senior to the Ordinary Shares and to each other class or series of the Company's shares established by the Board, the terms of which do not expressly provide that such class or series ranks senior to or *pari passu* with the Convertible Preferred Shares as to payment of dividends and distribution of assets upon a Liquidation Event; (b) *pari passu* with each class or series of the Company's shares, the terms of which expressly provide that such class or series ranks *pari passu* with the Convertible Preferred Shares as to payment of dividends and distribution of assets upon a Liquidation Event; and (c) junior to each other class or series of the Company's securities outstanding as of the date of the completion of the 2007 New Capital Transaction that ranks senior to the Ordinary Shares, and to each class or series of the Company's shares, the terms of which expressly provide that such class or series ranks senior to the Convertible Preferred Shares as to payment of dividends and distribution of assets upon a Liquidation Event and all classes of the Company's preferred shares outstanding as of the completion of the 2007 New Capital Transaction.

Pursuant to the Securities Purchase Agreement, representations and warranties were provided relating to the Company's statutory accounting records. Certain statutory accounting errors were discovered in 2006 which have resulted in an indemnification claim by the Investors against the Company. Resolution of this claim could result in a change in the conversion

formula on these securities. Pursuant to the Merger Agreement, the Investors have agreed to release such claims at the closing of the Merger.

Registration Rights and Shareholders Agreement

In connection with the closing of the transactions contemplated by the Securities Purchase Agreement, the Company entered into the Registration Rights and Shareholders Agreement, dated as of May 7, 2007, with the Investors that assigned all of its rights and obligations under the Securities Purchase Agreement in accordance with its terms to the Investors and Cypress Merchant B Partners II (Cayman) L.P., Cypress Merchant B II-A C.V., Cypress Side-By-Side (Cayman) L.P. and 55th Street Partners II (Cayman) L.P. (collectively the "Cypress Entities"). Pursuant to the Registration Rights and Shareholders Agreement, the Company granted the Investors demand and piggyback registration rights as well as, subject to certain exceptions, preemptive rights with respect to issuances of equity securities by the Company. The Company also granted the Cypress Entities certain demand and piggyback registration rights.

For so long as the Investors in the aggregate own at least 51% of the outstanding voting shares of the Company on a fully diluted basis, the Investors are entitled to designate two-thirds of the Company's board of directors. After falling below this ownership threshold, the Investors will continue to have the foregoing right for the following 12 months. Thereafter, the Investors will have the right to designate the number of directors that is proportionate to their ownership percentage of the equity of the Company. For so long as the Investors in the aggregate own at least 5% of the outstanding voting shares of the Company, they are entitled to designate at least one director. In addition, for so long as the Cypress Entities in the aggregate beneficially own at least 2.5% of the outstanding voting shares of the Company on a fully diluted basis, the Cypress Entities are entitled to designate at least one individual for election to the board of directors. Such individual will be approved by the Investors as a designee of the Cypress Entities, such approval not to be unreasonably withheld or delayed, but subject in any event to the Investors' fiduciary duties and applicable law.

The Investors are restricted from entering into affiliate transactions with the Company without the approval of the independent directors of the Company or the approval of a majority of the Unaffiliated Ordinary Shares, subject to an exception for certain transactions entered into in the ordinary course of business on terms that are no less favorable to the Company than those that could have been obtained in a comparable transaction by the Company with an unrelated person. If the Merger is consummated, the Investors will have the right to terminate the Registration Rights and Shareholders Agreement.

Orkney I

On February 11, 2005, Orkney Holdings issued and sold, in a private offering, an aggregate of $850 million Series A Floating Rate Insured Notes due February 11, 2035. Orkney Holdings was organized for the limited purpose of issuing the Orkney Notes and holding the shares of Orkney Re, originally a South Carolina special purpose financial captive insurance company, now a Delaware special purpose captive insurance company.

The Company was informed by Cerberus that one or more of its affiliates had acquired, from one or more unaffiliated third parties, $700 million in aggregate principal amount of the Orkney Notes in 2009 at a discount to its par value. None of the Company, MassMutual, SRUS, Orkney Holdings, Orkney Re, or any of the Company's other subsidiaries was a party to this purchase. No terms of the Orkney Notes or any of the underlying transaction documents were changed as a result of this purchase.

In connection with the Orkney I Unwind Transaction, described under "Summary—Recent Developments," Orkney Holdings agreed to repurchase the $850 million principal amount of the Orkney Notes for an aggregate amount of $590 million, $455 million of which would be paid to affiliates of Cerberus for the repurchase of $700 million principal amount of Orkney Notes held by them and $135 million of which would be paid to unaffiliated holders of the remaining $150 million aggregate principal amount of the Orkney Notes, representing a purchase price discount from par of 35% and 10%, respectively. Following cancellation of the Orkney Notes, Orkney Holdings will pay a dividend of any remaining assets to its parent, SRUS, which amounts, together with net amounts remaining at SRUS following completion of the recapture of the Orkney Block from Orkney Re and the subsequent cession of the Orkney Block to Hannover Life Re, are estimated to be approximately $25 million.

Other Related Party Transactions

The Company incurred $38,238 for legal fees and consulting fees associated with Cerberus for the year ended December 31, 2009. The Company did not incur any such fees associated with Cerberus in 2010.

For the years ended December 31, 2010, 2009, and 2008, the Company had reinsurance premiums earned of $15.7 million, $15.1 million, and $118.1 million, respectively, associated with MassMutual. As of December 31, 2010, the Company had a net receivable from MassMutual of $3.3 million (as compared to a net payable of $9.6 million as of December 31, 2009).

The Company incurred $17,000, $15,000, and $244,000 for Board fees payable to Babson Capital Management LLC, a subsidiary of MassMutual, for the years ended December 31, 2010, 2009, and 2008, respectively.

The Company also incurred $2.5 million and $0.4 million for investment management fees payable to Babson Capital Management LLC for the years ended December 31, 2010 and 2009, respectively. Babson Capital Management LLC was appointed in the fourth quarter of 2009 as investment manager for all the Company's invested assets, excluding investments held in securitization structures and certain company-directed investments.

For as long as the Cypress Entities in the aggregate beneficially own at least 2.5% of the Company's outstanding voting shares on a fully-diluted basis, they will be entitled to designate at least one individual for election to the Board. The Cypress Entities owned collectively 4.3% of the Company's outstanding voting shares on a fully-diluted basis as at December 31, 2010 and 2009, and have a representative, Jeffrey Hughes on the Board.

As of December 31, 2009, the Company held a $3.7 million investment in Cypress Sharpridge Investments, Inc., which is an affiliate of the Cypress Entities. During 2010, the Company sold all of these investments and no longer hold any investments in Cypress Sharpridge Investments, Inc. at December 31, 2010. During the years ended December 31, 2010, 2009, and 2008, the Company received $0.4 million, $0.7 million, and $0.4 million in dividend income, respectively, from the Company's investment in Cypress Sharpridge Investments, Inc. Furthermore, as of December 31, 2010 and 2009, the Company held $2.0 million and $8.8 million, respectively, of bonds issued by MassMutual or affiliates of MassMutual. The Company received $0.1 million in interest income in each of the years ended December 31, 2010, 2009, and 2008, respectively, on the bonds issued by MassMutual and its affiliates.

BENEFICIAL OWNERSHIP OF SHARES

The following table sets forth the beneficial ownership of the Company's Ordinary Shares by all persons who beneficially own 5% or more of the Ordinary Shares, by each director and named executive officer and by all directors, director nominees and executive officers as a group as of the Record Date, each without taking into account dilution by the conversion of the Convertible Preferred Shares (except as otherwise indicated).

Name and Address of Beneficial Owners[1]	Amount of Ordinary Shares Beneficial Ownership	Percent of Class
Investors	150,000,000[2]	68.7%†
CMBP II (Cayman) Ltd.	9,330,510[3]	13.6%[4]
Brandes Investment Partners, L.P.	8,457,246[5]	12.4%[4]
BlackRock, Inc.	8,602,247[6]	12.6%[4]
Directors		
Jonathan Bloomer	225,000[7]	*
Brett Adamczyk	–	–
James Butler	233,000[8]	*
James Chapman	225,000[7]	*
Thomas Finke	225,000[7]	*
Jeffrey Hughes	225,000[7]	*
Robert Joyal	325,000[8]	*
Larry Port	225,000[7]	*
Michael Rollings	225,000[7]	*
Raymond Wechsler	–	–
Named Executive Officers		
Dan Roth	275,100[7]	*
Meredith Ratajczak	142,126[9]	*
Michael Baumstein	168,140[10]	*
Gregg Klingenberg	45,660[7]	*
All directors and executive officers as a group (14 persons)	2,539,026[11]	3.6%[12]

* Less than 1%

† On a fully-diluted basis

(1) Except as otherwise indicated, the address for each beneficial owner is c/o Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton, HM 08, Bermuda.

(2) Represents 150,000,000 Ordinary Shares into which the Convertible Preferred Shares may be converted. On January 4, 2007, SRGL Acquisition, LLC assigned its rights and obligations under the Securities Purchase Agreement to SRGL LDC, an affiliate of Cerberus. Pursuant to the Assignment and Assumption Agreements dated as of June 5, 2007 between MassMutual and Benton I, Benton II and Benton III, MassMutual assigned its Convertible Preferred Shares to Benton I, Benton II and Benton III. The sole general partner of each of Benton I, Benton II and Benton III is Benton Street Advisors, Inc., an indirect wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company. On June 5, 2007, MassMutual, Benton and SRGL LDC entered into the Amended and Restated Investors Agreement in order to reallocate voting and governance rights and obligations of MassMutual to and among Benton I, Benton II and Benton III. Pursuant to the Amended and Restated Investors Agreement, the Investors agreed, among other things, to: (i) certain restrictions on the transfer of Convertible Preferred Shares, (ii) certain voting provisions with respect to the

Ordinary Shares, (iii) the election of a certain number of directors to the Company's Board and (iv) a third party sale process. Because of the Amended and Restated Investors Agreement, for the purposes of Section 13(d)(3) of the Exchange Act, Benton is deemed to be members of a group with SRGL LDC and, therefore, the beneficial owners of the securities of the Company beneficially owned by SRGL LDC. On June 5, 2007, SRGL LDC subscribed for and purchased limited partnership interests in Benton III, pursuant to a Subscription Agreement dated as of June 5, 2007 by and between Benton III and SRGL LDC. Benton III holds 134,667 Convertible Preferred Shares. Stephen Feinberg, directly or through one or more intermediate entities, possesses the sole power to vote and the sole power to direct the disposition of all securities of the Company held directly by Cerberus. In addition, pursuant to an Amended and Restated Limited Partnership Agreement dated as of June 5, 2007 by and among Benton Street Advisors, Inc., MassMutual and SRGL LDC, SRGL LDC shares certain rights over the voting and disposition of securities of the Company held by Benton III. Mr. Feinberg, directly or through one or more intermediate entities, exercises such rights held by SRGL LDC. Because SRGL LDC holds 500,000 Convertible Preferred Shares and exercises certain rights over the voting and disposition of 134,667 Convertible Preferred Shares, which Convertible Preferred Shares, in the aggregate, may be converted into 95,200,050 Ordinary Shares, Mr. Feinberg is deemed to beneficially own 95,200,050 Ordinary Shares, or 43.6% of the Ordinary Shares deemed issued and outstanding as of June 5, 2007. In addition, because of the Amended and Restated Investors Agreement, Mr. Feinberg is deemed to beneficially own the 365,333 Convertible Preferred Shares, which may be converted into 54,799,950 Ordinary Shares, beneficially owned by Massachusetts Mutual Life Insurance Company. The Investors beneficially owns 150,000,000 Ordinary Shares, or 68.7% of the Ordinary Shares deemed issued and outstanding as of June 5, 2007. The address for Massachusetts Mutual Life Insurance Company is 1295 State Street, Springfield, Massachusetts 01111. The address for Stephen Feinberg is 299 Park Avenue, 22nd Floor, New York, New York 10171.

(3) Based on a Schedule 13D filed by CMBP II (Cayman) Ltd. with the SEC on November 26, 2006, as a joint filer with Cypress Associates II (Cayman) L.P., Cypress Merchant B Partners II (Cayman) L.P., Cypress Merchant B II-A C.V., Cypress Side-by-Side (Cayman) L.P. and 55th Street Partners II (Cayman) L.P. The address of the joint filers is Cypress Associates II (Cayman) L.P., c/o The Cypress Group L.L.C., 437 Madison Avenue, New York, New York 10022.

(4) Equals the percentage of the issued and outstanding Ordinary Shares of the Company. Beneficial ownership would be less than 5% taking into account the conversion of the Convertible Preferred Shares.

(5) Based on a Schedule 13G filed by Brandes Investment Partners, L.P. with the SEC on February 14, 2008, as a joint filer with Brandes Investment Partners, Inc., Brandes Worldwide Holdings, L.P., Charles H. Brandes, Glenn R. Carlson and Jeffrey A. Busby. The address of the joint filers is 11988 El Camino Real, Suite 500, San Diego, CA 92130.

(6) Based on a Schedule 13G/A filed by Blackrock, Inc. with the SEC on January 10, 2011. The address of Blackrock, Inc. is 40 East 52nd Street, New York, NY 10022.

(7) Represents Ordinary Shares of the Company subject to immediately exercisable options. The exercise price per share of the options is in excess of the Merger Consideration.

(8) Includes 225,000 Ordinary Shares of the Company subject to immediately exercisable options. The exercise price per share of the options is in excess of the Merger Consideration.

(9) Includes 136,980 Ordinary Shares of the Company subject to immediately exercisable options. The exercise price per share of the options is in excess of the Merger Consideration.

(10) Includes 167,488 Ordinary Shares of the Company subject to immediately exercisable options. The exercise price per share of the options is in excess of the Merger Consideration.

(11) Includes 2,420,228 Ordinary Shares of the Company subject to immediately exercisable options. The exercise price per share of the options is in excess of the Merger Consideration.

(12) Equals the percentage of the issued and outstanding Ordinary Shares of the Company and assumes that Ordinary Shares subject to immediately exercisable options held by the director and officer group are exercised. Beneficial ownership would be less than 2% taking into account the conversion of the Convertible

Preferred Shares and less than 1% if Ordinary Shares subject to immediately exercisable options held by the director and officer group are not assumed to be exercised.

DIRECTORS AND OFFICERS OF THE COMPANY

The Board currently consists of 10 members. Set forth below is certain biographical information regarding our directors.

Jonathan Bloomer is the Chairman of the Board. Mr. Bloomer is a partner of Cerberus European Capital Advisors, which is the U.K. advisory arm of Cerberus Capital, a New York based investment manager. Mr. Bloomer is also Executive Chairman of Lucida plc, a newly formed company that assumes the assets and liabilities of corporate defined pension schemes. Prior to joining Cerberus, Mr. Bloomer worked for Prudential plc, serving as Group Finance Director from January 1995 to March 2000, and Group Chief Executive from March 2000 until May 2005. Mr. Bloomer was also a senior partner in Arthur Andersen's London financial markets division and managing partner of their European Insurance Practice. Mr. Bloomer was a Member of the Board of the Geneva Association from 2001 to 2005, a member of the board of the Association of British Insurers from 2000 to 2005, Chairman of the Financial Services Practitioner Panel of the FSA from 2003 to 2005 and Vice Chairman until October 2006. He was also a member of the Urgent Issues Task Force of the Accounting Standards Board from 1995 to 1999 and is currently a Trustee and the Treasurer of the NSPCC. Following the resignation of Paul Goldean, effective April 30, 2010, Mr. Bloomer was appointed to the role of Office of the Chairman for the Company to liaise directly between the management of the Company and the Board.

Brett Adamczyk joined Cerberus Capital Management L.P. in 2008 as a member of the private equity investment team. Prior to joining Cerberus, Mr. Adamczyk worked as a restructuring advisor with Rothschild Inc. Mr. Adamczyk holds a B.A. from Babson College.

James Butler was a partner at KPMG LLP from 1984 until his retirement in December 2006, primarily serving insurance clients, including reinsurance, property and casualty, financial guaranty, life and health insurers. Mr. Butler holds a B.A. from The College of the Holy Cross.

James Chapman has been non-executive Vice Chairman of SkyWorks Leasing, LLC, an aircraft management services company since December 2004. Prior to that, Mr. Chapman worked with Regiment Capital Advisors, LLC, from January 2003 to December 2004 and acted as a capital markets and strategic planning consultant with private companies, public companies and hedge funds (including Regiment), across a wide range of industries. Mr. Chapman also worked for The Renco Group, Inc., a multi-billion dollar private company in New York, from 1996 to 2001. Mr. Chapman serves as a member of the board of directors of AerCap Holdings N.V., Tembec, Inc. and Tower International, along with several private companies. Mr. Chapman holds a BA, magna cum laude, with distinction, from Dartmouth College, was Phi Beta Kappa and also a Rufus Choate Scholar. Mr. Chapman holds an M.B.A., with distinction, from Dartmouth College and is an Edward Tuck Scholar.

Thomas Finke serves as Chairman and CEO of Babson Capital Management LLC, an investment management firm ("Babson") that is a MassMutual subsidiary, and has over 18 years of industry experience. Mr. Finke joined Babson in June 2002 as part of Babson's acquisition of First Union Institutional Debt Management ("IDM"), where he was Co-Founder and President. Prior to founding IDM, Mr. Finke started the Par Loan Trading Desk at First Union Securities.

Before that, he served as a Vice President at Bear, Stearns & Co. and as a member of the founding board of directors of the Loan Syndications and Trading Association. Mr. Finke holds a B.A. from the University of Virginia's McIntire School of Commerce and an M.B.A. from Duke University's Fuqua School of Business.

Jeffrey Hughes is Vice Chairman and a founding partner of The Cypress Group, a New York based private equity firm established in 1994. Prior to Cypress, he spent 26 years at Lehman Brothers as a senior investment banker and merchant banker. Mr. Hughes joined Lehman in 1968 and became a partner in 1976. Mr. Hughes is a graduate of Wesleyan University and the Duke University Law School, where he is a member of the Board. In addition, Mr. Hughes is Chairman of the Duke Global Capital Markets Center and a Trustee of the Park Avenue Methodist Church Trust and The Battery Conservancy. Mr. Hughes also serves as a Director for Cypress Sharpridge Investments, Inc., Financial Guaranty Insurance Company, and Medicus Insurance Holdings Inc.

Robert Joyal was the President of Babson Capital Management from 2001 until his retirement in June 2003 and served as a Managing Director from 2000 until 2001. Prior to that, Mr. Joyal worked for the Mass Mutual Financial Group as an Executive Director from 1997-1999, and Vice President and Managing Director from 1987-1997. Mr. Joyal is a trustee of each of MassMutual Corporate Investors and MassMutual Participation Investors (closed end investment companies) and a director of MassMutual Select Funds and the MML Series Investment Fund (open end investment companies). Mr. Joyal is also a director of Jefferies Group Inc. (Investment Bank), and various Private Equity and Mezzanine Funds sponsored by First Israel Mezzanine Investors.

Larry Port is President and Managing Director of MassMutual Capital and is responsible for MassMutual's worldwide corporate development activity and private equity group. Prior to his present role, he served as Senior Vice President and Deputy General Counsel in the Law Division of MassMutual. Prior to joining MassMutual Capital, Mr. Port spent 19 years at Texaco Inc. Mr. Port holds a B.A. from the University of Virginia and a J.D. from the University of Pittsburgh, School of Law.

Michael Rollings joined MassMutual in 2001, and has served as Executive Vice President and Chief Financial Officer since June 2006. Prior to assuming this role, Mr. Rollings also served as Senior Vice President, Acting Chief Financial Officer, Senior Vice President and Deputy Chief Financial Officer. Before joining MassMutual, Mr. Rollings spent 13 years at Morgan Stanley and Co.

Raymond Wechsler is the Chairman and CEO of American Equity Partners, a holding company formed in 1992 to specifically focus on investments and restructuring of distressed and underperforming companies. Mr. Wechsler has over 30 years of senior leadership and restructuring experience and has managed the distressed portfolio or selected portfolio companies for private equity funds, including George Soros. Mr. Wechsler is presently a Managing Director of Cerberus Capital Management, L.P. He has successfully reorganized numerous companies in financial and operational difficulty and has served as Chairman and CEO or as a Director of NYSE, Amex, NASDAQ and private companies, and has held senior management positions including Chairman and CEO and President of many companies,

including Mueller Industries, AT&T International, United Press International, RCA International, Accessory Place, Jos A. Banks, ERC Industries and Protect Services Industries among others. Mr. Wechsler has also managed various Cerberus portfolio companies including Mervyns, Tandem Staffing Solutions, GDX and GHP and currently sits on the board of several Cerberus portfolio companies including LNR Property, CRE Boca, Advantage Resourcing, Galaxy Cable, GDX, GHP, NewPage and Kyo-ya Hotels and Resorts. Mr. Wechsler holds a BA from Queens College and an MBA from Columbia University. Mr. Wechsler is also a CPA in New York State.

Set forth below is certain biographical information regarding our executive officers.

Dan Roth joined the Company as Executive Vice President, Chief Restructuring Officer in May 2007 and has served as Executive Vice President, Chief Financial Officer since February 2009. From May 2006 until April 2007, Mr. Roth worked for Cerberus's operations team. Before joining Cerberus, Mr. Roth spent ten years with the General Electric Company, most recently as the Manager of Finance for GE Money's personal loan business in Japan. Mr. Roth also led GE Money's global capital allocation program in Stamford, Connecticut and prior to that, was a Senior Manager for GE's Corporate Audit Staff, leading teams responsible for financial and operational reviews of GE's business in North America and Asia. Mr. Roth is a graduate of the University of Dayton's school of business.

Meredith Ratajczak joined the Company in March 2006 as Chief Actuary of our Life Reinsurance North America Segment and assumed the role of Interim Chief Financial Officer, North America in August, 2007. Ms. Ratajczak was appointed President, Chief Executive Officer, North America, in February 2009. Prior to joining the Company, Ms. Ratajczak was a Consulting Actuary and Equity Principal at Milliman for nineteen years. She has also worked as an actuary for Investors Life Insurance Company of North America and Penn Mutual Life Insurance Company. Ms. Ratajczak served on the planning committee for the Valuation Actuary Symposium for twelve years, four of those years serving as Chairperson. She also served on the faculty of the Life and Health Qualification Seminar for two years. Ms. Ratajczak holds a B.B.A. with a major in Finance from Penn State University. She is a Fellow of the Society of Actuaries (FSA) and a Member of the American Academy of Actuaries (MAAA).

Michael Baumstein joined the Company in March 2004. Mr. Baumstein currently serves as our Executive Vice President, Investments and Strategic Transactions. Mr. Baumstein also serves as President of the Company's broker/dealer subsidiary, Scottish Re Capital Markets, Inc. Prior to joining us, Mr. Baumstein worked as an Investment Banker, with a specialty in financial institutions, corporate finance and mergers and acquisitions at Bear Stearns and at Prudential Securities. He also held finance and strategy positions at PricewaterhouseCoopers and Scudder Kemper Investments. Mr. Baumstein holds a B.A. in Economics from Rutgers University and an M.B.A. from Columbia University.

Gregg Klingenberg joined the Company in February 2006. Prior to assuming the role of General Counsel in January 2009, Mr. Klingenberg served as Senior Vice President, Associate General Counsel for Scottish Holdings, Inc. and Legal Counsel for the Company's North American operating subsidiaries. Mr. Klingenberg previously was associated with Cadwalader, Wickersham & Taft LLP, where his practice focused primarily on capital markets transactions.

Mr. Klingenberg formerly was in-house counsel to the investment division of Great-West Life & Annuity Insurance Company and an associate in the Denver office of Kutak Rock, LLP, focusing on structured finance transactions and general corporate matters. Mr. Klingenberg holds a B.A. in Political Science from Nazareth College and a J.D. from the University of Denver, College of Law.

OTHER MATTERS

The management of the Company does not know of any matters to be presented at the meeting other than those mentioned in the Notice of Extraordinary General Meeting of Shareholders. However, if other matters come before the meeting, it is the intention of the persons named in the accompanying proxy to vote said proxy in accordance with their judgment on such matters.

By Order of the Board of Directors,

/s/ Gregg L. Klingenberg
Name: Gregg L. Klingenberg
Title: General Counsel

Bermuda
May 11, 2011

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ANNEX A

Execution Version

AMENDED AND RESTATED

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

SRGL ACQUISITION, LDC,

BENTON STREET PARTNERS I, L.P.,

BENTON STREET PARTNERS II, L.P.,

BENTON STREET PARTNERS III, L.P.,

SRGL BENTON LTD.

AND

SCOTTISH RE GROUP LIMITED

DATED AS OF APRIL 15, 2011

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SRGL Disclosure Schedule

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AMENDED AND RESTATED

AGREEMENT AND PLAN OF MERGER

This AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER, dated as of April 15, 2011 (this "Agreement"), is by and among SRGL ACQUISITION, LDC, a Cayman Islands exempted limited duration company ("SRGL LDC"), BENTON STREET PARTNERS I, L.P., a Cayman Islands exempted limited partnership ("Benton I"), BENTON STREET PARTNERS II, L.P., a Delaware limited partnership ("Benton II"), and BENTON STREET PARTNERS III, L.P., a Delaware limited partnership ("Benton III," and collectively with Benton I and Benton II, "Benton," each acting through its general partner, Benton Street Advisors, Inc.) (Benton and SRGL LDC, collectively, the "Investors"), SRGL BENTON LTD., a Cayman Islands exempted company limited by shares and wholly-owned by the Investors ("Merger Sub"), and SCOTTISH RE GROUP LIMITED, an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands ("SRGL").

RECITALS

WHEREAS, the Investors, Merger Sub and SRGL entered that certain Agreement and Plan of Merger, dated as of April 15, 2011 (the "Original Agreement");

WHEREAS, the Investors, Merger Sub and SRGL desire to amend and restate in its entirety the Original Agreement in order to modify certain provisions of the Original Agreement;

WHEREAS, pursuant to this Agreement, and upon the terms and subject to the conditions set forth herein and in accordance with the Companies Law (2010 Revision, as amended) of the Cayman Islands (the "Companies Law"), Merger Sub will be merged with and into SRGL with SRGL continuing as the surviving corporation (the "Merger"), whereby each issued and outstanding ordinary share, par value $0.01 per share, in the capital of SRGL (the "Ordinary Shares"), not owned directly or indirectly by the Investors or their Subsidiaries and other than Dissenting Shares, will be converted into the right to receive the Merger Consideration;

WHEREAS, the board of directors of SRGL (the "SRGL Board") has formed a Special Committee of the SRGL Board for the purpose of, among other things, evaluating, negotiating and making a recommendation to the SRGL Board with respect to actions to be taken regarding any business combination involving the Investors or their Affiliates, including with respect to this Agreement and the Merger;

WHEREAS, the SRGL Board, acting upon the recommendation of the Special Committee, and on the terms and subject to the conditions set forth herein, has (a) approved and declared advisable this Agreement and the Merger, (b) determined that the Merger is in the best interests of SRGL and the holders of Ordinary Shares (other than the holders of the Owned Ordinary Shares) (the "Unaffiliated Ordinary Shareholders") and (c) resolved to recommend that the Unaffiliated Ordinary Shareholders approve the Merger by special resolution at an extraordinary general meeting of the SRGL Shareholders; and

WHEREAS, the respective boards of directors and/or general partners of the Investors and Merger Sub have, on the terms and subject to the conditions set forth herein, approved and declared advisable this Agreement and the Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
THE MERGER

Section 1.1 The Merger.

Upon the terms and subject to satisfaction or waiver of the conditions set forth in this Agreement, and in accordance with the Companies Law, at the Effective Time, Merger Sub shall be merged with and into SRGL. As a result of the Merger, the separate corporate existence of Merger Sub shall cease, and SRGL shall continue as the surviving corporation of the Merger (the "Surviving Corporation"), pursuant to the provisions of the Companies Law.

Section 1.2 Closing.

The closing of the Merger (the "Closing") shall take place at the offices of Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 (or such other place as may be mutually agreed in writing by the parties) not later than the second Business Day following the date on which all of the conditions set forth in Article VI are satisfied or, if permissible, waived (other than those conditions to be satisfied at the Closing, but subject to the satisfaction or, if permissible, waiver thereof), unless the parties hereto mutually agree in writing to another date. The date and time of the Closing are herein referred to as the "Closing Date."

Section 1.3 Effective Time.

At the time of Closing, subject to the terms and conditions of this Agreement, the parties hereto shall cause the Merger to be consummated by (a) filing with the Registrar of Companies of the Cayman Islands (the "Cayman Registrar") this Agreement and such other documents as may be required in accordance with the applicable provisions of the Companies Law or by Law to make the Merger effective, including the Cayman Plan of Merger and Director Declaration (the "Merger Documents") and (b) making such other filings or recordings and taking such other actions as may be required in accordance with the applicable provisions of the Companies Law or by Law to make the Merger effective hereinafter; *provided*, *however*, that the Merger shall by its terms become effective on the date that the applicable Merger Documents are registered by the Cayman Registrar or on such subsequent date as Merger Sub and SRGL shall agree and specify in the Merger Documents in accordance with the Companies Law (the date and time upon which the Merger becomes effective being the "Effective Time").

Section 1.4 Effect of the Merger.

At the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of the Companies Law. Without limiting the generality of the foregoing, at the Effective Time, except as otherwise provided herein, all the property (including choses in action), rights, undertaking, goodwill, benefits, immunities, privileges, powers and franchises of SRGL and Merger Sub shall vest in the Surviving Corporation, and all Liabilities of SRGL and Merger Sub shall become the Liabilities of the Surviving Corporation.

Section 1.5 Memorandum of Association and Articles of Association.

At the Effective Time and without any further action on the part of the parties, the SRGL Memorandum and Articles immediately prior to the Effective Time shall be the memorandum of association and articles of association of the Surviving Corporation, until duly amended.

Section 1.6 Directors and Officers.

The directors of SRGL immediately prior to the Effective Time shall continue to be the directors of the Surviving Corporation at the Effective Time, each to hold office in accordance with the memorandum of association and articles of association of the Surviving Corporation. The officers of SRGL immediately prior to the Effective Time shall continue to be the officers of the Surviving Corporation at the Effective Time, each to hold office in accordance with the memorandum of association and articles of association of the Surviving Corporation.

ARTICLE II
EFFECTS OF THE MERGER ON THE SHARES IN THE CAPITAL OF THE CONSTITUENT CORPORATIONS

Section 2.1 Conversion of Ordinary Shares.

At the Effective Time, by virtue of the Merger and without any action on the part of the Investors, Merger Sub, SRGL or the holders of any of the following securities:

Section 2.1.1 Ordinary Shares. Each Ordinary Share issued and outstanding immediately prior to the Effective Time (other than Excluded Shares) shall be converted at the Effective Time into the right to receive $0.30 per share in cash, payable to the holder thereof, without interest (the "Merger Consideration"). All such Ordinary Shares shall no longer be outstanding and shall be canceled and shall cease to exist and the Register shall be updated accordingly. Any Certificate in issue immediately prior to the Effective Time in respect of any such Ordinary Shares (other than any Excluded Shares) shall cease to confer any rights with respect to such Ordinary Shares, except the right to receive the Merger Consideration therefor upon surrender of such Certificate in accordance with Section 2.4. The right of any Ordinary Shareholder to receive the Merger Consideration shall be subject to and reduced by the amount of withholding, if any, that is required under applicable Tax Law. If, between the date of this Agreement and the Effective Time, there is any change in the number of outstanding Ordinary Shares as a result of a reclassification, recapitalization, share split, share dividend, subdivision, combination or exchange of shares with respect to, or rights issued in respect of, the Ordinary

Shares, the Merger Consideration shall be equitably adjusted accordingly, without duplication, to provide to the Ordinary Shareholders the same economic effect as contemplated by this Agreement prior to such event.

Section 2.1.2 Cancellation of Certain Ordinary Shares. Each outstanding or issued Ordinary Share held by the Investors, Merger Sub, any wholly-owned Subsidiary of the Investors or Merger Sub, or owned by SRGL or any wholly-owned Subsidiary of SRGL immediately prior to the Effective Time (the "Owned Ordinary Shares", and together with the Dissenting Shares, if any, the "Excluded Shares") shall, by virtue of the Merger and without any action on the part of the holder thereof, be canceled and extinguished without any conversion thereof and no payment of Merger Consideration shall be made with respect thereto.

Section 2.1.3 Preferred Shares. For the avoidance of doubt, the Perpetual Preferred Shares and the Convertible Preferred Shares issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding after the Effective Time, unaffected by the Merger.

Section 2.1.4 Ordinary Shares of Merger Sub. Each ordinary share, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted at the Effective Time into and become one newly and validly issued, fully paid and nonassessable Ordinary Share of the Surviving Corporation, par value $0.01 per share and the Register updated to reflect such conversion.

Section 2.2 Exchange Procedures.

Section 2.2.1 Paying Agent. Prior to the Effective Time, the Investors shall designate one or more banks or trust companies reasonably satisfactory to SRGL (the "Paying Agent"), to act as agent for the Investors for purposes of, among other things, mailing and receiving the Letters of Transmittal, and distributing the Merger Consideration to the Ordinary Shareholders (other than holders of Excluded Shares). At or prior to the Effective Time, the Investors, on behalf of Merger Sub, shall deposit, or shall cause to be deposited, with the Paying Agent, for the benefit of the Ordinary Shareholders (other than holders of Excluded Shares) for payment in accordance with this Article II, cash in U.S. dollars in an amount sufficient to pay the Merger Consideration (the "Exchange Fund"). The Exchange Fund shall not be used for any other purpose.

Section 2.2.2 Exchange Procedures for Ordinary Shares. No later than ten Business Days after the Effective Time, the Investors shall cause the Paying Agent to mail to each Person recorded in the Register as the Ordinary Shareholder of record (other than holders of the Owned Ordinary Shares) as of the Effective Time a letter of transmittal (the "Letter of Transmittal"). Upon delivery to the Paying Agent of any Certificates for cancellation, or if lost, stolen or destroyed or not issued at all, a declaration stating such in the form attached to the Letter of Transmittal (the "Certificate Declaration"), together with the Letter of Transmittal, duly completed and validly executed in accordance with the instructions thereto, together with such other executed documents as may be required pursuant to the instructions set forth in the Letter of Transmittal, such Ordinary Shareholder (other than a holder of Excluded Shares) shall be entitled to receive, in exchange therefor the portion of the Merger Consideration at the Closing to

which such Ordinary Shareholder is entitled pursuant to Section 2.1.1. The Paying Agent shall promptly transmit the applicable portion of the Merger Consideration at the Closing to which such Ordinary Shareholder is entitled in accordance with the terms hereof after receipt of all such Ordinary Shareholder' Certificates for cancellation, or if applicable, the Certificate Declaration, and the Letter of Transmittal, duly completed and validly executed in accordance with the instructions thereto, together with such other executed documents as may be required pursuant to the instructions set forth therein, and the Register updated to reflect the cancellation of such Shares. No interest shall be paid or accrued on any portion of the Merger Consideration payable hereunder.

Section 2.2.3 Further Rights in Ordinary Shares. All Merger Consideration paid in accordance with the terms hereof shall be deemed to have been paid in full satisfaction of all rights pertaining to the Ordinary Shares issued and outstanding immediately prior to the Effective Time.

Section 2.2.4 Termination of Exchange Fund. Any portion of the Exchange Fund (including the proceeds of any investments thereof) which remains undistributed to the Ordinary Shareholders for six months after the Effective Time shall be delivered to the Investors upon demand, and any Ordinary Shareholders (other than holders of Excluded Shares) who have not theretofore complied with this Article II shall thereafter look only to the Investors, jointly and severally (subject to abandoned property, escheat and similar Laws), as general creditors thereof for payment of the Merger Consideration upon compliance with the Letter of Transmittal and the instructions thereto referred to in Section 2.2.2, without any interest thereon.

Section 2.2.5 No Liability. Neither the Investors nor SRGL shall be liable to any Ordinary Shareholders for any cash from the Exchange Fund properly delivered to a public official pursuant to any abandoned property, escheat or similar Law.

Section 2.2.6 Lost, Stolen or Destroyed Certificates. In the event any Certificates shall have been lost, stolen, destroyed or not issued, the Investors shall pay in respect of such lost, stolen, destroyed or not issued Certificates, upon the making of a Certificate Declaration by the Ordinary Shareholder thereof, the applicable portion of the Merger Consideration at the Closing; *provided*, *however*, that the Investors or Paying Agent may, in its discretion and as a condition precedent to the issuance thereof, require the Ordinary Shareholder holding such lost, stolen or destroyed Certificates to deliver a bond in such sum as the Investors or Paying Agent may reasonably direct. The Certificate Declaration may also include an indemnity against any claim that may be made against the Investors with respect to the Certificates alleged to have been lost, stolen or destroyed.

Section 2.3 Dissenters' Rights.

Notwithstanding anything to the contrary in this Agreement, the Ordinary Shares outstanding immediately prior to the Effective Time and held by an Ordinary Shareholder who has delivered to SRGL a written objection to the Merger pursuant to Section 238 of the Companies Law (the "Dissenting Shares") shall be entitled only to such rights as are granted by the Companies Law and such Dissenting Shares will be canceled at the Effective Time; provided, however, that if such holder fails to perfect or prosecute, or effectively withdraws or

loses, such rights under the Companies Law, then such Dissenting Shares shall be treated as if they had been converted at the Effective Time into a right to receive the Merger Consideration attributable to such shares. SRGL shall give the Investors prompt notice upon receipt by SRGL of any written demands for appraisal, withdrawal of such demands and any other written communications delivered to SRGL pursuant to said Section 238, and SRGL shall give the Investors the opportunity, to the extent permitted by Law, to participate in all negotiations and Proceedings with respect to such demands. Except with the prior written consent of the Investors, SRGL shall not voluntarily make any payment with respect to any demands for appraisal and shall not settle or offer to settle any such demands. The Investors agree that any payments made with respect to Dissenting Shares shall be made solely by the Investors and not by SRGL.

Section 2.4 Register.

At the Effective Time, the Register shall be closed for transfers and, from and after the Effective Time, there shall be no further registration of transfers of Ordinary Shares that were outstanding on the records of SRGL immediately prior to the Effective Time. From and after the Effective Time, the Ordinary Shareholders immediately prior to the Effective Time shall cease to have any rights with respect to such Ordinary Shares (other than the right to receive the Merger Consideration attributable to such shares), except as otherwise provided herein or by Law. At or after the Effective Time, any Certificates presented to the Paying Agent, the Investors or the Surviving Corporation for any reason shall be canceled.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SRGL

Subject to such exceptions as are disclosed in the disclosure schedule (the "SRGL Disclosure Schedule") delivered by SRGL to the Investors concurrently with the execution and delivery of this Agreement, SRGL represents and warrants to the Investors and Merger Sub as follows:

Section 3.1 Organization and Qualification.

Except as set forth on Section 3.1 of the SRGL Disclosure Schedule, SRGL and each of its Significant Subsidiaries is a corporation duly incorporated (or, if not a corporation, duly organized), validly existing and in good standing under the laws of the jurisdiction in which it is incorporated (or, if not a corporation, in which it is organized) and has the requisite power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted. Except as set forth on Section 3.1 of the SRGL Disclosure Schedule, SRGL and each of its Significant Subsidiaries is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect. SRGL has made available to Investors complete and correct copies of the SRGL Memorandum and Articles and the equivalent organizational documents of each of its Subsidiaries, in each case, as amended and in full force and effect as of the date of this Agreement.

Section 3.2 Capitalization.

Section 3.2.1 Capital. The authorized share capital of SRGL consists solely of (i) 590,000,000 Ordinary Shares and (ii) 50,000,000 Preferred Shares. As of the date hereof, 68,383,370 Ordinary Shares, 4,806,083 Perpetual Preferred Shares, and 1,000,000 Convertible Preferred Shares are issued and outstanding. Except as set forth above, no shares in the capital of SRGL are issued, reserved for issuance (except as disclosed pursuant to Section 3.2.2) or outstanding. All outstanding shares in the capital of SRGL are duly authorized, validly issued, fully paid and nonassessable.

Section 3.2.2 Equity Obligations. Except as set forth in Section 3.2.2 of the SRGL Disclosure Schedule, there are no preemptive or similar rights on the part of any holder of any class of securities of SRGL or any of its Subsidiaries. Except as set forth in Section 3.2.2 of the SRGL Disclosure Schedule, neither SRGL nor any of its Subsidiaries has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the SRGL Shareholders or any such Subsidiary on any matter submitted to shareholders or a separate class of holders of shares. Except as set forth above and except as set forth in Section 3.2.2 of the SRGL Disclosure Schedule, there are not any options, warrants, restricted shares, restricted share units, calls, rights, convertible or exchangeable securities, "phantom" share rights, share appreciation rights, share-based performance units, commitments, contracts, arrangements or undertakings of any kind to which SRGL or any of its Subsidiaries is a party or by which any of them is bound (a) obligating SRGL or any of its Subsidiaries to issue, deliver, sell or transfer or repurchase, redeem or otherwise acquire, or cause to be issued, delivered, sold or transferred or repurchased, redeemed or otherwise acquired, any shares in the capital of SRGL or any of its Subsidiaries, any additional shares in the capital of, or other Equity Interests in, or any security convertible or exercisable for or exchangeable into any shares in the capital of, or other Equity Interest in, SRGL or any of its Subsidiaries, (b) obligating SRGL or any of its Subsidiaries to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, contract, arrangement or undertaking, (c) obligating SRGL or any of its Subsidiaries pursuant to any right of first offer, right of first negotiation, right of first refusal, co-sale or similar provisions or (d) giving any Person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights accruing to holders shares in the capital of, or other Equity Interests in, SRGL or any of its Subsidiaries. Section 3.2.2 of the SRGL Disclosure Schedule lists all outstanding SRGL Options, setting forth the name of the recipient of the SRGL Option, the number of shares subject to each SRGL Option, the exercise price, the expiration date and whether the recipient of such SRGL Option is a current employee or director of SRGL or a Subsidiary thereof. There are no proxies, voting trusts or other agreements or understandings to which SRGL or any of its Subsidiaries is a party or is bound with respect to the voting of the shares in the capital of, or other Equity Interests in, SRGL or any of its Subsidiaries. No Ordinary Shares or Preferred Shares are held by any wholly-owned Subsidiary of SRGL. For the avoidance of doubt, notwithstanding the foregoing, SRGL makes no representation or warranty with respect to any agreement, right, commitment or other obligation by an Investor or any of its Affiliates with respect to any class of securities of SRGL or any of its Subsidiaries or any rights with respect thereto.

Section 3.3 Subsidiaries.

Section 3.3 of the SRGL Disclosure Schedule lists each Significant Subsidiary of SRGL, its capitalization and its jurisdiction of organization. All the outstanding shares in the capital of each Significant Subsidiary of SRGL have been validly issued and are fully paid and nonassessable (and, except as disclosed in Section 3.3 of the SRGL Disclosure Schedule or as provided under the Laws of the jurisdiction of incorporation, no such shares are subject to preemptive or similar rights) and, except for Scottish Re Life Corporation, of which SRGL indirectly owns 95% of the outstanding Equity Interests, are wholly-owned beneficially and as of record by SRGL, by one or more Significant Subsidiaries of SRGL or by SRGL and one or more such Significant Subsidiaries, free and clear of all Liens.

Section 3.4 Authority; Approval.

Section 3.4.1 Authority. SRGL has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject to the approval of this Agreement by the Required Shareholder Approval, to consummate the Merger by SRGL. The execution and delivery of this Agreement by SRGL and the consummation by SRGL of the Merger have been duly and validly authorized by all necessary corporate action on the part of SRGL, and no other corporate proceedings on the part of SRGL and no shareholder votes are necessary to authorize this Agreement or the Merger, except the approval of this Agreement by the Required Shareholder Approval and the filing of the Merger Documents with the Cayman Registrar. This Agreement has been duly executed and delivered by SRGL and, assuming this Agreement is a legally valid and binding obligation of the Investors and Merger Sub, constitutes a legally valid and binding obligation of SRGL, enforceable against SRGL in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, preference, fraudulent transfer, moratorium or other similar laws relating to or affecting the rights and remedies of creditors and by general principles of equity regardless of whether enforcement is considered in a Proceeding in equity or at law.

Section 3.4.2 Special Committee Approval. The Special Committee has (a) reviewed the proposed Merger and this Agreement, (b) unanimously approved SRGL's entering into this Agreement, (c) unanimously determined that the Merger is in the best interests of SRGL and that the Merger Consideration is fair, from a financial point of view, to the Unaffiliated Ordinary Shareholders and (d) unanimously resolved to recommend to the Board that the Unaffiliated Ordinary Shareholders approve the Merger by special resolution at an extraordinary general meeting of the SRGL Shareholders.

Section 3.4.3 Board Approval. The SRGL Board, after having received the recommendation of the Special Committee, at a meeting duly called and held, has unanimously (a) approved and declared advisable this Agreement and the Merger, (b) resolved that the Merger is in the best interests of SRGL and that the Merger Consideration is fair, from a financial point of view, to the Unaffiliated Ordinary Shareholders and (c) resolved to recommend that the Unaffiliated Ordinary Shareholders approve the Merger by special resolution at an extraordinary general meeting of the SRGL Shareholders.

Section 3.5 No Conflict; Required Filings and Consents.

Section 3.5.1 No Conflict. The execution and delivery of this Agreement by SRGL do not, and the performance of this Agreement by SRGL and the consummation of the Merger by SRGL will not, (a) assuming the Required Shareholder Approval is obtained, conflict with or violate any provision of the SRGL Memorandum and Articles or any other organizational or governing document of SRGL, (b) conflict with or violate any similar organizational or governing documents of any Significant Subsidiary, (c) assuming that all consents, approvals, authorizations and permits described in Section 3.5.2 have been obtained prior to the Effective Time and all filings and notifications described in Section 3.5.2 have been made and any waiting periods thereunder have terminated or expired prior to the Effective Time, conflict with or violate any material Law applicable to SRGL or any Significant Subsidiary or by which any material property or material asset of SRGL or any Significant Subsidiary is bound or (d) except as set forth in Section 3.5.1 of the SRGL Disclosure Schedule, conflict with, require any consent or approval under, result in any breach of or any loss of any benefit under, or constitute a change of control (but only in such instances when a change of control would constitute a default by, result in any breach or any loss of any benefit by, give to others any right of termination, acceleration or cancellation or otherwise result in an adverse consequence for SRGL) or default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, acceleration or cancellation of, or result in the creation of a Lien (except for Permitted Liens) on any material property or asset of SRGL or any Significant Subsidiary pursuant to under any material note, bond, mortgage, indenture, Contract, agreement, lease, license, SRGL Permit or other material legally binding obligation to which SRGL or any Significant Subsidiary is a party or is otherwise bound; *provided* that no representation or warranty is made with respect to any such agreement or other obligation to which the Investors are a party.

Section 3.5.2 Required Filings and Consents. The execution and delivery of this Agreement by SRGL do not, and the performance of this Agreement by SRGL and the consummation of the Merger will not, require SRGL to obtain any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except for filings, notifications, permits, authorizations, consents and approvals required under the HSR Act and as set forth in Section 3.5.2 of the SRGL Disclosure Schedule.

Section 3.6 Solvency.

SRGL is, and immediately after the Effective Time the Surviving Corporation will be, able to pay its debts as they fall due.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE INVESTORS AND MERGER SUB

Subject to such exceptions as are disclosed in the disclosure schedule (the "Investors Disclosure Schedule") delivered by the Investors to SRGL concurrently with the execution and delivery of this Agreement, each of the Investors and Merger Sub hereby jointly and severally represent and warrant to SRGL (except as to the representations and warranties of the Investors

as to themselves, which are made severally and not jointly by each Investor as to itself only) as follows:

Section 4.1 Organization and Qualification.

SRGL LDC is a limited duration exempted company duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands. Benton I is an exempted limited partnership duly formed and registered, validly existing and in good standing under the Laws of the Cayman Islands. Each of Benton II and Benton III is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware. Merger Sub is an exempted company limited by shares duly incorporated, validly existing and in good standing under the Laws of the Cayman Islands and is wholly-owned by the Investors. Each of the Investors and Merger Sub has the requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

Section 4.2 Authority.

Each of the Investors and Merger Sub has all necessary power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger. The execution and delivery of this Agreement by each of the Investors and Merger Sub, as applicable, and the consummation by the Investors and Merger Sub of the Merger have been duly and validly authorized by all necessary action on the part of the Investors and Merger Sub, and no other proceedings on the part of the Investors or Merger Sub, including any shareholder or partnership votes, are necessary to authorize this Agreement or the Merger. This Agreement has been duly executed and delivered by the Investors and Merger Sub and, assuming this Agreement is a legally valid and binding obligation of SRGL, constitutes a legally valid and binding obligation of the Investors and Merger Sub, enforceable against the Investors and Merger Sub in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, preference, fraudulent transfer, moratorium or other similar laws relating to or affecting the rights and remedies of creditors and by general principles of equity regardless of whether enforcement is considered in a Proceeding in equity or at law.

Section 4.3 No Conflict; Required Filings and Consents.

Section 4.3.1 No Conflict. The execution and delivery of this Agreement by the Investors and Merger Sub do not, and the performance of this Agreement and the consummation of the Merger by the Investors and Merger Sub will not (a) conflict with or violate any provision of the Investors' governing documents, (b) assuming that all consents, approvals, authorizations and permits described in Section 4.3.2 have been obtained prior to the Effective Time and all filings and notifications described in Section 4.3.2 have been made and any waiting periods thereunder have terminated or expired prior to the Effective Time, conflict with or violate any Law applicable to the Investors or Merger Sub or by which any property or asset of the Investors or Merger Sub is bound or (c) except as set forth in Section 4.3.1 of the Investors Disclosure Schedule, require any consent or approval under, result in any breach of, or any loss of or any benefit under, or constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under, or give to others any right of termination, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of the

Investors or Merger Sub pursuant to, any note, bond, mortgage, indenture, Contract, agreement, lease, license, Investors Permit or other legally binding obligation to which the Investors or Merger Sub is a party.

Section 4.3.2 Required Filings and Consents. The execution and delivery of this Agreement by the Investors and Merger Sub do not, and the performance of this Agreement by the Investors and Merger Sub and the consummation of the Merger will not, require the Investors or Merger Sub to obtain any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, except filings, notifications, permits, authorizations, consents and approvals required under the HSR Act and as set forth in Section 4.3.2 of the Investors Disclosure Schedule.

Section 4.4 Convertible Preferred Shares and Owned Ordinary Shares.

As of the date hereof and as of the Effective Time, the Investors collectively own all of the outstanding Convertible Preferred Shares and hereby agree to cause such Convertible Preferred Shares to be voted in favor of the Merger and the Proposed Amendment at the SRGL Shareholder Meeting and to cause the condition set forth in Section 6.3.4 to be satisfied. Immediately prior to the Effective Time, neither the Investors nor Merger Sub own any Ordinary Shares.

Section 4.5 Disclosure Documents.

None of the information supplied or to be supplied by the Investors or Merger Sub for inclusion in the Information Statement will, at the date it is first mailed to the SRGL Shareholders or at the time of the SRGL Shareholders Meeting contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty shall not apply to any information so provided by the Investors and Merger Sub that subsequently changes or becomes incomplete or incorrect to the extent such changes or failure to be complete or correct are promptly disclosed to SRGL, and the Investors and Merger Sub reasonably cooperate with SRGL in preparing, filing or disseminating updated information on a timely basis.

Section 4.6 Interim Operations of Merger Sub.

Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and, as of the date hereof, has engaged in no other business activities and has conducted its operations only as contemplated hereby.

Section 4.7 Financing.

As of the Closing Date, the Investors will have all the funds necessary to perform their obligations under this Agreement, including consummating the transactions contemplated by this Agreement on the terms contemplated hereby (including funding of the Merger Consideration and the applicable consideration due to the Dissenting Shares) and paying all of the Investors' fees and expenses relating to such transactions.

ARTICLE V
COVENANTS

Section 5.1 SRGL Shareholders' Meeting; Proxy Statement.

Section 5.1.1 Recommendation; Shareholder Meeting. The SRGL Board, based on the recommendation of the Special Committee, shall unanimously recommend to the Unaffiliated Ordinary Shareholders that the Unaffiliated Ordinary Shareholders approve this Agreement, the Merger, the Proposed Amendment and the transactions contemplated hereby and thereby (the "Recommendation"). Promptly after the execution of this Agreement and in accordance with the Companies Law, subject to the requirements of Section 5.1.4, SRGL shall submit this Agreement, the Recommendation and the Merger Documents, together with the Information Statement, the Proposed Amendment and a notice of an extraordinary general meeting of the SRGL Shareholders (the "SRGL Shareholder Meeting") in form and substance that complies in all respects with the Companies Law and the SRGL Memorandum and Articles (the "Notice of Meeting") to all SRGL Shareholders for approval as provided by the Companies Law and the SRGL Memorandum and Articles.

Section 5.1.2 Required Shareholder Approval. SRGL shall use commercially reasonable efforts to hold the SRGL Shareholder Meeting on a date within 30 days following the mailing of the Information Statement pursuant to Section 5.1.4; *provided* that such meeting date may be extended for up to ten days in the event a supplement to the Information Statement is submitted in accordance with the fourth sentence of Section 5.1.4. If there are insufficient shares in the capital of SRGL represented at the SRGL Shareholder Meeting to constitute a quorum in accordance with the SRGL Memorandum and Articles, or if there are otherwise insufficient votes at the time of the SRGL Shareholder Meeting to approve the Merger, the SRGL Board shall propose a motion to adjourn the SRGL Shareholder Meeting to a later date to solicit additional proxies. At the SRGL Shareholder Meeting, SRGL shall introduce a special resolution pursuant to Section 60 of the Companies Law to authorize and approve (i) by the Required Vote the Merger, this Agreement and the Cayman Plan of Merger and (ii) the Proposed Amendment. SRGL shall use its good faith efforts to solicit and obtain approval by the SRGL Shareholders (i) constituting the Required Vote to authorize and approve the Merger, this Agreement and the Cayman Plan of Merger (the "Required Shareholder Approval") and (ii) necessary to authorize and approve the Proposed Amendment at the SRGL Shareholder Meeting.

Section 5.1.3 Compliance with Companies Law. SRGL shall comply with the Companies Law and all other applicable Laws with respect to the submission of this Agreement, the Merger Documents and the Proposed Amendment, the distribution of the Notice of Meeting and the solicitation of the Required Shareholder Approval. Promptly, but in no event more than 20 days after the date of the Required Shareholder Approval, SRGL shall deliver notice to each Ordinary Shareholder who provided written objection to the Merger prior to the SRGL Shareholder Meeting at which the Required Shareholder Approval was obtained of the authorization of the proposed Merger in accordance with the Companies Law.

Section 5.1.4 Information Statement. SRGL shall send to each SRGL Shareholder the Notice of Meeting and a statement containing relevant information relating to the Merger (as amended or supplemented from time to time, the "Information Statement") within

the later of (i) 26 days after the execution of this Agreement and (ii) two Business Days following the Companies Law Amendment becoming effective. Before transmitting the Information Statement to the SRGL Shareholders, SRGL shall (a) give the Investors and the Special Committee an opportunity to comment on the Information Statement, (b) not include any material to which the Investors or the Special Committee reasonably object in a timely manner and (c) reflect in the Information Statement any reasonable comments proposed by the Investors or the Special Committee. If at any time prior to the SRGL Shareholder Meeting there shall occur any event that should be set forth in an amendment or supplement to the Information Statement, SRGL shall promptly prepare such an amendment or supplement and, after allowing the Investors and the Special Committee to review and comment on such amendment or supplement consistent with the provisions of subclauses (a), (b) and (c) of this Section 5.1.4, promptly transmit such amendment or supplement to the SRGL Shareholders. Without limiting the generality of the preceding sentences, within ten days following the No-Shop Start Date, SRGL shall submit to the SRGL Shareholders a supplement to the Information Statement regarding any events relating to any Acquisition Proposal that occurred during the Marketing Period, which shall include, but is not limited to, disclosure of the existence and/or status of any letter of intent, memorandum of understanding or other Definitive Acquisition Agreement relating to, or any developments, discussion or negotiations regarding, any Acquisition Proposal. Without limiting the foregoing, each of the Investors and Merger Sub shall reasonably cooperate with SRGL in connection with the preparation of the Information Statement, including providing to SRGL upon request, as promptly as reasonably practicable, any information relating to the Investors as may be required to be set forth in the Information Statement under applicable Law. SRGL shall ensure that the Information Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading; *provided* that the foregoing covenant shall not apply to any information delivered to SRGL by the Investors or the Merger Sub.

Section 5.2 Marketing Period; No-Shop Period. Etc.

Section 5.2.1 Marketing Period. Notwithstanding anything to the contrary in this Agreement, during the period beginning on the date of this Agreement and continuing until 11:59 p.m. (New York City time) on the forty-fifth day after the date of this Agreement (the "Marketing Period"), the Special Committee and SRGL and their respective officers, directors, employees, consultants, agents, financial advisors, attorneys, accountants, other advisors, Affiliates and other representatives (collectively, "Representatives") shall have the right to directly or indirectly: (a) initiate, solicit and encourage, whether publicly or otherwise, Acquisition Proposals (or inquiries, proposals or offers or other efforts or attempts that may reasonably be expected to lead to an Acquisition Proposal), including by way of providing access to non-public information pursuant to (but only pursuant to) one or more Acceptable Confidentiality Agreements; *provided*, that SRGL (by action taken by the Special Committee) shall promptly (and in any event within 48 hours) provide to the Investors any material non-public information concerning SRGL or its Subsidiaries that is provided to any Person given such access which was not previously provided to the Investors or their Representatives; and (b) enter into, engage in, and maintain discussions or negotiations with respect to Acquisition Proposals (or inquiries, proposals or offers or other efforts or attempts that may reasonably be

expected to lead to a Acquisition Proposal) or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, offers, efforts, attempts, discussions or negotiations; *provided*, that SRGL (by action taken by the Special Committee) shall keep the Investors reasonably informed as to the status of any developments, discussion or negotiations regarding any Acquisition Proposal on a prompt basis (and in any event within 48 hours), and, upon the request of the Investors, shall provide them any information regarding each Acquisition Proposal. During the Marketing Period, SRGL shall promptly (and in any event within 48 hours) provide to the Investors an unredacted copy of any written Acquisition Proposal (or a summary of the terms if an Acquisition Proposal is not made in writing) provided to the Special Committee or SRGL.

Section 5.2.2 No Solicitation or Negotiation. Except as permitted by Section 5.2.3, SRGL (by action taken by the Special Committee) shall and shall cause each of its Subsidiaries and Representatives to (a) at 12:00 a.m. (New York City time) on the forty-sixth calendar day after the date of this Agreement (the "No-Shop Period Start Date"), immediately cease any solicitation, encouragement, discussions or negotiations with any Persons that may be ongoing with respect to an Acquisition Proposal and (b) from the No-Shop Period Start Date until the Effective Time or, if earlier, the termination of this Agreement in accordance with Article II, not, directly or indirectly, (i) solicit, initiate or knowingly facilitate or encourage (including by way of furnishing non-public information) any inquiries regarding, or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal, (ii) engage in, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any other Person any non-public information in connection with or for the purpose of encouraging or facilitating, an Acquisition Proposal or (iii) enter into any letter of intent, memorandum of understanding or other Definitive Acquisition Agreement relating to any Acquisition Proposal.

Section 5.2.3 Conduct Following the No-Shop Period Start Date. Notwithstanding anything to the contrary in this Agreement, if at any time on or after the No-Shop Period Start Date and prior to obtaining the Required Shareholder Approval, SRGL, the Special Committee or any of their Representatives receives a written Acquisition Proposal from any Person or group of Persons, whether such Acquisition Proposal was made or renewed on or after the No-Shop Period Start Date and did not result from any breach of Section 5.2, (a) the Special Committee and SRGL and their Representatives may contact such Person or group of Persons to clarify the terms and conditions thereof and (b) if the Special Committee determines in good faith, after consultation with independent financial advisors and outside legal counsel, that (i) such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal and (ii) that failure to take action could be inconsistent with the directors' fiduciary duties under applicable Law, then SRGL and its Representatives shall (A) furnish, pursuant to an Acceptable Confidentiality Agreement, information (including non-public information) with respect to SRGL and its Subsidiaries to the Person or group of Persons who has made such Acquisition Proposal; *provided* that SRGL shall promptly (and in any event within 48 hours) provide to the Investors any material non-public information concerning SRGL or any of its Subsidiaries that is provided to any Person given such access which was not previously provided or made available to the Investors or its Representatives and (B) engage in or otherwise participate in discussions or negotiations with the Person or group of Persons

making such Acquisition Proposal. From and after the No-Shop Period Start Date, SRGL (a) shall promptly (and in any event within 48 hours) provide to the Investors an unredacted copy of any such written Acquisition Proposal provided to SRGL or any of its Subsidiaries and (b) shall keep the Investors reasonably informed as to the status of any developments, discussion or negotiations regarding any Acquisition Proposal on a prompt basis (and in any event within 48 hours), and, upon the request of the Investors, shall provide them any information regarding each Acquisition Proposal. For the avoidance of doubt, this Section 5.2.3 shall not apply if SRGL or any of its Representatives receives an oral Acquisition Proposal from any Person or group of Persons on or after the No-Shop Period Start Date; in such case, the provisions of Section 5.2.2 shall apply without exception.

Section 5.2.4 No Change in Recommendation. Except as set forth in this Section 5.2.4, Section 5.2.6 or Section 7.4(a), the SRGL Board and the Special Committee shall not (a) withhold, withdraw, qualify or modify (or publicly propose to withhold, withdraw, qualify or modify), in a manner adverse to the Investors, the Recommendation with respect to the Merger or authorize, adopt, approve, recommend, or otherwise declare advisable (publicly or otherwise) any Acquisition Proposal or (b) except if it concurrently terminates this Agreement pursuant to Section 7.4(a), cause or permit SRGL to enter into any letter of intent, memorandum of understanding or other Definitive Acquisition Agreement relating to any Acquisition Proposal.

Notwithstanding anything to the contrary set forth in this Agreement, prior to the time, but not after, the Required Shareholder Approval is obtained, the SRGL Board or the Special Committee may (a) approve, recommend or otherwise declare advisable any Acquisition Proposal, or publicly propose to do the foregoing, that the SRGL Board or the Special Committee believes in good faith, after consultation with its financial advisor and outside counsel, is a Superior Proposal made after the date hereof (giving effect to all of the adjustments to be offered to the Investors pursuant to Section 5.2.5) or (b) withhold, withdraw, qualify or modify the Recommendation (either of clauses (a) or (b), a "Change of Recommendation"), if in either the case of clause (a) or (b), the SRGL Board or the Special Committee determines in good faith, after consultation with outside counsel, that failure to do so could be inconsistent with its fiduciary duties under applicable Law and may also take action pursuant to Section 7.4(a) subject to compliance with this Section 5.2.

Section 5.2.5 Matching Rights. Notwithstanding anything to the contrary contained in this Agreement, except as provided in Section 5.2.4, SRGL shall not be entitled to effect a Change of Recommendation or terminate this Agreement pursuant to Section 7.4(a) unless (a) SRGL or the Special Committee shall have received an Acquisition Proposal that the Special Committee has determined to be a Superior Proposal, and shall have received from the Person making such Acquisition Proposal a Definitive Acquisition Agreement, duly executed on behalf of such Person, providing a binding obligation for the consummation of the transaction contemplated by such Acquisition Proposal (the "Specified Definitive Acquisition Agreement"); (b) SRGL shall have delivered to the Investors written notice (the "Superior Proposal Notice"), which shall include an unredacted copy of such Specified Definitive Acquisition Agreement, stating that SRGL (or the SRGL Board) intends to terminate this Agreement pursuant to Section 7.4(a), and intends to enter into the Specified Definitive Acquisition Agreement with respect to such Acquisition Proposal; (c) during the five Business Day period following the Investors'

receipt of such Superior Proposal Notice, the Special Committee shall, and shall cause its Representatives to, negotiate with the Investors in good faith (to the extent the Investors desire to negotiate) to make such adjustments in the terms or conditions of this Agreement or to propose a possible alternative transaction so that such Acquisition Proposal ceases to be a Superior Proposal; and (d) following the five Business Day period, the Special Committee shall have determined in good faith after consultation with its financial advisor and outside counsel, taking into account any changes to this Agreement in response to the Notice of Superior Proposal or otherwise, that the Acquisition Proposal giving rise to the Notice of Superior Proposal continues to constitute a Superior Proposal. Any material amendment of such Superior Proposal shall require a new Notice of Superior Proposal and SRGL shall be required to comply again with the requirements of this Section 5.2.5; *provided*, *however,* that references to the five Business Day period above shall be deemed to be references to a three Business Day period.

Section 5.2.6 Proposals to Acquire SRGL. Notwithstanding anything to the contrary in this Agreement, if SRGL, the Special Committee or any of their Representatives should receive an SRGL Acquisition Proposal at any time prior to the time, but not after, the Required Shareholder Approval is obtained, SRGL shall promptly (and in any event within 48 hours) provide to the Investors an unredacted copy of any such written SRGL Acquisition Proposal (or a summary of the terms if the SRGL Acquisition Proposal is not made in writing) provided to SRGL or any of its Subsidiaries for their consideration. For the avoidance of doubt, in no event shall a SRGL Acquisition Proposal be deemed a Superior Proposal.

Section 5.2.7 Confidentiality Agreements. SRGL agrees that it and its Subsidiaries will not enter into any confidentiality agreement with any Person subsequent to the date hereof which prohibits SRGL from providing any information to the Investors in accordance with this Section 5.2.

Section 5.3 Consents, Approvals and Filings.

The parties will each use their commercially reasonable efforts, and will cooperate fully with each other (a) to comply as promptly as practicable with all requirements of Governmental Authorities applicable to the Merger, (b) to obtain as promptly as practicable all necessary permits, orders or other consents, approvals or authorizations of Governmental Authorities and consents or waivers of all third parties necessary in connection with the consummation of the Merger, and (c) otherwise to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements that may be imposed on such party and its Subsidiaries with respect to the Merger. In connection therewith, the parties will make and cause their respective Affiliates to make all legally required filings as promptly as practicable in order to facilitate prompt consummation of the Merger, and will provide and will cause their respective Affiliates to provide such information and communications to Governmental Authorities as such Governmental Authorities may request. Each party shall provide to the other parties copies of all applications or other communications to Governmental Authorities in connection with this Agreement in advance of the filing or submission thereof.

Without limiting the generality of the foregoing, within 30 calendar days after the date hereof, each party shall use commercially reasonable efforts to file with all applicable Governmental Authorities any requests for approval of the Merger required to be obtained by

such party, and all such requests shall include all required exhibits. Each party furnishing any written materials to any Governmental Authority in connection with the Merger shall furnish the other parties with a copy thereof at reasonable time prior to furnishing such materials to the Governmental Authority, and such other parties shall have a reasonable opportunity to provide comments thereon. Each party shall give the other parties prompt written notice if it receives any notice or other communication from any Governmental Authority in connection with the Merger, and, in the case of any such notice or communication which is in writing, shall promptly furnish such other parties with a copy thereof. If any Insurance Regulator requires that a hearing be held in connection with any such approval, the applicable party shall use its commercially reasonable efforts to arrange for such hearing to be held promptly after the notice that such hearing is required has been received by such party. Each party shall give the other parties reasonable prior written notice of the time and place when any meetings or other conferences may be held by it with any Insurance Regulator in connection with the Merger, and each party shall each have the right to have a representative or representatives attend or otherwise participate in any such meeting or conference, to the extent permitted by the applicable Insurance Regulator.

Notwithstanding the foregoing or anything else in this Agreement, nothing contained in this Agreement shall be deemed to require the Investors, Merger Sub or any Affiliates of the Investors to (a) agree to sell, divest, dispose of or hold separate any assets or businesses, or otherwise take or commit to take any action that limits its freedom of action with respect to, or its ability to retain, one or more of its businesses, product lines or assets, or (b) litigate, pursue or defend against any administrative or judicial action or Proceeding (including any temporary restraining order or preliminary injunction) challenging any of the transactions contemplated hereby as violative of any Antitrust, competition, merger control or similar Law.

Section 5.4 Certain Notices.

From and after the date of this Agreement until the Effective Time, each party shall promptly notify the other party of the occurrence, or non-occurrence, of any event that would reasonably be expected to result in any condition to the obligations of any party to effect the Merger not to be satisfied; *provided*, *however*, that the delivery of any notice pursuant to this Section 5.4 shall not cure any breach of any representation or warranty, breach of covenant or failure to satisfy the conditions to the obligations of the parties under this Agreement or otherwise limit or affect the remedies available hereunder to the party receiving such notice.

Section 5.5 Further Assurances.

SRGL agrees to execute and deliver, and cause each of its Subsidiaries to execute and deliver, and each Investor and Merger Sub agrees to execute and deliver, such other documents, certificates, agreement and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the Merger.

Section 5.6 Public Announcements.

The initial press release regarding the Merger shall be a joint press release approved in advance by SRGL, the Special Committee and the Investors. Thereafter, the Investors, the

Special Committee and SRGL shall consult with each other before issuing, and give each other the opportunity to review and comment upon, giving due consideration to all reasonable additions, deletions or changes suggested in connection therewith, any press releases or otherwise making any public statements with respect to the Merger, other than any press release by SRGL to announce action taken by SRGL pursuant to, or as permitted by, Section 5.2 hereof. The Investors, the Special Committee and SRGL shall not issue any such press release (other than any press release by SRGL to announce action taken by SRGL pursuant to, or as permitted by, Section 5.2 hereof) or make any such public statement prior to such consultation, except as may be required by applicable Law, or court process; *provided* that the Investors, the Special Committee and SRGL shall coordinate and consult with respect to the timing, basis and scope of such disclosure requirement.

Section 5.7 Shareholder Litigation.

SRGL shall give the Investors the opportunity to participate in the defense or settlement of any shareholder Proceeding against SRGL and/or its directors relating to the Merger.

Section 5.8 Takeover Laws.

If any takeover, anti-takeover, moratorium, "fair price," "control share" or other similar Law is or becomes applicable to this Agreement and the Merger, SRGL and the SRGL Board shall grant such approvals and take such actions as are necessary so that the Merger may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise act to eliminate or minimize the effects of such statute or regulation on the Merger.

Section 5.9 Indemnification; Director and Officer Insurance.

Section 5.9.1 Indemnification. From the Effective Time through the sixth anniversary of the date on which the Effective Time occurs, the Surviving Corporation shall, to the fullest extent permitted by the Laws of the Cayman Islands, indemnify and hold harmless each current (as of the date of this Agreement) director and officer of SRGL and each such individual who currently (as of the date of this Agreement) serves at the request of SRGL as a member of the Special Committee or as a director, officer, trustee, partner, fiduciary, employee or agent of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise (collectively, the "Indemnified Parties") against all costs and expenses (including attorneys' fees), judgments, fines, losses, claims, damages, Liabilities and settlement amounts (collectively, "Losses") paid in connection with any claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), whether civil, administrative or investigative, except to the extent such Losses are attributable to the fraud, bad faith, gross negligence or willful misconduct of any Indemnified Party as determined by a non-appealable decision of a court of competent jurisdiction, (a) based on the fact that such individual is or was a director or officer of SRGL or a member of the Special Committee or (b) arising out of or pertaining to any action or omission occurring at or before the Effective Time (including the transactions contemplated hereby) and the Surviving Corporation shall advance to the Indemnified Parties his or her legal and other expenses (including the cost of any investigation and preparation incurred in connection therewith) to the fullest extent permitted by the Laws of the Cayman Islands within ten Business Days of receipt by the Surviving Corporation from the

Indemnified Party of a request therefor; *provided*, that any person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification. The Surviving Corporation shall be entitled to assume the defense of any claim, action, suit, investigation or proceeding covered under this Section 5.9.1, unless there is a conflict of interest between the Surviving Corporation and the Indemnified Party. The Surviving Corporation shall not be liable to any Indemnified Party for any legal expenses of separate counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if the Surviving Corporation elects not to assume such defense or there are conflicts of interest between the Surviving Corporation and the Indemnified Party, the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Party within ten Business Days of receipt by the Surviving Corporation of statements therefor; *provided*, that the Surviving Corporation shall not be liable for the fees of more than one counsel with respect to a particular claim, action, suit, investigation or proceeding, for all Indemnified Parties; *provided*, *further*, that the Surviving Corporation shall not be liable for any settlement effected without its written consent (which consent shall not be unreasonably withheld or delayed).

Section 5.9.2 D&O Insurance. Prior to the Effective Time, the Surviving Corporation shall, as of the Effective Time, obtain and fully pay premium for the extension of SRGL's current directors and officers and members of the Special Committee (as defined to mean those persons insured under such policy) insurance and indemnification policies (including Side A coverage), for a period of not less than six years after the Effective Time, that provides coverage for events occurring at or prior to the Effective Time (the "D&O Insurance") from an insurance carrier with the same or better credit rating as SRGL's current insurance carrier as of the Effective Time with respect to directors' and officers' liability insurance with terms, conditions, retentions and limits of liability that are at least as favorable as SRGL's existing policies with respect to any matter claimed against a director or officer of SRGL or any of its Subsidiaries by reason of his or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby); *provided*, *however*, that in no event shall SRGL or the Surviving Corporation expend for such policies pursuant to this sentence an annual premium amount in excess of 200% of the annual premiums currently paid by SRGL for such insurance. If the Surviving Corporation for any reason fails to obtain such "tail" insurance policies as of the Effective Time, the Surviving Corporation shall, as of the Effective Time, continue to maintain in effect for a period of at least six years from and after the Effective Time the D&O Insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are at least as favorable as provided in SRGL's existing policies as of the date hereof, or the Surviving Corporation shall purchase comparable D&O Insurance for such six-year period with terms, conditions, retentions and limits of liability that are at least as favorable as provided in SRGL's existing policies as of the date hereof; *provided*, *however*, that in no event shall SRGL or the Surviving Corporation expend for such policies pursuant to this sentence an annual premium amount in excess of 200% of the annual premiums currently paid by SRGL for such insurance.

Section 5.9.3 No Limitation. The rights of each Indemnified Party under this Section 5.9 shall be in addition to any rights such individual may have under the SRGL Memorandum and Articles (or other governing documents) or under any similar governing

documents of any of its Subsidiaries, under the Laws of the Cayman Islands or any other applicable Laws or under any agreement of any Indemnified Party with SRGL or any of its Subsidiaries. These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party. Nothing in this Section 5.9 shall impact the existing indemnification agreements between SRGL and certain of its officers and directors and members of the Special Committee, which agreements shall survive the Effective Time in accordance with their terms.

Section 5.10 SRGL Options and SRGL Stock Plans. Between the date hereof and the Effective Time, SRGL shall use commercially reasonable best efforts to obtain the consents of each holder of a SRGL Option to the cancellation of such SRGL Option; *provided* that this Section 5.10 shall not obligate SRGL to pay any consent fees to any such holder unless approved by the SRGL Board.

ARTICLE VI
CLOSING CONDITIONS

Section 6.1 Conditions to Each Party's Obligations.

The respective obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived, in whole or in part, to the extent permitted by Section 7.7 and applicable Law:

Section 6.1.1 SRGL Shareholder Approval. The Required Shareholder Approval shall have been obtained in accordance with the Companies Law and the SRGL Memorandum and Articles.

Section 6.1.2 No Injunctions. No court of competent jurisdiction or other Governmental Authority shall have enacted, issued, promulgated, enforced or entered any order (whether temporary, preliminary or permanent), in any case which is in effect and which restrains, enjoins, prevents or otherwise prohibits consummation of the Merger; *provided, however*, that the right to assert that the condition in this Section 6.1.2 has not been satisfied shall not be available to any party who has not used its reasonable best efforts to resist, appeal, obtain consent under, resolve or lift, as applicable, such order or who has not complied in all material respects with its obligations under Section 5.3.

Section 6.1.3 Approvals. All material filings required to be made prior to the Effective Time with any Governmental Authorities, and all consents, approvals (including, as applicable, notices of non-disapproval), permits and authorizations required to be obtained prior thereto from or by any Governmental Authorities, secured creditors of SRGL or other third parties, set forth in Section 6.1.3 of the SRGL Disclosure Schedule, in connection with the Merger by SRGL and the Investors, shall have been made or obtained.

Section 6.1.4 Antitrust Approval. Any applicable waiting periods, together with any extensions thereof, under the HSR Act shall have expired or been terminated.

Section 6.2 Conditions to Obligations of the Investors and Merger Sub.

The obligations of the Investors and Merger Sub to effect the Merger are also subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived, in whole or in part, to the extent permitted by Section 7.7 and applicable Law:

Section 6.2.1 Representations and Warranties. Each of the representations and warranties of SRGL contained in this Agreement shall be true and correct in all respects at and as of the Effective Time, as if made at and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be deemed made only as of such date).

Section 6.2.2 Performance. SRGL shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time.

Section 6.2.3 Dissenting Shares. Ordinary Shareholders holding no more than ten percent of the issued and outstanding Ordinary Shares (excluding any Owned Ordinary Shares) shall have exercised appraisal, dissenters' or similar rights under applicable Law with respect to their shares by virtue of the Merger.

Section 6.2.4 Material Adverse Effect. From the date hereof until the Effective Time, there shall not have been any effect, change, event or occurrence that has had or would reasonably be expected to have a Material Adverse Effect.

Section 6.2.5 Closing Certificate. The Investors and Merger Sub shall have received a certificate signed by the chief executive officer and the chief financial officer of SRGL to the effect of the foregoing Section 6.2.1, Section 6.2.2, Section 6.2.3 and Section 6.2.4.

Section 6.3 Additional Conditions to Obligations of SRGL.

The obligations of SRGL to effect the Merger are subject to satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived, in whole or in part, to the extent permitted by Section 7.7 and applicable Law:

Section 6.3.1 Representations and Warranties. Each of the representations and warranties of the Investors and Merger Sub contained in this Agreement shall be true and correct in all respects at and as of the Effective Time, as if made at and as of such date (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be deemed made only as of such date).

Section 6.3.2 Performance. The Investors and Merger Sub shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them on or prior to the Effective Time.

Section 6.3.3 Closing Certificate. SRGL shall have received certificates signed by an officer of each of the Investors and Merger Sub to the effect of the foregoing Section 6.3.1 and Section 6.3.2.

Section 6.3.4 Release of Claims by MassMutual and Cerberus. MassMutual Capital Partners LLC and SRGL Acquisition LDC, an affiliate of Cerberus Capital Management L.P. shall have released any indemnification claims they have against SRGL or its affiliates arising from alleged breaches of representations and warranties made by SRGL in the Securities Purchase Agreement dated as of November 26, 2006.

Section 6.4 Frustration of Closing Conditions.

None of SRGL, the Investors or Merger Sub may rely on the failure of any condition set forth in Article II to be satisfied if such failure was caused by such party's failure to act in accordance with this Agreement or use its commercially reasonable efforts to consummate and make effective the Merger and the other transactions provided for herein.

ARTICLE VII
TERMINATION, AMENDMENT AND WAIVER

Section 7.1 Termination by Mutual Consent.

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval of this Agreement by the SRGL Shareholders referred to in Section 6.1.1, by mutual written consent of the Investors (by action of their respective boards of directors and/or general partners, as applicable) and SRGL (by action of the Special Committee)

Section 7.2 Termination by Either the Investors or SRGL.

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by written notice of the Investors or SRGL if (a) the Merger shall not have been consummated prior to 5:00 p.m. (Eastern Standard Time) on October 31, 2011; (the "Outside Date") or (b) the Required Shareholder Approval shall not have been obtained at the SRGL Shareholder Meeting; *provided* that the Investors may not terminate this Agreement pursuant to subclause (b) if the Investors do not vote in favor of the Merger at the SRGL Shareholders Meeting in breach of Section 4.4.

Section 7.3 Termination by the Investors.

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by written notice of the Investors if (a) SRGL enters into a Specified Definitive Acquisition Agreement with respect to a Superior Proposal pursuant to the terms of Section 5.2.5 hereof, (b) (i) the Special Committee shall have made a Change of Recommendation, (ii) SRGL (by action of the Special Committee) fails to include with the Notice of Meeting the Recommendation or (iii) the Special Committee fails to recommend against acceptance of a tender or exchange offer for any outstanding Ordinary Shares that

constitutes an Acquisition Proposal (other than by the Investors or any of its Affiliates), including, for these purposes, by taking no position with respect to the acceptance of such tender offer or exchange offer by the Ordinary Shareholders, which shall constitute a failure to recommend against acceptance of such tender offer or exchange offer, within ten Business Days after commencement (within the meaning of Rule 14d-2 promulgated under the Exchange Act) or (c) (i) any of the conditions set forth in Section 6.1 and Section 6.2 cannot be satisfied and have not been waived pursuant to Section 7.7 and (ii) such inability (A) is not capable of being cured prior to the Outside Date or (B) if capable of being cured, shall not have been cured (1) within 20 calendar days following receipt of written notice from the Investors or Merger Sub to SRGL of such inability or (2) any shorter period of time that remains between the date the Investors or Merger Sub provide written notice of such inability and the Outside Date; *provided*, *however*, that the Investors or Merger Sub are not also then in breach of any representation, warranties or covenants or other agreements hereunder that would cause the conditions set forth in Section 6.1 and Section 6.3 not to be satisfied.

Section 7.4 Termination by SRGL.

This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by written notice of SRGL (by action of the Special Committee) if (a) prior to the approval of this Agreement by the Required Shareholder Approval, (i) the Special Committee shall have made a Change of Recommendation or (ii) (A) the Special Committee authorizes SRGL, subject to complying with the terms of Section 5.2.3 hereof, to enter into a Specified Definitive Acquisition Agreement with respect to a Superior Proposal, (B) immediately prior to or concurrently with the termination of this Agreement, SRGL enters into a Specified Definitive Acquisition Agreement with respect to a Superior Proposal and (C) SRGL has complied in all respects with Section 5.2 of this Agreement or (b) (i) any of the conditions set forth in Section 6.1 and Section 6.3 cannot be satisfied and have not been waived pursuant to Section 7.7 and (ii) such inability (A) is not capable of being cured prior to the Outside Date or (B) if capable of being cured, shall not have been cured (1) within 20 calendar days following receipt of written notice from SRGL to the Investors and Merger Sub of such inability or (2) any shorter period of time that remains between the date SRGL provides written notice of such inability and the Outside Date; *provided*, *however*, that SRGL is not also then in breach of any representation, warranties or covenants or other agreements hereunder that would cause the conditions set forth in Section 6.1 and Section 6.2 not to be satisfied.

Section 7.5 Effect of Termination.

In the event of termination of this Agreement by either SRGL or the Investors as provided in Sections 7.1, 7.2, 7.3 or 7.4, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of the Investors, Merger Sub or SRGL or their respective Subsidiaries, officers or directors; *provided*, *however*, that if (a) the Investors terminate this Agreement pursuant to Section 7.3(a) or Section 7.3(b), (b) SRGL terminates this Agreement pursuant to Section 7.4(a), or (c) either the Investors or SRGL terminate this Agreement pursuant to Section 7.2(b), SRGL shall reimburse the Investors for all fees and expenses reasonably incurred by them in connection with the Agreement and the proposed Merger. No party to this Agreement shall be entitled to receive any damages for breach of this Agreement by the other parties and each party to this Agreement waives any right it may have to

receive damages from any other party based on any theory of liability for any special, indirect, consequential (including lost profits), punitive or similar damages, including any damages to shareholders, partners or other equity owners, none of which shall constitute actual damages.

Section 7.6 Amendment.

Subject to applicable Law, this Agreement may be amended by the Investors and Merger Sub (by action taken by or on behalf of their respective boards of directors or general partners, as applicable) and SRGL (by action taken by the Special Committee), as the case may be, at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the SRGL Shareholders; *provided*, *however*, that, after approval of this Agreement by the Required Shareholder Approval, no amendment may be made in respect of any matter which by Law requires further approval by the SRGL Shareholders. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

Section 7.7 Waiver.

At any time prior to the Effective Time, the Investors and Merger Sub, on the one hand, and SRGL (by action of the Special Committee), on the other hand, may (a) extend the time for the performance of any of the obligations or other acts of the other, (b) waive any inaccuracies in the representations and warranties of the other contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party or parties to be bound thereby, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

ARTICLE VIII
GENERAL PROVISIONS

Section 8.1 Non-Survival of Representations and Warranties.

None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 8.1 shall not limit any covenant or agreement of the parties to the extent its terms contemplate performance after the Effective Time, but any other covenants and agreements shall not survive the Effective Time.

Section 8.2 Fees and Expenses.

Subject to Section 7.5 of this Agreement, all expenses incurred by the parties hereto shall be borne solely and entirely by the party which has incurred the same.

Section 8.3 Notices.

Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given

duly upon receipt when delivered in person, by national overnight courier or upon electronic confirmation of receipt when transmitted by facsimile transmission (but only if followed by transmittal by national overnight courier or hand for delivery on the next Business Day) or on receipt after dispatch by registered or certified mail, postage prepaid, addressed, or on the next Business Day if transmitted by national overnight courier, in each case as follows:

If to SRGL LDC, to:

SRGL Acquisition, LDC
c/o Cerberus Capital Management, L.P.
299 Park Avenue
New York, New York 10171
Attention: Lenard B. Tessler
Facsimile: (212) 891-2100

with a copy to (which copy shall not constitute notice):

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Marc Weingarten, Esq.
Facsimile: (212) 593-5955

If to Benton, to:

Benton Street Partners I, L.P.
Benton Street Partners II, L.P.
Benton Street Partners III, L.P.
c/o MassMutual Financial Group
1295 State Street
Springfield, Massachusetts 01111
Attention: Larry Port
Facsimile: (413) 744-6350

with a copy to (which copy shall not constitute notice):

Massachusetts Mutual Life Insurance Company
1295 State Street
Springfield, Massachusetts 01111
Attention: Mike O'Connor
Facsimile: (413) 226-4275

If to Merger Sub, to both SRGL LDC and Benton at the addresses noted above.

If to SRGL, to:

Scottish Re Group Limited
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton, HM 08, Bermuda
Attention: Gregg Klingenberg, General Counsel
Facsimile: (441) 295-7576

with copies to (which copies shall not constitute notice):

Dewey & LeBoeuf LLP
1301 Avenue of the Americas
New York, New York 10019
Attention: Stephen G. Rooney, Esq.
Facsimile: (212) 259-8000

and

Cahill Gordon & Reindel LLP
80 Pine Street
New York, New York 10005
Attention: Stephen A. Greene, Esq.
Richard Farley, Esq.
Facsimile: (212) 269-5420

Section 8.4 Definitions.

Section 8.4.1 For purposes of this Agreement, the term:

"Acceptable Confidentiality Agreement" means any customary confidentiality agreement that contains customary provisions, except that an Acceptable Confidentiality Agreement need not prohibit the submission of Acquisition Proposals or amendments thereto to the SRGL Board or the Special Committee.

"Acquisition Proposal" means any offer or proposal, other than the Merger, from any Person (other than the Investors and their Subsidiaries) or any "group" within the meaning of Section 13(d) of the Exchange Act concerning, in a single transaction or series of transactions (including, without limitation, any merger, tender offer or exchange offer to, directly or indirectly, acquire beneficial ownership of 100% of the issued and outstanding Ordinary Shares.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first-mentioned person.

"Antitrust Laws" means the Sherman Antitrust Act of 1890, as amended, the Clayton Antitrust Act of 1914, as amended, the HSR Act, the Federal Trade Commission Act of 1914, as amended, and all other applicable competition, merger control, antitrust, trade regulation or similar transnational, national, federal or state, domestic or foreign Laws, and other Laws and

administrative and judicial doctrines that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"beneficial ownership" (and related terms such as "beneficially owned" or "beneficial owner") has the meaning set forth in Rule 13d-3 under the Exchange Act.

"Business Day" means any day other than Saturday or Sunday or any other day on which banks in New York, New York or the Cayman Islands are authorized or obligated by Law to close.

"Cayman Plan of Merger" means the plan referred to in Section 233(3) of the Companies Law.

"Certificate" means, with respect to Ordinary Shares, certificates that, immediately prior to the Effective Time, have been issued with respect to such shares.

"Companies Law Amendment" means the Cayman Islands Companies (Amendment) Law, 2011.

"Contract" means any agreement, contract, trust, indenture, instrument, note, deed, lease for personal property, license, obligation, arrangement, understanding, commitment, or undertaking (whether written or oral, whether express or implied and whether formal or informal).

"control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of Equity Interests or as trustee or executor, by contract or otherwise.

"Convertible Preferred Shares" means the 7.25% convertible cumulative participating preferred shares in the capital of SRGL, par value $0.01 per share and original liquidation preference of $600 per share.

"Definitive Acquisition Agreement" means a written acquisition agreement, merger agreement or similar definitive agreement (other than an Acceptable Confidentiality Agreement) with respect to an Acquisition Proposal.

"Director Declaration" means each declaration of a member of the SRGL Board and a director of Merger Sub made in accordance with Section 233(9) of the Companies Law.

"Equity Interest" means any type of equity ownership in an entity, including any share, capital stock, partnership, membership or similar interest in any entity, and any option, warrant, right or security convertible, exchangeable or exercisable therefor.

"Exchange Act" means Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"GAAP" means generally accepted accounting principles as applied in the United States, in effect from time to time, consistently applied.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administration functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States, any foreign government, any State of the United States or any political subdivision thereof, any court, tribunal or arbitrator(s) of competent jurisdiction or self-regulatory authority.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"Insurance Regulator" means any Governmental Authority charged with supervision of insurance companies.

"Investors Permits" means all authorizations, licenses, permits, certificates, approvals and clearances of any Governmental Authority necessary for the Investors and Merger Sub to own, lease and operate its properties or to carry on its respective businesses substantially as it is being conducted as of the date of this Agreement.

"Law" means any foreign or domestic law, statute, code, ordinance, rule, regulation, order, judgment, writ, stipulation, award, injunction or decree.

"Liabilities" means any and all mortgages, charges or security interests and all Contracts, debts, liabilities, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or not asserted, known or unknown, determined, determinable or otherwise, whenever or however arising (including, whether arising out of contract or tort, based on negligence or strict liability) and whether or not the same would be required by GAAP to be reflected in financial statements or disclosed in the notes thereto

"Lien" means any security interest, pledge, mortgage, lien, charge, hypothecation, option or purchase or lease or otherwise acquire any interest, conditional sales agreement, title retention, adverse claim of ownership or use, title defect, easement, right of way or other encumbrance of any kind on or with respect to any property (real or personal) or property interest.

"Material Adverse Effect" means with respect to SRGL and its Subsidiaries taken as a whole, any event, change, circumstance or effect that individually or in the aggregate is or is reasonably likely to be materially adverse to the ability of SRGL to perform its obligations hereunder or on the financial condition, assets, Liabilities, properties, business or results of operations of SRGL and its Subsidiaries, taken as a whole, but shall exclude any such effect resulting from, relating to or arising out of (i) general economic or market conditions (including changes in interest rates), so long as such conditions do not have a materially disproportionate effect on SRGL and its Subsidiaries, taken as a whole compared to other life reinsurance companies; (ii) any change or proposed change in Law or accounting or actuarial principles required in any jurisdiction, so long as such change or proposed change does not have a

materially disproportionate effect on SRGL and its Subsidiaries, taken as a whole; (iii) any occurrence or condition arising out of the negotiation and execution of this Agreement, the consummation of the Merger, or the public announcement thereof (including any occurrence or condition arising out of the identity of or facts relating to the Investors) or any ratings action taken by one or more of the nationally recognized statistical rating organizations rating SRGL or any of its Subsidiaries; and (iv) any decrease in the market value of the equity in SRGL; *provided*, *however*, that this clause (iv) shall not exclude any underlying event, change or circumstance that itself constitutes a Material Adverse Effect that may have resulted in or contributed to or is attributable to such decrease in the market value of the equity of SRGL.

"Permitted Liens" means (a) Liens or other encumbrances for Taxes not yet due and payable or that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been made in accordance with GAAP, (b) Liens in favor of vendors, carriers, warehousemen, repairmen, mechanics, workmen, materialmen, construction or similar liens arising or incurred in the ordinary course of business that do not have a material adverse effect, either individually or in the aggregate, on any owned real property or any leased real property and (c) Liens that could not, individually or in the aggregate, reasonably be expected to adversely affect the value or use of any leased real property, any owned real property, or the continued use of SRGL's and its Subsidiaries' other assets.

"Perpetual Preferred Shares" means the Non-Cumulative Perpetual Preferred Shares in the capital of SRGL, with a liquidation preference of $25 per share.

"Person" means an individual, corporation, company, limited liability company, partnership, association, trust, unincorporated organization or other entity or group.

"Preferred Shares" means each class or series of preferred shares of SRGL.

"Proceeding" means any action, suit, claim, arbitration, audit, assessment, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

"Proposed Amendment" means the amendment to Section 6(b) and Section 6(c)(vi) of the SRGL Articles of Association proposed to be considered as a special resolution at the SRGL Shareholder Meeting, to facilitate the consummation of the Merger.

"Register" means the register of members of SRGL maintained pursuant to the provisions of Section 40 of the Companies Law.

"Required Vote" means the affirmative vote of (a) the holders of at least 66 ⅔% of the Ordinary Shares and the Preferred Convertible Shares outstanding (voting on an as-converted basis), voting together as a single class, and (b) a majority of the Ordinary Shares held by the Unaffiliated Ordinary Shareholders attending and voting at the SRGL Shareholder Meeting (whether in person or by proxy), voting as a class.

"Significant Subsidiary" means each of Scottish Annuity & Life Insurance Company (Cayman) Ltd., Scottish Re (U.S.), Inc., Scottish Re Life Corporation, Scottish Re (Dublin) Limited, Scottish Holdings, Inc., Orkney Holdings, LLC and Orkney Re, Inc.

"Special Committee" shall mean the Special Committee of the SRGL Board referred to in the Recitals.

"SRGL Acquisition Proposal" means any offer or proposal from any Person (other than the Investors and their Subsidiaries) or any "group" within the meaning of Section 13(d) of the Exchange Act proposing, in a single transaction or series of transactions (including, without limitation, any merger, tender offer or exchange offer) to acquire beneficial ownership of 100% of both the issued and outstanding Ordinary Shares and the issued and outstanding Convertible Preferred Shares.

"SRGL Articles of Association" means the Amended and Restated Articles of Association of SRGL, as may be amended from time to time.

"SRGL Memorandum of Association" means the Amended and Restated Memorandum of Association of SRGL, as may be amended from time to time.

"SRGL Memorandum and Articles" means the SRGL Memorandum of Association and the SRGL Articles of Association.

"SRGL Option" means any option for the purchase of any Ordinary Shares or any securities representing the right to purchase or otherwise receive any Ordinary Shares, in each case outstanding under SRGL Stock Plans and, for the avoidance of doubt, Restricted Shares shall not be considered to be SRGL Options.

"SRGL Permits" means all authorizations, licenses, permits, certificates, approvals and clearances of any Governmental Authority necessary for SRGL to own, lease and operate its properties or to carry on its respective businesses substantially as it is being conducted as of the date of this Agreement.

"SRGL Shareholders" means (i) the holders of the Convertible Preferred Shares and the Ordinary Shares and (ii) the holders of such other classes of securities of SRGL, but only if the holders of such classes of securities have the right to vote with respect to the Merger at the SRGL Shareholders Meeting under the Companies Law in effect at such time.

"SRGL Stock Plans" means the (i) SRGL 2007 Stock Option Plan, effective as of June 13, 2007, (ii) SRGL 2004 Equity Incentive Compensation Plan, effective as of May 5, 2004, as amended, (iii) Scottish Annuity & Life Holdings, Ltd 2001 Stock Option Plan, effective as of December 31, 2002, (iv) Scottish Annuity & Life Holdings, Ltd 1999 Stock Option Plan, effective as of December 20, 1999 and (v) Scottish Life Holdings, Ltd. 1998 Stock Option Plan, effective as of June 18, 1998.

"Subsidiary" or "Subsidiaries" of the Investors, SRGL, the Surviving Corporation or any other Person means any corporation, partnership, joint venture or other legal entity of which the

Investors, SRGL, the Surviving Corporation or such other Person, as the case may be (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the Equity Interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

"Superior Proposal" means a bona fide Acquisition Proposal obtained in compliance with Section 5.2 made by a third party which, in the good faith judgment of the Special Committee (after consultation with its independent financial advisors and outside legal counsel), would, if consummated, result in a transaction that is more favorable to the Unaffiliated Ordinary Shareholders from a financial point of view than the Merger, and (i) has fully committed financing and (ii) is capable of being consummated, taking into account all legal, financial, regulatory and other aspects and relevant factors permitted by applicable Law, including the third party making such Acquisition Proposal, any conditions relating to financing, approvals, consents, filings or other events or circumstances (and, for the avoidance of doubt, a Superior Proposal may be a transaction where the consideration per share to be received by the Unaffiliated Ordinary Shareholders is comprised of cash and/or other property or securities).

"Tax" or "Taxes" means any and all taxes, assessments, levies, tariffs, duties or other charges or impositions in the nature of a tax (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority or domestic or foreign taxing authority, including, without limitation, income, estimated income, franchise, license, windfall or other profits, gross receipts, premiums, real or personal property, sales, use, net worth, shares, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, disability, excise, withholding, ad valorem, stamp, transfer, environmental, value-added, alternative and add-on minimum, and gains tax.

Section 8.4.2 Terms Defined Elsewhere.

The following terms are defined elsewhere in this Agreement, as indicated below:

Term	Section
Agreement	Preamble
Benton	Preamble
Benton I	Preamble
Benton II	Preamble
Benton III	Preamble
Cayman Registrar	Section 1.3
Change of Recommendation	Section 5.2.4

Term	Section
Certificate Declaration	Section 2.2.2
Closing	Section 1.2
Closing Date	Section 1.2
Companies Law	Recitals
Dissenting Shares	Section 2.3
D&O Insurance	Section 5.9.2
Effective Time	Section 1.3
Exchange Fund	Section 2.2.1
Excluded Shares	Section 2.1.2
Indemnified Party	Section 5.9.1
Information Statement	Section 5.1.4
Investors	Preamble
Investors Disclosure Schedule	Article IV
Letter of Transmittal	Section 2.2.2
Losses	Section 5.9.1
Marketing Period	Section 5.2.1
Merger	Recitals
Merger Consideration	Section 2.1.1
Merger Documents	Section 1.3
Merger Sub	Preamble
No-Shop Period Start Date	Section 5.2.2
Notice of Meeting	Section 5.1.1
Ordinary Shareholders	Recitals

Term	Section
Ordinary Shares	Recitals
Original Agreement	Recitals
Outside Date	Section 7.2.
Owned Ordinary Shares	Section 2.1.2
Paying Agent	Section 2.2.1
Recommendation	Section 5.1.1
Representatives	Section 5.2.1
Required Shareholder Approval	Section 5.1.2
Specified Definitive Acquisition Agreement	Section 5.2.5
SRGL	Preamble
SRGL Board	Recitals
SRGL Disclosure Schedule	Article III
SRGL LDC	Preamble
SRGL Shareholder Meeting	Section 5.1.1
SRGL Shareholders	Recitals
Superior Proposal Notice	Section 5.2.5
Surviving Corporation	Section 1.1
Unaffiliated Ordinary Shareholders	Recitals

Section 8.5 Interpretation.

When a reference is made in this Agreement to an "Article", a "Section", or an "Exhibit", such reference shall be to an Article of, a Section of, or an Exhibit to, this Agreement unless otherwise indicated. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The words "include" and "including," and other words of similar import when used herein shall not be deemed to be terms of limitation but rather shall be deemed to be followed in each case by the

words "without limitation." The word "if" and other words of similar import when used herein shall be deemed in each case to be followed by the phrase "and only if." The words "herein," "hereto," and "hereby" and other words of similar import in this Agreement shall be deemed in each case to refer to this Agreement as a whole and not to any particular Article, Section or other subdivision of this Agreement. Any reference herein to "dollars" or "$" shall mean United States dollars. The words "as of the date of this Agreement" and words of similar import shall be deemed in each case to refer to the date of this Agreement as set forth in the Preamble hereto.

Section 8.6 Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.7 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 8.8 Entire Agreement.

This Agreement (together with the Exhibits, the Investors Disclosure Schedule, the SRGL Disclosure Schedule and the other documents delivered pursuant hereto) constitutes the entire agreement of the parties and supersede all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof.

Section 8.9 Assignment.

This Agreement shall not be assigned by operation of Law or otherwise and any purported assignment hereof shall be null and void. Notwithstanding anything to the contrary in this Section 8.9, the Investors and Merger Sub may assign, without the prior written consent of any other parties hereto, any of their respective rights, benefits or obligations hereunder to an Affiliate; *provided* that that no such assignment shall relieve the Investors or Merger Sub from their respective obligations hereunder.

Section 8.10 Parties in Interest.

This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement other than after the Effective Time, the rights

of the Ordinary Shareholders to receive the Merger Consideration specified in Section 2.1.1 of this Agreement.

Section 8.11 Mutual Drafting.

Each party hereto has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive negotiations between the parties.

Section 8.12 Governing Law; Consent to Jurisdiction; Waiver of Trial by Jury.

Section 8.12.1 Governing Law. This Agreement, and all claims and causes of action arising out of, based upon, or related to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed, interpreted and enforced in accordance with, the internal Laws of the State of New York, without regard to Laws that may be applicable under conflicts of Laws principles, except that any claims and causes of action which may be brought by shareholders of SRGL against members of the SRGL Board or Special Committee with respect to this Agreement or the negotiation, execution or performance thereof, shall be governed by, and construed, interpreted and enforced in accordance with, the Laws of the Cayman Islands.

Section 8.12.2 Jurisdiction. Each party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction any state or federal court sitting in New York, New York, Borough of Manhattan, in any Proceeding arising out of or relating to this Agreement or the agreements delivered in connection herewith or the transactions contemplated hereby or thereby or for recognition or enforcement of any judgment relating thereto, and each party hereby irrevocably and unconditionally (a) agrees not to commence any such Proceeding except in such courts, (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such courts, (c) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such Proceeding, and (d) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such Proceeding. Each party hereto agrees that a final non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 8.3. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by Law.

Section 8.12.3 Waiver of Jury Trial. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING BETWEEN THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE MERGER OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.13 Disclosure.

Each party hereto has or may have set forth information in its respective Disclosure Schedule in a section thereof that corresponds to the section of this Agreement to which it relates. A matter set forth in one section of the Disclosure Schedule need not be set forth in any

other section of the Disclosure Schedule so long as its relevance to the latter section of the Disclosure Schedule or section of the Agreement is reasonably apparent on the face of the information disclosed in the Disclosure Schedule. The fact that any item of information is disclosed in a Disclosure Schedule to this Agreement shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material", "SRGL Material Adverse Effect", or other similar terms in this Agreement.

Section 8.14 Counterparts.

This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 8.15 Specific Performance.

SRGL hereto agrees that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached and that the Investors and Merger Sub may not have an adequate remedy at Law. It is accordingly agreed that the Investors and Merger Sub shall be entitled to injunctive or other equitable relief to prevent breaches of this Agreement and to enforce the terms of this Agreement; and that SRGL shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law or that an award of specific performance is not an appropriate remedy. Neither the Investors nor Merger Sub shall be required to provide any bond or other security in connection with any such relief. The parties expressly agree that SRGL shall not be entitled to injunctive or other equitable relief under this Agreement.

(*Signature page follows*)

IN WITNESS WHEREOF, the Investors, Merger Sub and SRGL have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SRGL ACQUISITION, LDC

By: SRGL Dir Co., Ltd., its director

By: _____
Name: Stephen Feinberg
Title: Director

BENTON STREET PARTNERS I, L.P.

By: Benton Street Advisors, Inc., its general partner

By: _____
Name: Larry N. Port
Title: Authorized Person

BENTON STREET PARTNERS II, L.P.

By: Benton Street Advisors, Inc., its general partner

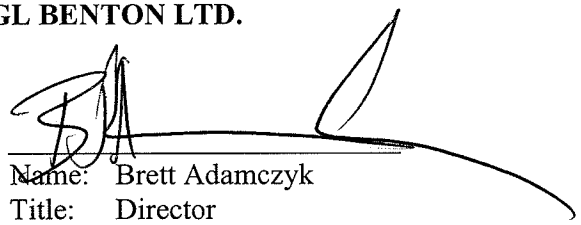
By: _____
Name: Larry N. Port
Title: Authorized Person

BENTON STREET PARTNERS III, L.P.

By: Benton Street Advisors, Inc., its general partner

By: _____
Name: Larry N. Port
Title: Authorized Person

SRGL BENTON LTD.

By: 

Name: Brett Adamczyk
Title: Director

(Signature Page to Amended and Restated Agreement and Plan Merger)

SCOTTISH RE GROUP LIMITED

By: _____
Name: Daniel Roth
Title: Chief Financial Officer

ANNEX B

DATED _____

(1) SCOTTISH RE GROUP LIMITED
(2) SRGL BENTON LTD.

AGREEMENT AND PLAN OF MERGER

WALKERS

Walker House, 87 Mary Street, George Town
Grand Cayman KY1-9001, Cayman Islands
T 345 949 0100 F 345 949 7886 www.walkersglobal.com

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CLAUSE **PAGE**

THIS AGREEMENT AND PLAN OF MERGER is made on _____

BETWEEN

(1) **SCOTTISH RE GROUP LIMITED**, an exempted company incorporated under the laws of the Cayman Islands having its registered office at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands (the "**Surviving Company**"); and

(2) **SRGL BENTON LTD.,** an exempted company incorporated under the laws of the Cayman Islands having its registered office at the offices of Walkers Corporate Services Limited, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands (the "**Merging Company**" and together with the Surviving Company, the "**Companies**").

WHEREAS

(A) The respective boards of directors of the Surviving Company and the Merging Company have approved the merger of the Companies, with the Surviving Company continuing as the surviving company (the "**Merger**"), upon the terms and subject to the conditions of this Agreement and Plan of Merger and pursuant to provisions of Part XVI of the Companies Law (as amended) (the "**Companies Law**").

(B) The shareholders of each of the Surviving Company and the Merging Company have approved, authorised and adopted this Agreement and Plan of Merger on the terms and subject to the conditions set forth herein and otherwise in accordance with the Companies Law.

(C) Each of the Surviving Company and the Merging Company wishes to enter into this Agreement and Plan of Merger pursuant to the provisions of Part XVI of the Companies Law.

IT IS AGREED

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement and Plan of Merger (including the recitals hereto) unless the context otherwise requires these words and expressions shall have the following meaning:

"**Articles**" means the memorandum and articles of association of the Surviving Company immediately prior to the Effective Date.

"**Board of Directors**" means the Board of Directors of the relevant company or a duly authorised committee thereof.

"**Business Day**" means a day (excluding a Saturday or Sunday) on which commercial banks are generally open for business in the Cayman Islands.

"**Effective Date**" has the meaning given in clause 3.2 below.

1.2 In construing this Agreement and Plan of Merger, unless otherwise specified:

(a) a references to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be amended, modified or re-enacted;

(b) references to clauses and schedules are to clauses of, and schedules to, this Agreement and Plan of Merger;

(c) headings and titles are for convenience only and do not affect the interpretation of this Agreement and Plan of Merger;

(d) references to "**$**", "**Dollars**", "**US$**" means the lawful currency of the United States of America and reference to any amount in such currency shall be deemed to include reference to an equivalent amount in any other currency;

(e) references to times of day are to Cayman Islands time unless otherwise stated;

(f) references to any other deed, agreement or document in this Agreement and Plan of Merger is a reference to such deed, agreement or document as amended, supplemented, varied, replaced or novated (other than in breach of the provisions of this Agreement and Plan of Merger);

(g) "**variation**" includes any variation, amendment, accession, novation, restatement, modification, assignment, transfer, supplement, extension, deletion or replacement however effected and "**vary**" and "**varied**" shall be construed accordingly;

(h) a reference to any Cayman Islands legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall

in respect of any jurisdiction other than the Cayman Islands be treated as a reference to any analogous term in that jurisdiction;

(i) references to the singular shall include the plural and vice versa and references to the masculine shall include the feminine or neuter and vice versa;

(j) references to a "**person**" shall be construed so as to include any individual, firm, company or other body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality); and in each case, its successors and assigns and persons deriving title under or through it, in whole or in part, and any person which replaces any party to any document in its respective role thereunder, whether by assuming the rights and obligations of the party being replaced or whether by executing a document in or substantially in the form of the document it replaces;

(k) references to assets include property, rights and assets of every description; and

(l) the rule known as the **ejusdem generis** rule shall not apply and accordingly general words introduced by the word "**other**" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

2. MERGER AGREEMENT

2.1 Merger

At the Effective Date and subject to and upon the terms and conditions set forth in this Agreement and Plan of Merger and the applicable provisions of the Companies Law:

(a) the Merging Company shall be merged with and into the Surviving Company;

(b) the rights, property of every description including loans, securities and other investments, choses in action, and the business, undertaking, goodwill, benefits, immunities and privileges of each of the Companies shall immediately vest in the Surviving Company;

(c) the Surviving Company shall be liable for and subject, in the same manner as each of the Companies immediately prior to the Effective Date, to all credit agreements, mortgages, charges or security interests and all contracts, obligations, claims, debts and liabilities of each of the Companies;

(d) the separate corporate existence of the Merging Company shall cease and the Registrar of Companies (the "**Registrar**") shall strike the Merging Company from the register of companies in accordance with the provisions of section 236(3) of the Companies Law; and

(e) the Surviving Company shall continue as the surviving company within the meaning of the Companies Law.

2.2 Closing

Unless this Agreement and Plan of Merger shall have been terminated in accordance with its terms, the closing of the transactions contemplated hereby shall take place at the close of business on [__] or at such other time as the parties hereto agree. The closing shall take place at the offices of Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022 or at such other location as the parties hereto agree. Subject to the provisions of this Agreement and

Plan of Merger, the parties hereto shall file with the Registrar of Companies of the Cayman Islands this Agreement and Plan of Merger and any other applicable documents, and shall make all other filings or recordings required under the Companies Law to effect the Merger; **provided**, **however**, that the Merger shall by its terms become effective on the Effective Date.

2.3 **Merger Consideration**

At the Effective Date, each ordinary share of nominal or par value US$0.01 in the capital of the Merging Company issued and outstanding immediately prior to the Effective Date shall be converted into and exchanged for one validly issued, fully paid and non-assessable ordinary share of nominal or par value US$0.01 in the capital of the Surviving Company.

At the Effective Date, each ordinary share of nominal or par value US$0.01 in the capital of the Surviving Company issued and outstanding immediately prior to the Effective Date (other than ordinary shares owned by the shareholders of the Merging Company (the "**Investors**"), the Merging Company, any wholly-owned subsidiary of the Investors or the Merging Company, or owned by the Surviving Company or any wholly-owned subsidiary of the Surviving Company and ordinary shares held by a shareholder who has validly delivered a written objection to the Merger pursuant to Section 238 of the Companies Law) shall be converted into the right to receive US$0.30 in cash (the "**Merger Consideration**").

At the Effective Date, each ordinary share of nominal or par value US$0.01 in the capital of the Surviving Company issued and outstanding immediately prior to the Effective Date owned by the Investors, the Merging Company, any wholly-owned subsidiary of the Investors or the Merging Company, or owned by the Surviving Company or any wholly-owned subsidiary of the Surviving Company shall be cancelled and extinguished without any conversion thereof and no payment of the Merger Consideration shall be made in respect thereto.

At the Effective Date, each preferred share of nominal or par value US$0.01 in the capital of the Surviving Company issued and outstanding immediately prior to the Effective Date shall remain issued and outstanding, unaffected by the Merger.

At the Effective Date, each ordinary share of nominal or par value US$0.01 in the capital of the Surviving Company issued and outstanding immediately prior to the Effective Date held by a shareholder who has validly delivered a written objection to the Merger pursuant to Section 238 of the Companies Law shall be entitled only to such rights as are granted by Section 238 of the Companies Law and such shares shall be cancelled.

In connection with such conversion and exchange the values of the net assets of each of the Companies involved in the exchange shall be determined using the Surviving Company's procedures for valuing its assets and liabilities.

2.4 **Regulatory Filings**

Each of the Companies agrees and undertakes with the other that it will, and/or will procure that a member of its Board of Directors will, give, execute and file with the Registrar such certificates, documents, declarations, undertakings and confirmations, and pay such fees, as may be required to be filed pursuant to section 233 of the Companies Law in order to consummate the Merger.

3. PLAN OF MERGER

3.1 **Company Details**

(a) The constituent companies (as defined in the Companies Law) to this Agreement and Plan of Merger are the Surviving Company and the Merging Company.

(b) The surviving company (as defined in the Companies Law) is the Surviving Company.

(c) The registered office of the Surviving Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The registered office of the Merging Company is at the offices of Walkers Corporate Services Limited, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.

(d) Immediately prior to the Effective Date, the authorised share capital of the Surviving Company is US$6,400,000 divided into (i) 590,000,000 ordinary shares each of nominal or par value US$0.01 per share and (ii) 50,000,000 preferred shares of nominal or par value of US$0.01 per share.

(e) Immediately prior to the Effective Date, the authorised share capital of the Merging Company is US$[690,000] divided into [69,000,000] shares each of nominal or par value US$0.01 per share.

3.2 **Effective Date**

In accordance with section 233(13) of the Companies Law, the Merger shall be effective on the date that this Agreement and Plan of Merger is registered by the Registrar (the "**Effective Date**").

3.3 **Terms and Conditions; Share Rights**

(a) The terms and conditions of the Merger, including the manner and basis of converting shares in each constituent company into shares in the Surviving Company, are set out in clause 2.3 above.

(b) The rights and restrictions attaching to the shares in the Surviving Company are set out in the Articles.

(c) From the Effective Date, the Articles shall continue to be the memorandum and articles of association of the Surviving Company.

(d) The Cayman Islands and US tax status and elections of the Surviving Company shall continue.

3.4 **Directors' Interests in the Merger**

(a) The names of each director of the surviving company (as defined in the Companies Law) are:

(i) Jonathan Bloomer

(ii) Jeffrey P. Hughes

(iii) Larry Port

(iv) James Butler

(v) Thomas Finke

(vi) James Chapman

(vii) Michael Rollings

(viii) Robert Joyal

(ix) Raymond Wechsler

(x) Brett Adamczyk

(b) The address of each director of the surviving company (as defined in the Companies Law) is c/o Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda.

(c) No director of either of the Companies will be paid any amounts or receive any benefits consequent upon the Merger.

3.5 **Secured Creditors**

(a) The Surviving Company has granted no fixed or floating security interests that are outstanding as at the date of this Agreement and Plan of Merger.

(b) The Merging Company has granted no fixed or floating security interests that are outstanding as at the date of this Agreement and Plan of Merger.

3.6 **Approvals**

(a) This Agreement and Plan of Merger has been approved by the Boards of Directors of both the Surviving Company and the Merging Company pursuant to section 233(3) of the Companies Law.

(b) This Agreement and Plan of Merger has been approved by the shareholders of both the Surviving Company and the Merging Company pursuant to section 233(6) of the Companies Law.

4. WARRANTIES AND UNDERTAKINGS

4.1 Each Company warrants, represents and undertakes to the other that:

(a) it has the requisite power and authority to enter into and perform this Agreement and Plan of Merger;

(b) the obligations of such Company under this Agreement and Plan of Merger constitute binding obligations of that Company in accordance with their respective terms;

(c) the execution and delivery of, and the performance by such Company of its obligations under, this Agreement and Plan of Merger will not result in a breach of any provision of any relevant or applicable law or regulation or of any order, judgment or decree of any court or governmental agency to which that Company is a party or by which that Company is bound.

5. FURTHER ASSURANCE

5.1 At any time after the date of this Agreement and Plan of Merger the parties shall, and shall use their best endeavours to procure that any necessary third party shall, execute such documents and do such acts and things as the other party may reasonably require for the purpose of giving to it the full benefit of all the provisions of this Agreement and Plan of Merger.

6. WHOLE AGREEMENT, VARIATION, ASSIGNMENT

6.1 This Agreement and Plan of Merger and the Amended and Restated Agreement and Plan of Merger, dated April 15, 2011, by and among the Companies, SRGL Acquisition, LDC, Benton Street Partners I, L.P., Benton Street Partners II, L.P. and Benton Street Partners III, L.P. contains the whole agreement between the parties relating to the subject matter of this Agreement and Plan of Merger at the date hereof to the exclusion of any terms implied by law which may be excluded by contract.

6.2 Save in respect of any amendment in accordance with the provisions of the next-following clause, no variation of this Agreement and Plan of Merger shall be effective unless in writing and signed by or on behalf of each of the parties.

6.3 At any time prior to the Effective Date, this Agreement and Plan of Merger may be amended by the Boards of Directors of both the Surviving Company and the Merging Company to:

(a) change the Effective Date provided that such changed date shall not be a date later than the ninetieth day after the date of registration of this Agreement and Plan of Merger with the Registrar; and

(b) effect any other changes to this Agreement and Plan of Merger as this Agreement and Plan of Merger may expressly authorise the directors of both the Surviving Company and the Merging Company to effect in their discretion.

6.4 This Agreement and Plan of Merger is personal to the parties and the rights and obligations of the parties may not be assigned or otherwise transferred.

7. TERMINATION

7.1 At any time prior to the Effective Date, this Agreement and Plan of Merger may be terminated by the Board of Directors of each of the Surviving Company and the Merging Company, acting jointly.

8. COUNTERPARTS

8.1 This Agreement and Plan of Merger may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement and Plan of Merger by executing any such counterpart.

9. NOTICE

9.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Agreement and Plan of Merger shall be in writing, in the English language, and may be sent by a recognised courier service, prepaid airmail (in the case of international service), fax, email or may be delivered personally to the address of the relevant party as set out below, or at such other address as may have been notified to the other parties in writing]. Without prejudice to the foregoing, any notice shall be deemed to have been received:

(a) if sent by a recognised courier service, 48 hours after the time when the letter containing the same is delivered to the courier service;

(b) if sent by fax, on the same day or if not a working day, the next working day;

(c) if sent by email, on the same day or if not a working day, the next working day;

(d) if sent by prepaid airmail, five days after the date of posting; and

(e) if delivered personally, on the same day or if not a working day, the next working day.

9.2 **Scottish Re Group Limited**

Address:	Crown House, Second Floor 4 Par-la-Ville Road Hamilton, HM 08, Bermuda
Telephone:	(441) 298-4395
Email:	Gregg.Klingenberg@scottishre.com
Fax:	(441) 295-7576
Attention:	Gregg Klingenberg, General Counsel

9.3 **SRGL Benton Ltd.**

Address:	c/o Cerberus Capital Management, L.P. 299 Park Avenue New York, NY 10171
Telephone:	(212) 891-2100
Email:	LTessler@cerberuscapital.com
Fax:	(212) 891-1540
Attention:	Lenard Tessler

with a copy to:

Address:	c/o MassMutual Financial Group 1295 State Street Springfield, Massachusetts 01111
Telephone:	(413) 788-8411
Email:	lport@massmutual.com
Fax:	(413) 744-6350
Attention:	Larry Port

10. GOVERNING LAW

10.1 This Agreement and Plan of Merger and the rights and obligations of the parties shall be governed by and construed in accordance with the laws of the Cayman Islands.

10.2 Each of the parties agrees that the courts of the Cayman Islands shall have jurisdiction to hear and determine any action or proceeding arising out of or in connection with this Agreement and Plan of Merger and for that purpose each party irrevocably submits to the jurisdiction of the courts of the Cayman Islands and agrees that the process by which any such action or proceeding is

begun may be served on it by being delivered in accordance with the notice provisions of this Agreement and Plan of Merger.

11. CONFIDENTIALITY

11.1 Each of the Companies undertakes that it shall not at any time during the term of this Agreement and Plan of Merger, and for a period of five years after termination of this Agreement and Plan of Merger, disclose to any person any confidential information concerning the business, affairs, customers, clients or suppliers of the other party or of any member of the group of companies to which the other party belongs, except as permitted by the sub-clause below.

11.2 Each of the Companies may disclose the other party's confidential information:

(a) to its employees, officers, representatives or advisers. Each party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other party's confidential information comply with this clause; and

(b) as may be required by law, court order or any governmental or regulatory authority.

11.3 Neither of the Companies shall use any other party's confidential information for any purpose other than to perform its obligations under this Agreement and Plan of Merger

IN WITNESS whereof this Agreement and Plan of Merger has been entered into by the parties on the day and year first above written.

SIGNED for and on behalf of **SRGL BENTON LTD.**:

_____
Duly Authorised Signatory

Name: _____

Title: Director

_____
Duly Authorised Signatory

Name: _____

Title: Director

SIGNED for and on behalf of **SCOTTISH RE GROUP LIMITED:**

_____
Duly Authorised Signatory

Name: _____

Title: _____

_____
Duly Authorised Signatory

Name: _____

Title: _____

ANNEX C

HOULIHAN LOKEY

April 14, 2011

The Special Committee of the Board of Directors
Scottish RE Group Limited
Crown House, Second Floor
4 Par-la-Ville Road
Hamilton HM 08
Bermuda

Dear Members of the Special Committee:

We understand that Scottish Re Group Limited (the "Company") intends to enter into an Agreement and Plan of Merger (the "Agreement") by and among SRGL Acquisition, LDC, Benton Street Partners I, L.P., Benton Street Partners II, L.P., Benton Street Partners III, L.P. (collectively, the "Investors"), SRGL Benton LTD, an entity wholly owned by the Investors ("Merger Sub"), and the Company. We further understand that, among other things, pursuant to the Agreement, the Company will merge with Merger Sub (the "Transaction"), each outstanding ordinary share, par value $0.01 per share ("Company Ordinary Share'), in the capital of the Company will be converted into the right to receive $0.30 per Company Ordinary Share in cash (the "Consideration") and the Company will be wholly owned by the Investors. You have advised us that the Investors are entities formed by or for Cerberus Capital Management L.P. ("Cerberus") and/or MassMutual Capital Partners LLC ("MassMutual), and/or one or more investment funds affiliated or associated with Cerberus or MassMutual (collectively, with Cerberus, MassMutual and the Investors, the "Acquirors"). You have advised us that the Acquirors beneficially own Convertible Cumulative Participating Preferred shares of the Company with the right to cast approximately 68.7% of the votes entitled to be cast at a meeting of the Company's shareholders.

You have requested that Houlihan Lokey Capital, Inc. ("Houlihan Lokey") provide the Special Committee (the "Committee") of the Board of Directors (the "Board") of the Company with an opinion (the "Opinion") as to whether, as of the date hereof, the Consideration to be received by the holders of Company Ordinary Shares other than the Acquirors and their affiliates (the "Unaffiliated Shareholders") in the Transaction pursuant to the Agreement, is fair, from a financial point of view, to such Unaffiliated Shareholders.

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. reviewed a draft dated April 14, 2011 of the Agreement;

2. reviewed certain publicly available business and financial information relating to the Company that we deemed to be relevant;

3. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of the Company made available to us by the Company, including financial projections (and adjustments thereto) prepared by and/or discussed with the management of the Company;

4. spoken with certain members of the management of the Company and certain of their representatives and advisors regarding the business, operations, financial condition and prospects of the Company, the Transaction and related matters;

5. reviewed the current and historical market prices and trading volume for certain of the Company's securities, and the current and historical market prices and trading volume of the publicly traded securities of certain other companies that we deemed to be relevant; and

6. conducted such other financial studies, analyses and inquiries and considered such other information and factors as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to us, discussed with or reviewed by us, or publicly available, and do not assume any responsibility with respect to such data, material and other information. In addition, managements of the Company has advised us, and we have assumed, that the financial projections (and adjustments thereto) reviewed by us have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of the Company, and we express no opinion with respect to such projections or the assumptions on which they are based. We have relied upon and assumed, without independent verification, that there has been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading.

We have relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Agreement and all other related documents and instruments that are referred to therein are true and correct, (b) each party to the Agreement and such other related documents and instruments will fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Transaction will be satisfied without waiver thereof, and (d) the Transaction will be consummated in a timely manner in accordance with the terms described in the Agreement and such other related documents and instruments, without any amendments or modifications thereto. We also have relied upon and assumed, without independent verification, that (i) the Cayman Islands Companies (Amendment) Law, 2011 will become effective prior to meeting of the shareholders of the Company at which such shareholders will vote with respect to the Transaction, (ii) the Transaction will be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (iii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Transaction will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have an effect on the Transaction or the Company that would be material to our analyses or this Opinion. In addition, we have relied upon and assumed, without independent verification, that the final form of the Agreement will not differ in any respect from the draft of the Agreement identified above.

Furthermore, in connection with this Opinion, we have not been requested to make, and have not made, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Company or any other party, nor were we provided with any such appraisal or evaluation, except that we reviewed a draft actuarial appraisal containing certain actuarial data and information prepared by, and discussed with, the Company's actuarial consultants which we assumed, with your consent, reflected such actuarial consultants' best estimates and judgments with respect to such data and information. We are not actuaries and our services did not include any actuarial determination or evaluation by us. In that regard, we have made no analysis of, and express no opinion as to, the adequacy of the reserves of the Company and outstanding claim obligations of the Company. We did not estimate, and express no opinion regarding, the liquidation value of any entity or business. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which the Company is or may be a party or is or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Company is or may be a party or is or may be subject.

We have not been requested to, and did not, (a) initiate any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Transaction, the securities, assets, businesses or operations of the Company or any other party, or any alternatives to the Transaction, or (b) negotiate the terms of the Transaction. This Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring or coming to our attention after the date hereof.

This Opinion is furnished solely for the use of the Committee (solely in its capacity as such) in connection with its evaluation of the Transaction and may not be relied upon by any other person (including, without limitation, security holders or creditors of the Company) or used for any other purpose without our prior written consent. This Opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. This Opinion is not intended to be, and does not constitute, a recommendation to the Committee, the Board, any security holder of the Company or any other person as to how to act or vote with respect to any matter relating to the Transaction. This Opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any references to Houlihan Lokey or any of its affiliates be made, without the prior written consent or agreement of Houlihan Lokey.

In the ordinary course of business, certain of our affiliates, as well as investment funds in which they may have financial interests, may acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Company, the Investors or any other party that may be involved in the Transaction and their respective affiliates (including the Acquriors) or any currency or commodity that may be involved in the Transaction.

Houlihan Lokey and certain of its affiliates have in the past provided and are currently providing investment banking, financial advisory and other financial services to the Company, Cerberus and one or more of their respective affiliates and/or portfolio companies, for which Houlihan Lokey and such affiliates have received, and may receive, compensation, including, among other things, (a) currently providing and in the past provided financial advisory services to the Company in connection with certain transactions and (b) provided investment banking and financial advisory services to Cerberus, Residential Capital Corp., GMAC, and Oriental Trading Company. Houlihan Lokey and certain of its affiliates may

provide investment banking, financial advisory and other financial services to the Company, Cerberus, other participants in the Transaction or certain of their respective affiliates in the future, for which Houlihan Lokey and such affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of our and their respective employees may have committed to invest in private equity or other investment funds managed or advised by the Company, Cerberus, other participants in the Transaction or certain of their respective affiliates, and in portfolio companies of such funds, and may have co-invested with the Company, Cerberus, other participants in the Transaction or certain of their respective affiliates, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, the Company, Cerberus, other participants in the Transaction or certain of their respective affiliates, for which advice and services Houlihan Lokey and such affiliates have received and may receive compensation.

Houlihan Lokey has also acted as financial advisor to the Committee in connection with, and has participated in certain of the negotiations leading to, the Transaction and will receive a fee for such services, a substantial portion of which became payable upon the execution of the Agreement and no portion of which is contingent upon the consummation of the Transaction. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us and certain related parties for certain potential liabilities arising out of our engagement.

This Opinion only addresses whether, as of the date hereof, the Consideration to be received by the Unaffiliated Shareholders in the Transaction pursuant to the Agreement, is fair, from a financial point of view, to such Unaffiliated Shareholders and does not address any other aspect or implication of the Transaction or any agreements, arrangements or understandings entered into in connection therewith or otherwise including, without limitation, any aspects or implications of the Transaction that are not susceptible to financial analyses, and we have not been requested to opine as to, and this Opinion does not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Committee, the Board, the Company, its security holders or any other party to proceed with or effect the Transaction, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Transaction or otherwise (other than the Consideration to the extent expressly specified herein), (iii) the fairness of any portion or aspect of the Transaction to the holders of any class of securities, creditors or other constituencies of the Company, or to any other party, except if and only to the extent expressly set forth in the last sentence of this Opinion, (iv) the relative merits of the Transaction as compared to any alternative business strategies that might exist for the Company or any other party or the effect of any other transaction in which the Company or any other party might engage, (v) the fairness of any portion or aspect of the Transaction to any one class or group of the Company's or any other party's security holders vis-à-vis any other class or group of the Company's or such other party's security holders (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders), (vi) whether or not the Company, its security holders or any other party is receiving or paying reasonably equivalent value in the Transaction, (vii) the solvency, creditworthiness or fair value of the Company or any other participant in the Transaction, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the Transaction, any class of such persons or any other party, relative to the Consideration or otherwise. Furthermore, no opinion, counsel or interpretation is

intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, we have relied, with the consent of the Committee, on the assessments by the Committee, the Board, the Company and their respective advisors, as to all legal, regulatory, accounting, insurance and tax matters with respect to the Company and the Transaction. The issuance of this Opinion was approved by a committee authorized to approve opinions of this nature.

Based upon and subject to the foregoing, and in reliance thereon, it is our opinion that, as of the date hereof, the Consideration to be received by the Unaffiliated Shareholders in the Transaction pursuant to the Agreement, is fair, from a financial point of view, to such Unaffiliated Shareholders.

Very truly yours,

Houlihan Lokey Capital, Inc.

HOULIHAN LOKEY CAPITAL, INC.

ANNEX D

Cayman Islands Companies Law (2010 Revision) — Section 238

238. Rights of dissenters

(1) A member of a constituent company incorporated under this Law shall be entitled to payment of the fair value of his shares upon dissenting from a merger or consolidation.

(2) A member who desires to exercise his entitlement under subsection (1) shall give to the constituent company, before the vote on the merger or consolidation, written objection to the action.

(3) An objection under subsection (2) shall include a statement that the member proposes to demand payment for his shares if the merger or consolidation is authorised by the vote.

(4) Within twenty days immediately following the date on which the vote of members giving authorisation for the merger or consolidation is made, the constituent company shall give written notice of the authorisation to each member who made a written objection.

(5) A member who elects to dissent shall, within twenty days immediately following the date on which the notice referred to in subsection (4) is given, give to the constituent company a written notice of his decision to dissent, stating –

(a) his name and address;

(b) the number and classes of shares in respect of which he dissents; and

(c) a demand for payment of the fair value of his shares.

(6) A member who dissents shall do so in respect of all shares that he holds in the constituent company.

(7) Upon the giving of a notice of dissent under subsection (5), the member to whom the notice relates shall cease to have any of the rights of a member except the right to be paid the fair value of his shares and the rights referred to in subsections (12) and (16).

(8) Within seven days immediately following the date of the expiration of the period specified in subsection (5), or within seven days immediately following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company shall make a written offer to each dissenting member to purchase his shares at a specified price that the company determines to be their fair value; and if, within thirty days immediately following the date on which the offer is made, the company making the offer and the dissenting member agree upon the price to be paid for his shares, the company shall pay to the member the amount in money forthwith.

(9) If the company and a dissenting member fail, within the period specified in subsection (8), to agree on the price to be paid for the shares owned by the member, within twenty days immediately following the date on which the period expires –

(a) the company shall (and any dissenting member may) file a petition with the Court for a determination of the fair value of the shares of all dissenting members; and

(b) the petition by the company shall be accompanied by a verified list containing the names and addresses of all members who have filed a notice under subsection (5) and with whom agreements as to the fair value of their shares have not been reached by the company.

(10) A copy of any petition filed under subsection (9)(a) shall be served on the other party; and where a dissenting member has so filed, the company shall within ten days after such service file the verified list referred to in subsection (9)(b).

(11) At the hearing of a petition, the Court shall determine the fair value of the shares of such dissenting members as it finds are involved, together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value.

(12) Any member whose name appears on the list filed by the company under subsection (9)(b) or (10) and who the Court finds are involved may participate fully in all proceedings until the determination of fair value is reached.

(13) The order of the Court resulting from proceeding on the petition shall be enforceable in such manner as other orders of the Court are enforced, whether the company is incorporated under the laws of the Islands or not.

(14) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances; and upon application of a member, the Court may order all or a portion of the expenses incurred by any member in connection with the proceeding, including reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares which are the subject of the proceeding.

(15) Shares acquired by the company pursuant to this section shall be cancelled and, if they are shares of a surviving company, they shall be available for re-issue.

(16) The enforcement by a member of his entitlement under this section shall exclude the enforcement by the member of any right to which he might otherwise be entitled by virtue of his holding shares, except that this section shall not exclude the right of the member to institute proceedings to obtain relief on the ground that the merger or consolidation is void or unlawful.