

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

September 15, 2008

Dear Shareholders:

You are cordially invited to attend the Annual General Meeting of Shareholders of Scottish Re Group Limited to be held at the offices of Scottish Re Group Limited at Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda, on October 2, 2008, at 11:00 a.m., Bermuda time.

The attached Notice of Annual General Meeting and Proxy Statement describes fully the formal business to be transacted at the Annual General Meeting. During the Annual General Meeting, shareholders will consider and vote upon the election of seven directors and the ratification of the appointment of Ernst & Young LLP as our independent auditors for 2008.

We urge you to review carefully the accompanying material and to return the enclosed proxy card promptly. Please sign, date and return the enclosed proxy card without delay. If you attend the Annual General Meeting, you may vote in person even if you have previously mailed a proxy.

Sincerely,

Paul Goldean
Chief Administrative Officer

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

The date of this proxy statement is September 15, 2008.
The approximate date of mailing for this proxy statement and proxy card(s) is September 15, 2008.

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

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
To Be Held On October 2, 2008**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Scottish Re Group Limited (the "Company") will be held at the offices of Scottish Re Group Limited at Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda, on October 2, 2008 at 11:00 a.m., Bermuda time, for the following purposes:

1. To elect seven directors to the Company's Board of Directors;
2. To ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 2008; and
3. To consider such other business as may properly come before the Annual General Meeting or any adjournments thereof.

Information concerning the matters to be acted upon at the Annual General Meeting is set forth in the accompanying Proxy Statement.

The close of business on September 2, 2008 has been fixed as the record date for determining the shareholders entitled to notice of and to vote at the Annual General Meeting or any adjournments thereof. For a period of at least 10 days prior to the Annual General Meeting, a complete list of shareholders entitled to vote at the Annual General Meeting will be open for examination by any shareholder during ordinary business hours at the offices of the Company at Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda.

Shareholders are urged to complete, date, sign and return the enclosed proxy card in the accompanying envelope, which does not require postage if mailed in the United States. Signing and returning a proxy card will not prohibit you from attending the Annual General Meeting or voting in person if you attend the Annual Meeting. Please note that the person designated as your proxy need not be a shareholder.

By order of the Board of Directors,

Paul Goldean
Chief Administrative Officer

Hamilton, Bermuda
September 15, 2008

**PROXY STATEMENT
TABLE OF CONTENTS**

	Page
GENERAL QUESTIONS AND ANSWERS	1
PROPOSAL FOR ELECTION OF DIRECTORS (Proposal No. 1).....	5
EXECUTIVE OFFICERS	9
BOARD MEETINGS AND COMMITTEES	11
PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP	14
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	17
REPORT ON EXECUTIVE COMPENSATION	19
• Overview and Objectives.....	19
• Components	20
• Restricted Shares	23
• Stock Options	23
MANAGEMENT COMPENSATION.....	25
• Summary Compensation Table.....	25
• Grant of Plan-Based Awards for Fiscal Year 2007.....	28
• Employment Agreement Material Terms	30
• Outstanding Equity Awards at 2007 Fiscal Year-End	38
• Option Exercises and Stock Vested in Fiscal Year 2007	40
• Nonqualified Deferred Compensation for 2007.....	40
• Potential Payments Upon Termination or Change in Control	41
• Director Compensation for Fiscal Year 2007	51
• Compensation Committee Interlocks and Participation.....	53
• Compensation Committee Report.....	53
PROPOSAL FOR RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS (Proposal No. 2)	54
• Audit Committee Report.....	54
• Fees Billed to the Company by Ernst & Young LLP	55
• Pre-Approval Policy for Ernst & Young Services	55
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	56

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

PROXY STATEMENT
For
ANNUAL GENERAL MEETING OF SHAREHOLDERS
To Be Held On October 2, 2008
GENERAL QUESTIONS AND ANSWERS

Q: When is the Proxy Statement being mailed?

A: This Proxy Statement of Scottish Re Group Limited (the “Company,” “we,” “us” or “our”) will first be mailed on or about September 15, 2008 to our shareholders by the Board of Directors (the “Board”) to solicit proxies for use at the Annual General Meeting of Shareholders.

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

A: The Annual General Meeting will be held on October 2, 2008 at 11:00 a.m., Bermuda time, at the offices of Scottish Re Group Limited at Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda.

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

A: Our Board asks that you vote on the proposals listed in the Notice of the Annual General Meeting of Shareholders. The votes will be taken at the Annual General Meeting on October 2, 2008, or, if the Annual General Meeting is adjourned, at any later meeting. Our Board recommends that you vote “FOR” each of the proposals.

Q: Who may attend the Annual General Meeting?

A: All shareholders of the Company may attend the Annual 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: Shareholders as of the close of business on September 2, 2008 (the “Record Date”) are entitled to vote at the Annual General Meeting. Each ordinary share is entitled to one vote subject to certain adjustments that may be made under our Articles of Association.

Q: What am I being asked to vote on?

A: You will be voting on:

1. The election of seven directors to the Board;
2. The ratification of the appointment of Ernst & Young LLP as our independent auditors for 2008; and
3. Such other business as may properly come before the Annual General Meeting or any adjournments thereof.

Q: How do I vote?

A: You may vote by either attending the Annual General Meeting and voting in person or by appointing a proxy by signing and dating each proxy card you receive and returning it in the enclosed prepaid envelope. We encourage you to complete and send in your proxy card. If you then decide to attend the Annual 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 election of each of the seven persons identified in “Proposals for Election of Directors” as nominees for election as directors of the Company;
- “FOR” the ratification of Ernst & Young LLP as our independent auditors for 2008; and
- At the discretion of the proxy holders with regard to any other matter that may properly come before the Annual 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 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 Computershare Investor Services, 1601 Elm Street, Suite 4340, Dallas, Texas 75201 by 5:00 p.m. (Bermuda time) on October 1, 2008; or by attending the Annual 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: Your broker may have discretion to vote your ordinary shares on the ordinary resolutions if you do not provide the broker with instructions. You should follow the directions provided by your broker(s) regarding how to provide voting instructions for your shares held in street name.

Q: Who will count the vote?

A: Representatives of Computershare Investor Services, our transfer agent, will tabulate the votes and act as inspectors of election.

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

A: As of the Record Date, we had 68,383,370 ordinary shares issued, outstanding and entitled to vote at the Annual General Meeting. In addition, the Investors (as defined below) 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 may vote these preferred shares at the Annual General Meeting on an as-converted basis, representing 68.7% of the voting power of all of our shareholders entitled to vote at the meeting. The presence, in person or by proxy, of members holding at least fifty percent (50%) of the issued and outstanding shares entitled to vote at the Annual General Meeting will constitute a quorum for a general meeting called for the purposes of approval of the election of directors and the ratification of appointment of our independent auditors. If you submit a properly executed proxy card or otherwise vote by internet or telephone, then you will be considered part of the quorum. Votes that are withheld and broker non-votes will be counted towards a quorum.

Q: What is the required vote for election of each director?

A: The required vote for election of each director is the affirmative vote by ordinary resolution of the holders of at least a majority of such shares as, being entitled to do so, vote in person or by proxy at the Annual General Meeting where a quorum is present in person or by proxy.

Q: What is the required vote for ratification of the independent auditors?

A: The required vote for the ratification of the independent auditors is the affirmative vote by ordinary resolution of the holders of at least a majority of such shares as, being entitled to do so, vote in person or by proxy at the Annual General Meeting where a quorum is present in person or by proxy.

Q: Who are the Company's independent auditors?

A: Our Board has selected Ernst & Young LLP as our independent auditors to examine the Company's accounts for the current fiscal year.

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

A: We do not know of any other matters to be presented or acted upon at the Annual General Meeting. If any other matter is presented at the Annual 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: Georgeson Shareholder Communications, Inc. was hired to assist in the distribution of proxy materials and solicitation of votes at a cost of US \$7,500 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: When are shareholder proposals for inclusion in the proxy statement for the 2009 Annual General Meeting due?

A: In order to be considered for inclusion in the proxy statement for the 2009 Annual General Meeting of Shareholders, shareholder proposals must be received in writing by Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda, Attn: Secretary, no later than (1) with respect to an Annual General Meeting of Shareholders, sixty (60) days prior to the anniversary date of the immediately preceding Annual General Meeting, and (2) with respect to an Extraordinary General Meeting, the close of business on the tenth (10th) day following the date on which notice of such meeting is first sent or given to shareholders. Such proposals, including any accompanying supporting statement, may not exceed 500 words.

Q: When are nominations of persons for election as Directors or shareholder proposals for presentation at the 2009 Annual General Meeting due?

A: If you desire to submit a proposal for consideration at a meeting of shareholders, or to nominate persons for election as Directors at any meeting duly called for the election of Directors, written notice of your intent to make such proposal or nomination must be given and received by the Company Secretary at our principal executive office not later than (1) with respect to an Annual General Meeting of Shareholders, sixty (60) days prior to the anniversary date of the immediately preceding Annual General Meeting, and (2) with respect to an Extraordinary General Meeting, the close of business on the tenth (10th) day following the date on which notice of such meeting is first sent or given to shareholders.

Each notice shall describe the proposal or nomination in sufficient detail for a proposal or nomination to be summarized on the agenda for the meeting and shall set forth (1) the name and address, as it appears on the books of the Company, of the shareholder who intends to make the proposal or nomination; (2) a representation that the shareholder is a holder of record of the Company's shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such proposal or nomination; and (3) the class and number of shares of the Company's shares which are beneficially owned by the shareholder. In addition, in the case of a shareholder's proposal, the notice shall set forth the reasons for

conducting such proposed business at the meeting and any material interest of the shareholder in such business.

Q: Who can help answer my questions?

A: If you have any questions about the Annual General Meeting you should contact our Chief Administrative Officer, Paul Goldean, at 441-295-4451.

PROPOSAL FOR ELECTION OF DIRECTORS

(Proposal No. 1)

The Board is presently comprised of eleven directors divided into three classes: Class I, Class II and Class III. Classes I and II each consist of four directors and Class III consists of three directors. Each class of directors is generally elected in alternating years with each class serving for a term of three years. Directors generally serve until the Annual General Meeting of Shareholders in the year in which their term expires or until a successor is elected and qualified.

Jonathan Bloomer, Thomas Finke, Robert Joyal and Jeffrey Hughes have been nominated for election as Class I directors. Each of Messrs. Bloomer, Finke, Joyal and Hughes were elected as Class I directors by our shareholders at the 2007 Annual General Meeting of Shareholders.

George Zippel has been nominated for election as a Class II director. Mr. Zippel, our President and Chief Executive Officer, was elected as a Class II director by our Board in August 2007 to fill a vacancy created by the resignation of Paul Goldean, our previous President and Chief Executive Officer. Raymond Wechsler has been nominated for election as a Class II director and Mr. Gardner has been nominated for election as a Class III director. Messrs. Gardner and Wechsler were elected as directors by our Board in January and May 2008, respectively, to fill vacancies created by the resignations of Lenard Tessler and Christopher Brody. In accordance with our Articles of Association, as Messrs. Zippel, Wechsler and Gardner were each elected by the Board and not by our shareholders, each is required to stand for election by our shareholders at our 2008 Annual General Meeting.

Upon the closing of the transactions contemplated by that certain Securities Purchase Agreement, dated November 26, 2006, as amended (the "Securities Purchase Agreement"), by and between MassMutual Capital Partners LLC ("MassMutual Capital") and SRGL Capital Acquisition, LLC, (collectively, with their respective successors and assigns, the "Investors"), the Investors are entitled to designate two-thirds of the members of our Board of Directors. Each of Messrs. Bloomer, Finke, Gardner and Wechsler were designated by the Investors pursuant to such right.

In addition, for so long as 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") 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 shall 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 Investors' fiduciary duties and applicable law. Mr. Hughes is the Cypress Entities' nominee to our board of directors.

Upon their election, Class I directors will serve until our Annual General Meeting to be held in 2011, Class II directors will serve until our Annual General Meeting to be held in 2009, and Class III directors will serve until our Annual General Meeting in 2010.

**THE BOARD RECOMMENDS VOTING "FOR" THE ELECTION OF EACH OF THE
NOMINEES FOR DIRECTOR**

All the nominees have indicated their willingness to serve as members of the Board if elected; however, in case any nominee becomes unavailable for election to the Board for any reason not presently known or contemplated, the proxy holders have discretionary authority to vote the proxy for a substitute nominee or nominees. The following sets forth information as to the nominees for election at the Annual General Meeting and each of the directors whose term of office will continue after the Annual General Meeting, including their ages, present principal occupations, other business experiences during the last five years, membership on committees of the Board and directorships in other publicly-held companies.

Name and Director Class	Age	Position	Current Term Expires
Class I nominees for terms ending in 2011:			
Jonathan Bloomer ⁽⁴⁾	54	Director	2008
Thomas Finke ⁽⁴⁾	44	Director	2008
Robert Joyal ⁽¹⁾⁽³⁾⁽⁴⁾	63	Director	2008
Jeffrey Hughes ⁽²⁾	67	Director	2008
Class II Nominees for terms ending in 2009			
George Zippel.....	49	Director	2008
Raymond Wechsler ⁽²⁾	63	Director	2008
Class III Nominees for terms ending in 2010			
Seth Gardner.....	40	Director	2008
Continuing Directors			
James Chapman ⁽¹⁾⁽³⁾	46	Director	2009
Larry Port ⁽²⁾⁽³⁾	57	Director	2009
James Butler ⁽¹⁾	57	Director	2010
Michael Rollings	44	Director	2010

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Member of the Investments Committee.

The following sets forth information as to continuing directors and the nominees for election at the Annual General Meeting, including, present principal occupations, other business experience during the past five years and directorships in other publicly-held companies.

Jonathan Bloomer is a partner of Cerberus European Capital Advisors, which is the U.K. advisory arm of Cerberus. 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 member of the Finance Committee of the NSPCC.

Thomas Finke serves as President and Managing Director 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.

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 ("MassMutual") 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), Alabama Aircraft Industries Inc. (Aircraft Maintenance & Overhaul), and various Private Equity and Mezzanine Funds sponsored by First Israel Mezzanine Investors.

Jeffrey Hughes is a founding partner of The Cypress Group, a New York based private equity firm and has been its Vice Chairman since 1994. He also serves as a director of Communication & Power Industries, Inc. and Financial Guarantee Insurance Corporation. Mr. Hughes has a lengthy record of business accomplishments and many years of board experience across a range of industries.

George Zippel is our President and Chief Executive Officer and was first elected by the Board to serve as a director in August 2007. Prior to joining Scottish Re, Mr. Zippel served as president and chief executive officer of Genworth Financial's Protection segment, which included Genworth Financial's life insurance, long-term care insurance, employee benefits, and payment protection insurance businesses. Prior to joining Genworth, Mr. Zippel held various senior management, operations and financial roles with the General Electric Company. Mr. Zippel earned an A.B. in Economics from Hamilton College.

Raymond Wechsler is 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, management and restructuring experience and has managed the distressed portfolio or selected portfolio companies for private equity funds, including George Soros and Cerberus Capital Management LLP. 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 billion-dollar businesses as well as smaller entrepreneurial companies, including Mueller Industries, AT&T International, United Press International, RCA International, Accessory Place, Jos. A Banks, Crystal Oil, ERC Industries and Protect Services Industries. Mr. Wechsler has also managed various Cerberus portfolio companies including Mervyns and Tandem Staffing Solutions, GDX and GHP and currently sits on the board of several Cerberus portfolio companies including Galaxy Cable, GDX and GHP. Mr. Wechsler is presently managing director of Cerberus Operations and Advisory Company. Mr. Wechsler holds a BA from Queens College and an MBA from Columbia University. Mr. Wechsler is also a CPA in New York State.

Seth Gardner was first elected by the Board to serve as a director in January 2008 to fill a vacancy created by the resignation of Lenard Tessler. Mr. Gardner is a Managing Director and Associate General Counsel at Cerberus in New York City, which he joined in 2003. From 1995 to 2003, Mr. Gardner was an associate at Wachtell, Lipton, Rosen & Katz, a New York City law firm. Mr. Gardner graduated from Duke University in 1989 with an A.B. degree. He also received an M.B.A. degree from Duke University's Fuqua School of Business and a J.D. degree from the Duke University School of Law in 1994.

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 Chrysler, LLC, 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.

Larry Port is President and Managing Director of MassMutual Capital and is responsible for MassMutual's worldwide corporate development activity and private equity group. Before this, he also 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.

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.

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.

Vote Required

In order to be elected a director, each of the above nominees must receive the affirmative vote by ordinary resolution of the holders of at least a majority of such shares as, being entitled to do so, vote in person or by proxy at the Annual General Meeting where a quorum is present in person or by proxy. Votes that are withheld, abstentions and broker non-votes will be deemed present and entitled to vote but will not be counted as a vote for or against the election of each director, and therefore will not have the effect of a vote against the election of each director. We intend to conduct all voting at the Annual General Meeting by poll.

The Investors, holding approximately 68.7% of the outstanding voting shares of the Company on a fully diluted basis, are entitled to designate two-thirds of the members of our Board of Directors. 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.

EXECUTIVE OFFICERS

The following table sets forth the names, ages, and current positions held with our company for each of our Executive Officers as of September 1, 2008:

Name	Age	Position
George Zippel.....	49	President, Chief Executive Officer
Terry Eleftheriou.....	48	Executive Vice President, Chief Financial Officer
Paul Goldean.....	42	Executive Vice President, Chief Administrative Officer
Dan Roth.....	35	Executive Vice President, Chief Restructuring Officer
Jeffrey Delle Fave.....	42	Executive Vice President, Corporate Tax
Michael Baumstein.....	37	Executive Vice President, Investments and Capital Markets Executive Vice President, Interim Chief Executive Officer, Life
Chris Shanahan.....	37	Reinsurance North America Segment
Meredith Ratajczak.....	49	Executive Vice President, Chief Actuary, Life Reinsurance North America Segment; Interim Chief Financial Officer, North America
Samir Shah.....	45	Executive Vice President, Chief Risk Officer

Information regarding Mr. Zippel, our President and Chief Executive Officer, is provided under the caption, "Proposal for Election of Directors," above.

Terry Eleftheriou joined us in October 2007 and has served as our Chief Financial Officer since November 2007. From July 2006 to September 2007, Mr. Eleftheriou provided consulting services to various private ventures. From November 2003 until June 2006, Mr. Eleftheriou was a group finance executive with XL Capital, where he was responsible for leading a number of strategic global initiatives to transform and integrate finance operations and enhance business processes and related controls. During that time, he was also a member of XL's Global Finance Executive Council and Executive Management Group. Prior to joining XL, Mr. Eleftheriou was the CFO of Sage Insurance Group International and, prior to that, was the finance leader for the retirement services segment of American General Financial Group. Prior to holding these positions, Mr. Eleftheriou occupied a variety of leadership roles with Ernst & Young spanning a 15 year career during which he specialized in providing assurance and advisory services to insurance and financial services companies in North America, Europe, and Asia. Mr. Eleftheriou is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Connecticut Society of Certified Public Accountants. He holds a Bachelor of Science in Economics from the City University in London, England.

Paul Goldean has served as our Chief Administrative Officer since August 2007. Prior to that time, Mr. Goldean served in multiple positions. From July 2006 to August 2007, he served as our President and Chief Executive Office and as a member of our Board. From November 2005 until he was named President and Chief Executive Officer, Mr. Goldean served as Executive Vice President and General Counsel with responsibility for our Capital Markets. From February 2004 until November 2005, he served as Executive Vice President and General Counsel with responsibility for mergers and acquisitions. He joined us in February 2002 as our Senior Vice President and General Counsel. Prior to joining us, Mr. Goldean worked at Jones, Day, Reavis & Pogue from March 2000 to February 2002 where, among other things, he acted as outside counsel to the Company. From 1997 to 2000, Mr. Goldean worked with the law firm of Strasburger & Price, L.L.P. Mr. Goldean received a B.B.A. from the University of Texas at El Paso and a J.D. from Southern Methodist University.

Dan Roth has served as our Chief Restructuring Officer since May 2007. 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 GE's Information

Management Leadership Program and received a BS in Management Information Systems from the University of Dayton's school of business.

Jeffrey Delle Fave joined our Company in September 2005 as our Executive Vice President, Corporate Tax. Prior to joining us, Mr. Delle Fave served in various different capacities with Ernst & Young LLP from July 1993 until he joined the Company in 2005, serving as a tax partner with Ernst & Young from 2003 until he left in 2005.

Michael Baumstein joined our Company in March 2004. Mr. Baumstein currently serves as our Executive Vice President, Investments and Capitals Markets of the Company. Mr. Baumstein also serves as President of Scottish Re Broker/Dealer, Scottish Re Capital Markets. 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 from January 2001 to December 2003 and at Prudential Securities from March 2000 to December 2000. 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.

Chris Shanahan joined our Company in January 2005. Mr. Shanahan assumed the role of interim Chief Executive Officer of SRUS in December 2007. Prior to that, Mr. Shanahan served as Executive Vice President of Business Development for SRUS. From December 2001 to December 2004, Mr. Shanahan was Vice President-Product Solutions & Research for ING Re, wherein he oversaw outsourced product development and product pricing and also managed actuarial, underwriting and medical research. Prior to that, Mr. Shanahan was Second Vice President & Managing Director of Lincoln Re, where he managed life reinsurance pricing, COLI pricing and underwriting, and treaty development. Prior to joining Lincoln Re, Mr. Shanahan also served in several actuarial capacities with Lincoln National Corporation that encompassed valuation, asset-liability management and pricing.

Meredith Ratajczak joined us in March 2006 as Chief Actuary of our Life Reinsurance North America Segment and currently also serves as our Interim Chief Financial Officer, North America. Prior to joining our Company, Mrs. Ratajczak was a Consulting Actuary and Equity Partner 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. Mrs. 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. Mrs. 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).

Samir Shah has served as our Executive Vice President, Chief Risk Officer since December 2007. Prior to joining us, Mr. Shah spent 10 years at Towers Perrin where he was a leader in the firm's global Enterprise Risk Management practice, which helped insurance companies, banks and non-financial institutions manage enterprise-wide risks. Mr. Shah also held various management consulting roles focused in areas such as non-traditional actuarial risk management, operational efficiency and financial performance improvement. Mr. Shah holds a B.S. and an M.S. in Industrial Engineering from Northwestern University. He is a Fellow of the Society of Actuaries (FSA), a Financial Risk Manager (FRM) certified by the Global Association of Risk Professionals and a Professional Risk Manager (PRM) certified by the Professional Risk Managers International Association.

BOARD MEETINGS AND COMMITTEES

The Board met seventeen times during fiscal year 2007. Each of the individual Board committees held separate meetings during fiscal year 2007. The Board met an unusually high number of times as a result of the negotiation and consummation of the Securities Purchase Agreement and the transactions contemplated thereby, including the resulting transition of several new board members. Overall attendance at board and committee meetings was approximately 97%. Although the Company is no longer listed on the New York Stock Exchange, the Board continues to use the New York Stock Exchange's standards in determining director independence. Paul Goldean, a member of the Board at the time, represented the other members of the Board at the 2007 Annual General Meeting of shareholders held on July 18, 2007.

The Board had four standing committees in fiscal year 2007: the Audit Committee, the Compensation Committee, the Corporate Governance Committee and the Investments Committee. Each of these committees operates pursuant to a written charter, which may be found on our website at www.scottishre.com. Shareholders may request free printed copies of the charters for our Board Committees and our Corporate Governance Guidelines from: Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda, Attn: Secretary.

- The Audit Committee: (1) recommends to the Board annually, and at other appropriate times, the firm to be retained as our independent auditors and, in connection therewith, reviews the professional services to be provided by the independent auditors and the proposed fees therefore, and the independence of such firm from our management, considering, among other things, non-auditing services to be provided by the independent auditors; (2) reviews with the independent auditors their plans for and scope of their annual audit and other examinations; (3) reviews with the independent auditors the report of their annual audit, or proposed report of their annual audit, the accompanying management letter, if any, and the reports of the results of such other examinations that they may undertake; (4) reviews with our appropriate officers and the independent auditors the annual financial statements; (5) reviews with the appropriate officers our ongoing audit activities, examinations, and the results thereof; (6) reviews with the appropriate officers and the independent auditors the adequacy of our internal accounting controls over financial reporting, auditing procedures, and practices and its financial, auditing, and accounting organizations and personnel; (7) reviews with the appropriate officers any recommendations made by the independent auditors, as well as such other matters, if any, as such persons may desire to bring to the attention of the Audit Committee; and (8) reviews such other matters in relation to our accounting, auditing, and financial reporting practices and procedures as the Audit Committee may deem desirable in connection with the review function described above. The Audit Committee met eleven times during fiscal year 2007. Until May 2007, the Audit Committee members were Robert Chmely, Jean-Claude Damerval and Lord Norman Lamont. From May 2007 until the current time, the Audit Committee members are James Butler, James Chapman and Robert Joyal. The Board, in its business judgment, has determined that all of the current members of the Audit Committee are "independent," as defined in Section 303A.02 and 303A.06 of the New York Stock Exchange's listing standards and as required under Rule 10(a)(3) of the Securities Exchange Act of 1934, as amended. The Audit Committee has determined that Mr. Butler qualifies as an "audit committee financial expert" under the rules of the Securities and Exchange Commission.
- The Compensation Committee met three times during fiscal year 2007. The Compensation Committee oversees the administration of the Company's 2007 Stock Option Plan, the Second Amended and Restated 1998 Stock Option Plan, the 1999 Stock Option Plan, the Harbourton Employee Options, the 2001 Stock Option Plan and the 2004 Equity Compensation Plan (collectively, the "Option Plans"). The Compensation Committee: (1) recommends the Company's compensation policies and procedures to the Board; (2) reviews performance of Company's officers; (3) approves base salary levels; (4) oversees the administration of the Option Plans and other incentive compensation plans; (5) reviews corporate goals and objectives, approved by the full Board relevant to CEO compensation, evaluates the performance of the CEO in light of these goals and objectives and sets the CEO's compensation level based on this evaluation; and (6) reviews committee member qualifications. Until May 2007, the Compensation Committee members were Jeffrey Hughes, Hazel O'Leary and Lord Norman Lamont. From May 2007 until May 2008, the Compensation

Committee members were Christopher Brody, Jeffrey Hughes and Larry Port. Upon Christopher Brody's resignation in May 2008, Raymond Wechsler was appointed to the Compensation Committee.

- The Corporate Governance/Nominating Committee: (1) identifies and makes recommendations to the Board on individuals qualified to serve as Board members; (2) develops and recommends to the Board corporate governance guidelines applicable to the Company, which may be found on our website at www.scottishre.com; (3) takes a leadership role in shaping the corporate governance of the Company; (4) reviews and recommends the renomination of incumbent directors; (5) reviews and recommends committee appointments; (6) leads the Board in its annual review of the Board's performance; and (7) performs other related tasks, such as studying the size, committee structure, and meeting frequency of the Board. In addition, the Corporate Governance/Nominating Committee develops and reviews background information for candidates for the Board, including those recommended by shareholders, and makes recommendations to the Board regarding such candidates. Any shareholder wishing to propose a nominee to the Board should submit a recommendation in writing to the Company's Secretary, indicating the nominee's qualifications and other relevant information and providing confirmation of the nominee's consent. The Corporate Governance/Nominating Committee met two times during fiscal year 2007. Until May 2007, the Corporate Governance/Nominating Committee members were William Caulfeild-Browne, Michael Austin and Robert Chmely. From May 2007 until the current time, the Corporate Governance/Nominating Committee members are Larry Port, James Chapman and Robert Joyal.

In carrying out its function to nominate candidates for election to the Board, the Corporate Governance/Nominating Committee considers a mix of skills, experience, character, commitment, and diversity of background, all in the context of the requirements of the Board at that point in time. The Corporate Governance/Nominating Committee believes that each candidate should be an individual who has demonstrated integrity and ethics in such candidate's personal and professional life, have an understanding of elements relevant to the success of a publicly-traded company and have established a record of professional accomplishment in such candidate's chosen field. Each candidate should be prepared to participate fully in Board activities, including attendance at, and active participation in, meetings of the Board, and not have other personal or professional commitments that would, in the Corporate Governance/Nominating Committee's judgment, interfere with or limit such candidate's ability to do so. Each candidate should also be prepared to represent the best interests of our shareholders and not just one particular constituency. Additionally, in determining whether to recommend a director for re-election, the Corporate Governance/Nominating Committee also considers the director's past attendance at Board and Committee meetings and participation in and contributions to the activities of the Board. The Corporate Governance/Nominating Committee has no stated specific, minimum qualifications that must be met by a candidate for a position on our Board.

The Corporate Governance/Nominating Committee's methods for identifying candidates for election to the Board (other than those proposed by our shareholders, as discussed below) include the solicitation of ideas for possible candidates from a number of sources — members of the Board; our executives; individuals personally known to the members of the Board; and other research, including database and Internet searches. The Corporate Governance/Nominating Committee may also from time to time retain one or more third-party search firms to identify suitable candidates.

Any of our shareholders may nominate one or more persons for election as a director at the annual meeting of shareholders if the shareholder complies with the notice, information and consent provisions contained in our Articles of Association.

- The Investments Committee establishes and monitors the Company's investment policies, the performance of the Company's investment managers and the Company's banking and/or financing relationships. The Investments Committee met two times during fiscal year 2007. Until May 2007, the Investments Committee members were Jean-Claude Damerval, Hazel O'Leary, Robert Chmely, Michael French and Lord Norman Lamont. From May 2007 until May 2008, the Corporate Governance/Nominating Committee members were Christopher Brody, Robert Joyal and Thomas Finke. Upon Christopher Brody's resignation in May 2008, Jonathan Bloomer was appointed to the Investments Committee.

The non-management directors of the Company meet at regularly scheduled executive sessions without management present. Pursuant to the Company's Corporate Governance Guidelines, executive sessions of the non-management directors are scheduled at every regular Board meeting, and as requested by any director. Mr. Bloomer has been selected to preside at all regularly scheduled executive sessions of non-management directors (the "Presiding Director").

How to Contact the Board of Directors

Shareholders who wish to communicate with the Board, a particular director, any non-management director or the Presiding Director may send a letter to the Secretary of the Company at Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Second Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda. The mailing envelope must clearly identify the correspondence as a "Shareholder-Board Communication," "Shareholder-Director Communication", "Shareholder-non-management Director Communication" or "Shareholder-Presiding Director Communication." All such letters must identify the author as a shareholder and clearly state whether the intended recipients are members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP

<u>Name and Address of Beneficial Owners⁽¹⁾</u>	<u>Amount of Ordinary Shares Beneficial Ownership</u>	<u>Percent of Class</u>
Investor Group.....	150,000,000 ⁽²⁾	68.7%
CMBP II (Cayman) Ltd.	9,330,510 ⁽³⁾	13.6% ⁽⁴⁾
Richard M. Rieder	8,933,747 ⁽⁵⁾	13.1% ⁽⁴⁾
Brandes Investment Partners, L.P.....	8,457,246 ⁽⁶⁾	12.4% ⁽⁴⁾
<u>Directors</u>		
Jonathan Bloomer.....	225,000 ⁽⁷⁾	*
Christopher Brody	225,000 ⁽⁷⁾	*
James Butler	233,000 ⁽⁸⁾	*
James Chapman	225,000 ⁽⁷⁾	*
Thomas Finke	225,000 ⁽⁷⁾	*
Seth Gardner.....	225,000 ⁽⁷⁾	*
Jeffrey Hughes.....	225,000 ⁽⁷⁾	*
Robert Joyal.....	325,000 ⁽⁸⁾	*
Larry Port	225,000 ⁽⁷⁾	*
Michael Rollings	225,000 ⁽⁷⁾	*
George Zippel.....	255,000 ⁽⁹⁾	*
<u>Named Executive Officers</u>		
Terry Eleftheriou	80,000	*
Michael Baumstein	62,310	*
Jeffrey Delle Fave.....	55,088	*
Paul Goldean	158,640	*
Duncan Hayward.....	23,750	*
David Howell ⁽¹⁰⁾	28,640	*
Hugh McCormick ⁽¹¹⁾	-	*
Dean Miller ⁽¹²⁾	-	*
Cliff Wagner ⁽¹³⁾	-	*
All directors, director nominees and executive officers as a group (nineteen persons).....	3,052,192	4.3% ⁽⁴⁾

* Less than 1%

(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) The Investors each purchased 500,000 shares of the Company's newly issued convertible cumulative participating preferred stock (the "Convertible Shares") pursuant to the terms of the Securities Purchase Agreement. Such 500,000 Convertible Shares may be converted into 75,000,000 ordinary shares, or an aggregate 150,000,000 ordinary shares by both Investors, at any time, and will automatically convert on the ninth anniversary of the issue date if not previously converted, subject to certain adjustments. 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 Capital and each of the Funds, MassMutual

Capital assigned its Convertible Shares to the Funds. The sole general partner of each of the Funds is Benton Street Advisors, Inc., an indirect wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company. On June 5, 2007, the Investors and the Funds entered into the Amended and Restated Investors Agreement in order to reallocate voting and governance rights and obligations of MassMutual Capital to and among the Funds. Pursuant to the Amended and Restated Investors Agreement, the Investors and the Funds agreed, among other things, to: (i) certain restrictions on the transfer of Convertible 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, Massachusetts Mutual Life Insurance Company and the Funds are 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 Street Partners III, L.P., pursuant to a Subscription Agreement dated as of June 5, 2007 by and between Benton Street Partners III, L.P. and SRGL LDC. Benton Street Partners III, L.P. holds 134,667 Convertible 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 Capital and SRGL LDC, SRGL LDC shares certain rights over the voting and disposition of securities of the Company held by Benton Street Partners III, L.P. Mr. Feinberg, directly or through one or more intermediate entities, exercises such rights held by SRGL LDC. Because SRGL LDC holds 500,000 Convertible Shares and exercises certain rights over the voting and disposition of 134,667 Convertible Shares, which Convertible 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 58.3% 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 Shares, which may be converted into 54,799,950 ordinary shares, beneficially owned by Massachusetts Mutual Life Insurance Company. The Investor Group beneficially owns 150,000,000 ordinary shares, or 68.7% of the ordinary shares deemed issued and outstanding as of that date. 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 Securities and Exchange Commission 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., 65 East 55th Street, 28th Floor, 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 Shares.
- (5) Based on a Form 4 filed by Richard M. Rieder with the Securities and Exchange Commission on June 9, 2008. R3 Capital Partners Master, L.P. (the "R3 Fund"), an investment fund, R3 Capital GenPar MGP, Ltd. ("R3 MGP"), the general partner of the R3 Master, R3 Capital Principal Investors GenPar, LLC ("R3 Principal"), the sole voting shareholder of R3 MGP, and Richard M. Rieder, the managing member of R3 Principal. The principal business address is 1271 Avenue of the Americas, New York, New York 10020.
- (6) Based on a Schedule 13G filed by Brandes Investment Partners, L.P. with the Securities and Exchange Commission 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.
- (7) Represents ordinary shares of the Company subject to immediately exercisable options.
- (8) Includes 225,000 ordinary shares of the Company subject to immediately exercisable options.

- (9) Includes 150,000 ordinary shares of the Company subject to immediately exercisable options. 105,000 ordinary shares are held in the Suzanne E. Schuerman Revocable Trust of which Mr. Zippel jointly controls and for which Mr. Zippel is the sole beneficiary.
- (10) Mr. Howell is no longer an employee of the Company. Share ownership is based on the best information available to us.
- (11) Mr. McCormick is no longer an employee of the Company. Share ownership is based on the best information available to us.
- (12) Mr. Miller is no longer an employee of the Company. Share ownership is based on the best information available to us.
- (13) Mr. Wagner is no longer an employee of the Company. Share ownership is based on the best information available to us.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of May 7, 2007, as a result of the closing of the transactions contemplated by the Securities Purchase Agreement, the Investors now hold securities representing approximately 68.7% of the voting power of all of our shareholders, and hold the right to nominate two thirds of our directors for election to the board. Pursuant to this right, Jonathan Bloomer, Christopher S. Brody, Thomas Finke, Larry Port, Michael Rollings and Lenard B. Tessler were elected to the Board for terms ending in 2008. James J. Butler, James N. Chapman and Robert Joyal were elected to the Board as independent directors. Mr. Bloomer is a partner of Cerberus European Capital Advisors, Mr. Tessler is a Managing Director of Cerberus and until May 30, 2008 Christopher Brody was also a Managing Director of Cerberus. Mr. Rollings is currently Executive Vice President and Chief Financial Officer of MassMutual. Mr. Finke is currently President and Managing Director of Babson Capital Management LLC, a MassMutual subsidiary. Mr. Port is President and Managing Director of MassMutual Capital and is responsible for MassMutual's worldwide corporate development activity and private equity group.

Seth Gardner was elected by the Board to serve as a director in January 2008 to fill a vacancy created by the resignation of Lenard Tessler. Mr. Gardner is a Managing Director and Associate General Counsel at Cerberus. Raymond Wechsler was appointed to the Board in May 2008 to fill a vacancy created by the resignation of Christopher Brody. Mr. Wechsler is presently Managing Director of Cerberus Operations and Advisory Company.

On March 9, 2007, SALIC, the Company and each of our subsidiaries listed as a guarantor on the signature pages thereto entered into a term agreement (the "Term Loan Agreement") with Ableco Finance LLC, an affiliate of Cerberus, and MassMutual. The Term Loan Agreement was terminated effective May 7, 2007 in connection with the consummation of the transactions contemplated by the Securities Purchase Agreement. We paid fees totaling \$2.6 million to Ableco Finance LLC, for this interim term loan facility.

We incurred \$0.2 million for Board of Director fees payable to Babson Capital Management LLC, a subsidiary of MassMutual Capital for the year ended December 31, 2007. We also incurred \$0.2 million for consulting fees payable to Cerberus and \$0.1 million for investment management fee expenses related to the management of our Clearwater Re assets payable to Babson Capital Management LLC for the year ended December 31, 2007.

For so long as the Cypress Entities in the aggregate beneficially own at least 2.5% of our 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 own collectively 4.3% and 15.4% of our outstanding voting shares on a fully diluted basis as at December 31, 2007 and 2006, respectively.

Included in Other Investments are \$7.1 million and \$10.0 million at December 31, 2007 and 2006, respectively for Investment in Cypress Sharpridge Investments, Inc., which is an affiliate of the Cypress Entities. We reduced the carrying value of our holdings in Cypress Sharpridge Investments, Inc. from \$10.0 million to \$7.1 million at December 31, 2007, based on the application of the equity method for investments, which requires us to recognize our proportionate share of net income (loss) less dividends received. The impact to net income was \$2.9 million. During the year ended December 31, 2007 and 2006, we received \$1.0 million and \$0.7 million in dividend income from our investment in Cypress Sharpridge.

Residential Funding, a subsidiary of Cerberus, provided broker quotes to one of our investment managers, JP Morgan Asset Management during the year ended December 31, 2007. Lehman Brothers Holdings Inc., who owns 4.0% of our voting interests at December 31, 2007 provided broker quotes to our investment managers, Asset Allocation & Management, General Re - New England Asset Management, Inc., Wellington Management and JP Morgan Asset Management during the year ended December 31, 2007.

In 2006, one of our Board of Directors also served on the Board of Montpelier Re Holdings Ltd. to whom we paid \$0.5 million to Montpelier Re for fixed assets in the relocation of the Bermuda office.

Related Party Transaction Policies and Procedures

Our Board has adopted a written Code of Ethics & Business Conduct which applies to all our employees, officers and directors. In keeping in the spirit of such code, and specifically the Conflicts of Interest section, it is our policy not to enter into any transactions with one of our executive officers, directors or director nominees, or stockholders known to beneficially own over 5% of a class of our voting stock or their related persons, unless the transaction is approved by a majority of our disinterested Directors after full disclosure.

The Investors will be restricted from entering into affiliate transactions with us without the approval of non-management directors who are not affiliated with the Investors, or the approval of a majority of holders of our ordinary shares (excluding any shares held by the Investors), subject to an exception for certain transactions entered into in the ordinary course of business on terms that are no less favorable to us than those that could have been obtained in a comparable transaction by us with an unrelated person.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview and Objectives

This section provides information regarding the compensation of our Named Executive Officers in 2007, namely George Zippel, our President and Chief Executive Officer, Paul Goldean, our former President and Chief Executive Officer and current Chief Administrative Officer, Terry Eleftheriou, our Chief Financial Officer, Duncan Hayward, who served as our interim Chief Accounting Officer and currently serves as Chief Financial Officer of Scottish Re Holdings Limited, and Dean Miller, our former Chief Financial Officer. In addition, our Named Executive Officers for 2007 include the following most highly compensated executive officers and former executive officers: Michael Baumstein, our Executive Vice President, Investments and Capital Markets, Jeffrey Delle Fave, our Executive Vice President, Corporate Tax, David Howell, our former Chief Executive Officer of Scottish Re Holdings Limited, Hugh McCormick, our former Executive Vice President, Corporate Development and Cliff Wagner, former President and Chief Executive Officer of Scottish Holdings, Inc.

Our compensation philosophy, objectives and structure changed as a result of the 2007 New Capital Transaction in 2007 and again in 2008 due to the change in our strategic objectives. As a result of the 2007 New Capital Transaction, as well as subsequent changes in some of our Named Executive Officer's responsibilities, we determined that it was necessary to negotiate new employment agreements with Messrs. Baumstein, Delle Fave, Goldean and Howell to reflect these changes, provide additional incentives for continuing employment with us following the 2007 New Capital Transaction, and to extend their employment terms through May 2009 (except for Mr. Delle Fave, who is employed at-will). Following the 2007 New Capital Transaction, Messrs. Miller, McCormick and Wagner elected to terminate their employment with us. In addition, we negotiated employment agreements with Messrs. Zippel and Eleftheriou in connection with their appointments as President and Chief Executive Officer and Executive Vice President and Chief Financial Officer of the Company, respectively.

In 2007, the primary objectives of our compensation program were to:

- Attract, retain and motivate the key people necessary to assist us through and beyond the 2007 New Capital Transaction period;
- Provide a direct link between pay and performance;
- Allocate a larger percentage of executive compensation to pay that is conditional or contingent in order to positively influence behavior and support accountability;
- Offer total compensation opportunities that are competitive with external markets in design and pay level; and
- Emphasize the need to focus on shareholder value, in addition to providing competitive value to our customers.

In February 2008, we announced that the Board determined that the Company would pursue the following strategic objectives:

- Pursue dispositions of our non-core assets or lines of business, including the Life Reinsurance International Segment and the Wealth Management business;
- Develop, through strategic alliances or other means, opportunities to maximize the value of our core competitive capabilities within the Life Reinsurance North America Segment, including mortality assessment and treaty administration; and

- Rationalize our cost structure to preserve capital and liquidity.

In light of these strategic objectives, our executive compensation philosophy in 2008 is particularly focused on retaining our key executives through this transition period. Given that focus, in early 2008, the Compensation Committee negotiated amendments to the employment agreements with Messrs. Zippel and Eleftheriou, including components of their compensation, to assure retention and provide us with stability during our pursuit of the strategic objectives. These amendments were approved by the Board.

Components

Our compensation program utilizes the following components to meet our compensation objectives: base salary, bonuses, long term incentives, retirement benefits and executive benefit programs and perquisites.

Base Salaries and Bonuses

In setting base salaries and bonuses in the employment agreements, the goal has generally been to position our key executives' annual cash compensation between the median and 75th percentile of what we understand to be the standard compensation in the life reinsurance industry generally, as well as the standard for each key executive's local marketplace. We set the salary ranges in this manner to ensure that our base salary practices do not put us at a competitive disadvantage in attracting and retaining key executives while ensuring an appropriate cost structure. In addition, the salary and bonus amounts provided in the employment agreements are intended to reflect the scope of responsibility assumed by the executives, who sometimes assume multiple roles with the Company, and the executives' past experiences. Differences in compensation amounts and terms among the Named Executive Officers are due to individual employment agreement negotiations, backgrounds, experiences, responsibilities and assumed positions with the Company.

For the negotiation of the base salaries and bonuses in the employment agreements with Messrs. Zippel and Eleftheriou, as well as some of our other Named Executive Officers, we took into consideration an analysis of a 2007 compensation survey of the insurance industry and informal observations on compensation in the reinsurance industry, each provided by third parties, as well as input by representatives of the Investors. Each of the Named Executive Officer's employment agreements, as well as the amendments to the employment agreements with Messrs. Zippel and Eleftheriou, were approved by the Board. The Compensation Committee and the Board approved the employment agreements for Messrs. Baumstein, Howell and Delle Fave. Mr. Zippel provided input and recommendations regarding Mr. Howell's employment agreement. In addition to the bonuses provided in the employment agreements, we provide an annual incentive bonus program that determines bonus awards based upon achieving preset annual incentive goals in multiple overlapping arenas. A participant's annual incentive bonus percentage was calculated as the business performance rating (which is calculated as 50% of the Total Company performance rating plus 50% of the Segment performance rating) multiplied by the participant's individual performance rating (which is based upon individual performance). This annual incentive bonus percentage was then multiplied by the participant's target bonus (which is a percentage of the participant's base salary) to determine the participant's bonus payment.

The total Company performance rating was determined based on the degree to which the Company was able to achieve the following target metrics: pre-tax loss of \$84.4 million, post-tax loss of \$122.3 million, new business volume of \$23 billion, new business first year premiums of \$48.9 million, operating expenses of \$161.8 million, the successful completion of eleven operating initiatives and a one notch ratings upgrade by December 31, 2007. The Life Reinsurance North America Segment performance rating was determined based on the degree to which the segment was able to achieve the following target metrics: pre-tax income of \$8 million, new business volume of \$23 billion, new business first year premiums of \$ 30.4 million and operating expenses of \$59.9 million. The Life Reinsurance International Segment performance rating was determined based on the degree to which the segment was able to achieve the following target metrics: pre-tax loss of \$16.3 million, new business first year premiums of \$18.5 million and operating expenses of \$34.9 million. The Corporate and Other Segment performance rating was determined based on the degree to which the segment was able to achieve the following target metrics: pre-tax loss of \$76.1 million and operating expenses of \$67.0 million.

Segment	Total Company Performance Weighting	Segment Performance Weighting	Individual Performance Rating
Life Reinsurance			
North America	91.4%	117.5%	1 – 0% through 5 – 140%
Life Reinsurance			
International.....	91.4%	100.0%	1 – 0% through 5 – 140%
Corporate and Other.....	91.4%	100.0%	1 – 0% through 5 – 140%

The calculation of each individual participant’s annual incentive bonus was determined by applying the percentages that appear in the row for the appropriate segment (Life Reinsurance North America, Life Reinsurance International or Corporate and Other) applicable to a participant.

As part of our effort to attract and retain our Named Executive Officers, some of their employment agreements provide guaranteed minimum annual incentive bonuses. For 2007, the Compensation Committee agreed to the methodology, results and annual incentive bonus awards, as calculated by the Company and also awarded additional bonuses for Messrs. Zippel, Eleftheriou and Hayward, recognizing their additional responsibilities and achievements. Additional bonuses were awarded under the Senior Executive Success Plan and transaction bonus programs. These programs were designed to retain key executives through the 2007 New Capital Transaction, and for some key executives, to create an incentive to complete the 2007 New Capital Transaction.

In light of the change in our compensation objectives in 2008, we have created retention and incentive bonus arrangements that focus on achievement of our new strategic objectives. In March 2008, we entered into an incentive agreement with Mr. Howell which provides him with a bonus award if he is employed by the Company when the sale of our Life Reinsurance International Segment closes. In April 2008, the Compensation Committee approved the Amended and Restated 2008 Retention Plan. Under this plan, Messrs. Baumstein and Delle Fave are provided with (i) a guaranteed minimum annual incentive bonus for 2008, 50% of which will be paid on July 1, 2008 and the remaining 50% will be paid on January 2, 2009, and/or (ii) a 2008 retention bonus payable on January 2, 2009, both of which require the employee to be a full-time employee of the Company in good standing on such payment date. Mr. Hayward’s payments, under similar terms, will be (i) a guaranteed minimum annual incentive bonus for 2008 payable on March 13, 2009, and (ii) a 2008 retention bonus payable on January 2, 2009.

In June 2008, the Compensation Committee approved a success and incentive bonus arrangement for key employees who are needed to conduct and complete the contemplated sale of the Life Reinsurance North America Segment. This arrangement will provide a cash bonus award to the identified employees if a sale of the North America business, under certain conditions, is successful. Messrs. Goldean, Baumstein and Delle Fave will participate in this arrangement.

Long Term Incentives

Prior to the 2007 New Capital Transaction, our long term incentive compensation plans were intended to align our executives’ interests with our shareholders’ interests. Following the completion of the 2007 New Capital Transaction with the Investors, we focused on the long term growth of the Company and structured the equity awards to reflect this focus. The long term incentive awards granted to our Named Executive Officers, provided under the Scottish Re Group Limited 2007 Stock Option Plan (“the Plan”), include both time-based options that vest and may be exercised incrementally over a four-year period, and performance-based options that vest incrementally but do not become exercisable until the completion of five fiscal years following the date of grant.

The Board determines what portion of the performance-based options vest each year based on their assessment of the achievement of each of the Company and Segment performance metrics for that relevant year. Our 2007 performance metrics included the attainment of certain levels of operating income, new business, premiums, operating expenses, operating initiatives and ratings increases. Since we did not achieve all of the performance goals, the Board used its discretion to vest the following percentages of the performance-based options eligible for vesting for each segment in 2007:

Segment	Total Company Performance Weighting	Segment Performance Weighting	Overall Weighting
Life Reinsurance North America	25%	66.6%	45.7%
Life Reinsurance International.....	25%	33.3%	29.2%
Corporate and Other...	25%	0%	12.5%

The vesting for each individual participant’s performance-based options was determined by applying the percentages that appear in the row for the appropriate segment (Life Reinsurance North America, Life Reinsurance International or Corporate and Other) applicable to a participant based on salary classification as follows: half of the participant’s options eligible for vesting on December 31, 2007 were multiplied against the percentage in the Total Company Performance Weighting column and the remaining options were multiplied against the percentage in the Segment Performance Weighting column. The resulting number of options vested on December 31, 2007. The remainder of the performance-based options that were eligible for vesting in 2007 were forfeited. See the footnotes to the “Grant of Plan-Based Awards for Fiscal Year 2007” for a list of the Named Executive Officers’ forfeited performance-based options.

Retirement Benefits

We believe our 401(k) Plan and Deferred Compensation Plan to be necessary components for a competitive compensation program. Although we will continue to offer these programs, we have frozen participation in the Deferred Compensation Plan, preventing new participants on or after May 1, 2007. Messrs. Baumstein, Delle Fave and Goldean are currently the only participants. In 2007, we matched 100% of a participant’s elective contribution to our 401(k) Plan, up to a maximum matching contribution of 7.5% of the participant’s compensation (base salary and bonus). In 2008, this maximum matching contribution has been reduced to 6% of a participant’s compensation. The Named Executive Officers, to the extent that they are U.S. citizens, participate in our 401(k) Plan on substantially the same terms as our other participating employees.

Executive Benefit Programs and Perquisites

We provide perquisites and personal benefits to our Named Executive Officers where we determine that such perquisites and personal benefits are a useful part of a competitive compensation package. Our Named Executive Officers are eligible to participate in all of the benefits programs we offer to our employees generally and may also receive premium health care benefits, country club dues reimbursement and reimbursement of attorney’s fees related to the negotiation of their employment agreements. In 2007, we purchased a refundable club membership with Mr. Eleftheriou listed as our designated member. Additionally, we also provide Messrs. Zippel and Eleftheriou with relocation expense reimbursement, housing payments and coverage of related expenses (including utilities). In certain circumstances, we also provide vehicles and coverage of related expenses (including fuel) or local transportation, meals and travel expenses. In addition, we also provide tax gross-ups on some of these expenses.

Restricted Shares

<u>Name</u>	Outstanding restricted shares at May 7, 2007	Total Restricted Shares Vesting on Change In Control on May 7, 2007⁽¹⁾	Total Value of Ordinary Shares Issued on May 14, 2007 Pursuant to Restricted Shares Vesting Upon Change in Control on May 7, 2007⁽²⁾
Michael Baumstein	22,677	14,173	\$ 69,589
Jeffrey Delle Fave	20,142	12,588	\$ 61,807
Paul Goldean	40,348	25,217	\$ 123,815
Duncan Hayward	10,000	6,250	\$ 30,688
David Howell	30,212	18,882	\$ 92,711
Hugh McCormick	50,679	31,674	\$ 155,519
Dean Miller	73,000	46,024	\$ 225,978
Cliff Wagner	30,236	18,896	\$ 92,779

- (1) The Restricted Share grants were comprised of 25% time based restricted shares and 75% performance based restricted shares. Upon a change in control on May 7, 2007, 100% of the time based restricted shares vested and 50% of the performance based restricted shares vested along with accrued dividends. This was approved by the Compensation Committee
- (2) Market value based on a closing per share price of \$4.91 at the close of the market on May 14, 2007, the date the ordinary shares were released to the Named Executive Officers.

Stock Options

<u>Name</u>	Options Exercisable for Ordinary Shares Upon Change in Control at May 7, 2007 (No. of Shares)	Weighted Average Exercise Price	Total Value of Cash Options released⁽¹⁾
Michael Baumstein.....	38,000	\$ 23.48	\$ -
Jeffrey Delle Fave	20,000	\$ 24.21	\$ -
Paul Goldean	55,000	\$ 20.20	\$ -
Duncan Hayward.....	-	\$ -	\$ -
David Howell	50,000	\$ 24.89	\$ -
Hugh McCormick.....	60,000	\$ 25.45	\$ -
Dean Miller	50,000	\$ 25.35	\$ -
Cliff Wagner.....	35,000	\$ 18.37	\$ -

- (1) Assumes a market value based on a closing per share price of \$4.66 on May 7, 2007, the date the change in control occurred and the stock option vesting accelerated.

Retirement Benefits

401(k) Plan – We provide retirement benefits to the Named Executive Officers under the terms of our tax-qualified 401(k) plan. In 2007, our 401(k) plan provided an automatic matching contribution on behalf of each participant for up to 7.5% of the participant’s compensation (base salary and bonus). The investment

opportunities under the 401(k) Plan include various mutual funds and our ordinary shares. The Named Executive Officers, to the extent they are U.S. citizens, participate in the plan on substantially the same terms as our other participating employees.

Deferred Compensation - Under our Deferred Compensation Plan, certain of our executive officers, including certain Named Executive Officers, are permitted to elect to defer up to 100% of their compensation (base salary and bonuses), subject to certain limitations. We decided to not allow any new participants in the plan effective May 1, 2007. No employees who are not already participating in the plan may become participants on or after that date; however, current participants may continue to make contributions to the plan. Deferral amounts are limited so that the remaining portion of compensation not deferred is sufficient to pay: (i) Federal Insurance Contributions Act taxes; and (ii) all premiums for medical plan coverage under our group medical plan. In addition to amounts deferred by the executive, and without regard to whether the executive is deferring any amounts, we contribute 10% of the executive’s compensation to his/her deferred compensation account, less any matching contributions made pursuant to the 401(k) plan. Our contributions are subject to the following vesting schedule:

Years of Participation Service	Percentage Vested
Less than 1	0%
1	25%
2	50%
3 or more	100%

Amounts contributed by the executive and us are contributed to the executive’s deferred compensation account and invested among the categories of deemed investments as may be made available by us. Earnings from the deemed investments are also credited to the participant’s deferred compensation account. However, the fact that an amount has been credited to a participant’s deferred compensation account will not operate to vest in the participant any benefit under the plan, except according to the vesting schedule set forth above. Currently, the investment opportunities are among various mutual funds, also available under our 401(k) Plan and our ordinary shares. Executives may adjust their investment selections in writing and such adjustment shall be effective as of the next adjustment date that is at least ten business days after such filing.

Distributions of amounts under the Deferred Compensation Plan are made upon a participant’s retirement (generally in the form of a 10-year certain annuity), death (lump sum), or severance (lump sum).

Executives may withdraw amounts of earnings deferred into the Deferred Compensation Plan as follows: (i) upon initial plan participation, a participant may designate specific dollar amounts of deferrals to be paid at specific future dates prior to the termination of employment; and (ii) after initial plan participation, a participant may request a withdrawal of deferrals, for any reason and in any amount.

Executive Benefit Programs and Perquisites

We provide perquisites and personal benefits to our Named Executive Officers where we determine that such perquisites and personal benefits are a useful part of a competitive compensation package. Our Named Executive Officers are eligible to participate in all of the benefits programs we offer to our employees generally and may also receive premium health care benefits, country club dues reimbursement and reimbursement of attorney’s fees related to the negotiation of their employment agreements. In 2007, we purchased a refundable club membership with Mr. Eleftheriou listed as our designated member. Additionally, we also provide Messrs. Zippel and Eleftheriou with relocation expense reimbursement, housing payments and coverage of related expenses (including utilities). In certain circumstances, we also provide vehicles and coverage of related expenses (including fuel) or local transportation, meals and travel expenses. In addition, we also provide tax gross-ups on some of these expenses.

MANAGEMENT COMPENSATION

The following table includes certain summary information concerning the compensation awarded to, earned by or paid for services rendered in all capacities during 2006⁽¹⁾ and 2007 by all individuals serving as our principal executive officer during fiscal year 2007, all individuals serving as principal financial officer during fiscal year 2007, the three most highly compensated executive officers who were serving as executive officers at the end of 2007 and two additional individuals who would have been included but for the fact that they were not serving as an executive officer at the end of 2007.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total
George Zippel President and Chief Executive Officer	2007	\$ 363,462	\$ 781,000	\$ -	\$ 563,343 ⁽⁶⁾	\$ 161,637 ⁽⁷⁾	\$ 1,869,442
Terry Eleftheriou Executive Vice President and Chief Financial Officer	2007	\$ 115,385	\$ 550,000	\$ -	\$ 268,851 ⁽⁶⁾	\$ 220,900 ⁽⁸⁾	\$ 1,155,136
Michael Baumstein Executive Vice President, Investment and Capital Markets	2007	\$ 394,731	\$ 620,000	\$ 287,502	\$ 355,263 ⁽⁶⁾	\$ 115,594 ⁽⁹⁾	\$ 1,773,090
Jeffrey Delle Fave Executive Vice President, Corporate Tax	2007	\$ 359,249	\$ 1,810,000	\$ 248,577	\$ 243,128 ⁽⁶⁾	\$ 251,464 ⁽¹⁰⁾	\$ 2,912,418
Paul Goldean Chief Administrative Officer	2007 2006	\$ 613,462 \$ 488,077	\$ 3,495,000 \$ -	\$ 520,140 \$ -	\$ 535,567 ⁽⁶⁾ \$ 103,251	\$ 314,759 ⁽¹¹⁾ \$ 111,423	\$ 5,478,928 \$ 702,751
Duncan Hayward ⁽¹²⁾ Chief Financial Officer Scottish Re Holdings Limited	2007	\$ 357,282	\$ 502,817	\$ 40,328	\$ 88,475 ⁽⁶⁾	\$ 32,580 ⁽¹³⁾	\$ 1,021,482
David Howell ⁽¹⁴⁾ Chief Executive Officer – Scottish Re Holdings Limited	2007 2006	\$ 545,848 \$ 432,527	\$ 677,210 \$ -	\$ 393,692 \$ -	\$ 542,739 ⁽⁶⁾ \$ 193,240	\$ 195,274 ⁽¹⁵⁾ \$ 196,436	\$ 2,354,763 \$ 822,203
Hugh T. McCormick ⁽¹⁶⁾ Former Executive Vice President, Corporate Development	2007 2006	\$ 289,423 \$ 500,000	\$ - \$ 300,000	\$ 540,731 \$ -	\$ 329,875 \$ 191,518	\$ 2,710,214 ⁽¹⁷⁾ \$ 100,369	\$ 3,870,243 \$ 1,091,887
Dean Miller ⁽¹⁸⁾ Former Executive Vice President and Chief Financial Officer	2007 2006	\$ 250,094 \$ 469,615	\$ - \$ 200,000	\$ 829,223 \$ -	\$ 371,557 \$ 187,762	\$ 1,048,551 ⁽¹⁹⁾ \$ 106,629	\$ 2,499,425 \$ 964,006
Cliff Wagner ⁽²⁰⁾ Former President and Chief Executive Officer – Scottish Holdings, Inc.	2007 2006	\$ 409,645 \$ 440,192	\$ 200,000 \$ -	\$ 383,336 \$ -	\$ 52,757 \$ 43,617	\$ 4,351,765 ⁽²¹⁾ \$ 204,302	\$ 5,397,503 \$ 688,111

(1) For further information regarding the amounts listed for fiscal year 2006, refer to our 2007 Proxy Statement.

(2) The following table shows the components of the Bonus payments for fiscal year 2007, described further below:

Name	Employment Agreement Bonus	Annual Incentive Bonus	Senior Executive Success Plan	Transaction Bonus
George Zippel	\$ —	\$ 781,000(c)	\$ —	\$ —
Terry Eleftheriou.....	\$ 100,000	\$ 450,000(c)	\$ —	\$ —
Michael Baumstein	\$ 70,000	\$ 375,000	\$ —	\$ 175,000
Jeffrey Delle Fave	\$ 1,485,000	\$ 325,000(c)	\$ —	\$ —
Paul Goldean.....	\$ 2,745,000(e)	\$ 450,000	\$ 300,000	\$ —
Duncan Hayward ^(a)	\$ —	\$ 329,138(d)	\$ —	\$ 173,679
David Howell ^(b)	\$ —	\$ 481,046	\$ 196,164	\$ —
Hugh T. McCormick.....	\$ —	\$ —	\$ —	\$ —
Dean Miller	\$ —	\$ —	\$ —	\$ —
Cliff Wagner	\$ —	\$ —	\$ 200,000	\$ —

(a) Mr. Hayward received an annual incentive bonus in the amount of £102,845, plus a discretionary bonus in the amount of £62,976, and a Transaction bonus in the amount of £87,500, which have been converted into U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.

(b) Mr. Howell received an annual incentive bonus in the amount of £242,353 and a Senior Executive Success Plan bonus in the amount of £98,828, which have been converted into U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.

(c) In lieu of the bonus amount calculated under the terms of the annual incentive program, these Named Executive Officers received a guaranteed minimum bonus, pursuant to their employment agreements.

(d) In addition to the amount determined under the terms of the annual incentive bonus program, this amount reflects a \$125,000 discretionary bonus awarded by the Compensation Committee in recognition of Mr. Hayward's increased responsibilities and efforts during the period that he served as our Chief Accounting Officer.

(e) Mr. Goldean's signing bonus was paid in three equal installments pursuant to his employment agreement, two-thirds was paid in 2007 and one-third was paid in March 2008.

(3) Represents the compensation cost of outstanding stock awards for financial reporting purposes for the year under SFAS 123 (R) without regard to forfeiture assumptions. For the amounts listed in this column for fiscal year 2007, refer to Note 13 "Employee Benefit Plans" in the Notes to Consolidated Financial Statements for further detail on Restricted Stock Awards. Upon the closing of the 2007 New Capital Transaction on May 7, 2007, all restricted stock units and 50% of the performance shares of the 2004 Equity Incentive Compensation Plan vested immediately. Under the terms of this plan, the 2007 New Capital Transaction qualified as a change-in-control (as defined in the plan) and, accordingly, previously unrecognized compensation expense was recognized. For the amounts listed in this column for fiscal year 2006, refer to Note 13 "Employee Benefit Plans" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2006 for the assumptions

made in the valuation of our stock awards and refer to note 1 to the Management Compensation Table included in our 2007 Proxy Statement for an explanation of how these values were determined.

- (4) Represents the compensation cost of outstanding option awards for financial reporting purposes for the year under SFAS 123 (R) without regard to forfeiture assumptions. For the amounts listed in this column for fiscal year 2007, refer to Note 13 "Employee Benefit Plans" in the Notes to Consolidated Financial Statements for the assumptions made in the valuation of our stock options. Upon closing the 2007 New Capital Transaction on May 7, 2007, all previously unrecognized compensation expense associated with the pre-2007 New Capital Transaction stock-based compensation plans was recognized immediately. For the amounts listed in this column for fiscal year 2006, refer to Note 13 "Employee Benefit Plans" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2006 for the assumptions made in the valuation of our stock options.
- (5) The aggregate incremental costs of the perquisites and personal benefits reflected in this column for fiscal year 2007 are based on the amounts that we paid to third parties for such items and services during the time that they were in use by the Named Executive Officers and, where applicable, the actual reimbursement amount that we paid to the applicable Named Executive Officer.
- (6) See note 4 in the Grant of Plan-Based Awards table for information regarding 2007 forfeitures related to performance-based options.
- (7) Represents life, health and disability insurance expenses in the amount of \$8,479, relocation expenses in the amount of \$42,132, housing expenses in the amount of \$54,108, cost of purchase of vehicles that will remain the property of the Company and related expenses in the amount of \$35,503, utilities and telephone in the amount of \$2,256, airfare expenses in the amount of \$7,967, transportation expenses in the amount of \$896, club membership dues in the amount of \$296 for Mr. Zippel and attorney's fees related to the negotiation of Mr. Zippel's employment agreement in the amount of \$10,000.
- (8) Represents 401(k) matching contributions in the amount of \$8,654, life, health and disability insurance expenses in the amount of \$4,830, relocation expenses in the amount of \$28,455, the purchase of a club membership that is refundable to the Company in the amount of \$95,000, housing expenses in the amount of \$53,866, transportation services in the amount of \$1,616, airfare expenses in the amount of \$15,983, meals expenses in the amount of \$444, miscellaneous expenses in the amount of \$297 and tax gross ups of \$642 for relocation expenses for Mr. Eleftheriou and attorney's fees related to the negotiation of Mr. Eleftheriou's employment agreement in the amount of \$11,113.
- (9) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. Baumstein's deferred compensation plan account in the amount of \$62,524, life, health and disability insurance expenses in the amount of \$21,290, club membership dues in the amount of \$5,907 and attorney's fees related to the negotiation of Mr. Baumstein's employment agreement in the amount of \$10,373.
- (10) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. Delle Fave's deferred compensation plan account in the amount of \$185,356, life, health and disability insurance expenses in the amount of \$33,193, club membership dues in the amount of \$5,820 and attorney's fees related to the negotiation of Mr. Delle Fave's employment agreement in the amount of \$11,595.
- (11) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. Goldean's deferred compensation plan account in the amount of \$258,846, life, health and disability insurance expenses in the amount of \$16,221, signature healthcare of \$2,500 club membership dues in the amount of \$7,935 and attorney's fees related to the negotiation of Mr. Goldean's employment agreement in the amount of \$13,757.
- (12) Mr. Hayward served as Chief Accounting Officer of the Company from July 6, 2007 until November 12, 2007. All amounts paid to Mr. Hayward were paid in British pounds. Such amounts were converted to

U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.

- (13) Represents group life insurance of \$893 (£450) and contributions to Mr. Hayward's U.K. pension account (not managed by or on behalf of us) in the amount of \$31,687 (£15,964).
- (14) All amounts paid to Mr. Howell were paid in British pounds sterling. The 2007 amounts were converted to U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.
- (15) Represents executive medical insurance of \$853 (£430), group life insurance of \$893 (£450) and contributions to Mr. Howell's U.K. pension account (not managed by or on behalf of us) in the amount of \$193,528 (£97,500).
- (16) Mr. McCormick's employment with the Company terminated June 9, 2007.
- (17) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. McCormick's deferred compensation plan account in the amount of \$26,587, life, health and disability insurance expenses in the amount of \$4,293, club membership dues in the amount of \$338 and a severance payment of \$2,663,496.
- (18) Mr. Miller's employment with the Company terminated May 19, 2007.
- (19) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. Miller's deferred compensation plan account in the amount of \$17,154 and life, health and disability insurance expenses in the amount of \$15,588, club membership dues in the amount of \$310 and a severance payment of \$1,000,000.
- (20) Mr. Wagner's employment with the Company terminated August 18, 2007.
- (21) Represents 401(k) matching contributions in the amount of \$15,500, contributions by us to Mr. Wagner's deferred compensation plan account in the amount of \$50,087, life, health and disability insurance expenses in the amount of \$18,926 and a severance payment of \$2,915,686 and a tax gross-up on the severance payment of \$1,351,566.

Grant of Plan-Based Awards for Fiscal Year 2007

The following table sets forth each equity award granted to our Named Executive Officers during the fiscal year ended December 31, 2007.

Name	Grant Date	Approval Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#) ⁽²⁾	Exercise or Base Price of Option Awards (\$/sh) ⁽⁴⁾	Grant Date Fair Value of Stock and Options Awards(\$) ⁽⁵⁾
			Threshold (#)	Target (#)	Maximum (#)				
George Zippel	7/18/2007 12/14/2007	7/18/2007	-	- 125,000	-	-	625,000 \$ 4.76	\$ 1,502,250	
George Zippel	7	7/18/2007	-	(3)(i)	-	-	\$ 4.76	\$ 27,238	
George Zippel	- (1) 11/12/2007	7/18/2007	-	500,000	-	-	\$ 4.76	\$ - (1)	
George Zippel	7 12/14/2007	11/2/2007	-	- 25,000	-	-	125,000 \$ 2.22	\$ 166,800	
George Zippel	7	11/2/2007	-	(3)(ii)	-	-	\$ 2.22	\$ 7,588	
George Zippel	- (1)	11/2/2007	-	100,000	-	-	\$ 2.22	\$ - (1)	
Terry Eleftheriou.....	10/1/2007	7/18/2007	-	-	-	-	400,000 \$ 3.59	\$ 870,680	

Name	Grant Date	Approval Date	Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#) ⁽²⁾	Exercise or Base Price of Option Awards (\$/sh) ⁽⁴⁾	Grant Date Fair Value of Stock and Options Awards(\$) ⁽⁵⁾
			Threshold (#)	Target (#)	Maximum (#)				
	12/14/200			80,000					
Terry Eleftheriou.....	7	7/18/2007	-	(3)(iii)	-	-	\$ 3.59	\$ 19,920	
Terry Eleftheriou.....	- (1)	7/18/2007	-	320,000	-	-	\$ 3.59	\$ - (1)	
Michael Baumstein ..	7/18/2007	7/18/2007	-	-	-	112,500	\$ 4.76	\$ 325,148	
	12/14/200			22,500					
Michael Baumstein ..	7	7/18/2007	-	(3)(iv)	-	-	\$ 4.76	\$ 4,903	
Michael Baumstein ..	- (1)	7/18/2007	-	90,000	-	-	\$ 4.76	\$ - (1)	
Jeffrey Delle Fave	7/18/2007	7/18/2007	-	-	-	112,500	\$ 4.76	\$ 325,148	
	12/14/200			22,500					
Jeffrey Delle Fave	7	7/18/2007	-	(3)(v)	-	-	\$ 4.76	\$ 4,903	
Jeffrey Delle Fave	- (1)	7/18/2007	-	90,000	-	-	\$ 4.76	\$ - (1)	
Paul Goldean.....	7/18/2007	7/18/2007	-	-	-	400,000	\$ 4.76	\$ 1,156,080	
	12/14/200			80,000					
Paul Goldean.....	7	7/18/2007	-	(3)(vi)	-	-	\$ 4.76	\$ 17,432	
Paul Goldean.....	- (1)	7/18/2007	-	320,000	-	-	\$ 4.76	\$ - (1)	
Duncan Hayward	7/18/2007	7/18/2007	-	-	-	87,500	\$ 4.76	\$ 252,893	
	12/14/200			17,500					
Duncan Hayward	7	7/18/2007	-	(3)(vii)	-	-	\$ 4.76	\$ 3,813	
Duncan Hayward	- (1)	7/18/2007	-	70,000	-	-	\$ 4.76	\$ - (1)	
David Howell.....	7/18/2007	7/18/2007	-	-	-	175,000	\$ 4.76	\$ 505,785	
	12/14/200			35,000					
David Howell.....	7	7/18/2007	-	(3)(viii)	-	-	\$ 4.76	\$ 7,627	
David Howell.....	- (1)	7/18/2007	-	140,000	-	-	\$ 4.76	\$ - (1)	

- (1) Under SFAS 123 (R), a grant date has not yet been determined for those Performance Based Options that vest on each of December 31, 2008, December 31, 2009, December 31, 2010 and December 31, 2011 as until there is mutual understanding of the terms and conditions of the options between both employer and employee a grant date and fair value cannot be determined. Annual performance metrics will be set each year that will be applied to the performance based options due to vest in that current year and once these metrics have been communicated to eligible employees, a grant date and fair value will be determined.
- (2) These amounts represent the number of Time-Based Options awarded under the 2007 Plan.
- (3) Options issued under the 2007 Plan vest, subject to full vesting and exercisability upon a change in control of the Company, as follows:
 - 50% of an option grant to an employee or consultant vests based on the recipient's continued employment with the Company ("Time-Based Options"). 20% of the Time-Based Options vest on the grant date and an additional 20% vest in four equal installments on each of the first, second, third and fourth anniversary of the grant date, based on continued employment. The Time-Based Options are exercisable upon vesting.
 - 50% of an option grant to an employee or consultant vests based on the achievement of certain performance targets as established by the Board with respect to each relevant fiscal year ("Performance-Based Options"). 10% of the Performance-Based Options vest following the close of each of the five fiscal years following the approval date, subject to the Company's attainment of the performance targets established by the Board with respect to the relevant fiscal year. In addition, 10% of the Performance-Based Options vest following the close of each of the five fiscal

years following the approval date, subject to the recipient's respective division's or segment's attainment of the performance targets established by the Board with respect to the relevant fiscal year. Although the Performance-Based Options may vest, they will not become exercisable until the end of the fifth fiscal year following May 7, 2007; provided, however, that if the Company achieves an A- rating or better from Standard & Poor's or AM Best within eighteen (18) months following the closing of the 2007 New Capital Transaction, all Performance-Based Options with regard to fiscal years 2007 and 2008 will fully vest and become exercisable.

For those performance based options subject to vesting on December 31, 2007, the following percentage of those options were approved for vesting by the Compensation Committee based on attainment of the 2007 Performance Targets: (a) Corporate and Other Segment employees – 12.5%; (b) Life Reinsurance International Segment employees – 29.2%; and (c) Life Reinsurance North America Segment employees – 45.7%

- (i) This includes 109,375 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (ii) This includes 21,875 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (iii) This includes 70,000 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (iv) This includes 19,687 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (v) This includes 19,687 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (vi) This includes 70,000 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (vii) This includes 12,396 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
 - (viii) This includes 24,792 Performance-Based Options that were forfeited at December 31, 2007 as 2007 Performance Targets were not fully attained.
- (4) The exercise price is 100% of the market value per share on the grant date. The market value per share is the closing price of an ordinary share of our Company on the grant date on a national securities exchange on which the ordinary shares are listed on the last trading day for which a closing price was reported.
- (5) This amount reflects the grant date fair value in accordance with SFAS 123 (R). Refer to Note 13 "Employee Benefit Plans" in the Notes to Consolidated Financial Statements for the assumptions made in the valuation of our stock options.

Employment Agreement Material Terms

We have executed employment agreements with certain of our Named Executive Officers. A summary of the material terms of each employment agreement, as of July 11, 2008, the date on which we filed our 2007 Annual Report on Form 10-K, follows.

George Zippel

Mr. Zippel entered into an employment agreement with us dated July 18, 2007, which was amended on February 27, 2008, effective as of January 1, 2008. Pursuant to Mr. Zippel's employment agreement, as amended, he will serve as our President and Global Chief Executive Officer until July 31, 2008. Mr. Zippel's employment agreement, as amended, sets his annual base salary at \$900,000 and his annual cash performance-based target bonus at 75% of his base salary. Mr. Zippel's performance-based bonus for 2007 was guaranteed to be not less than the product of (i) \$675,000 and (ii) the ratio of (A) the number of days he was employed by the Company during calendar year 2007 to (B) 365. The performance-based bonus amount is determined by the Board, based upon achievement of performance measures established by us and approved by the Board. Pursuant to the amendment to Mr. Zippel's employment agreement, Mr. Zippel is also entitled to a \$500,000 cash bonus for 2007 payable at the time of the 2007 bonus awards and \$750,000 cash bonus for the period January 1, 2008 to July 31, 2008, payable no later than August 15, 2008. The additional cash bonus for 2008 will be paid without regard to achievement of performance measures, provided that Mr. Zippel has not terminated his employment without good reason or has not been terminated by us for cause prior to July 31, 2008 (cause and good reason as defined in the employment agreement). Mr. Zippel's employment agreement also entitles him to direct payment or reimbursement on a grossed-up tax neutral basis of certain housing and relocation expenses.

Subsequent to the filing of our 2007 Annual Report on Form 10-K, on July 18, 2008 we entered into an amended employment agreement with Mr. Zippel, which extends his term through December 31, 2008.

Terry Eleftheriou

Mr. Eleftheriou entered into an employment agreement with us dated September 24, 2007, which was amended on March 1, 2008, effective as of January 1, 2008. Pursuant to Mr. Eleftheriou's employment agreement, as amended, he will serve as our Chief Financial Officer until March 31, 2010. Mr. Eleftheriou's employment agreement, as amended, sets his annual base salary at \$500,000 for 2007 and at \$700,000 for 2008. Execution of the original employment agreement entitled Mr. Eleftheriou to a \$100,000 signing bonus. Mr. Eleftheriou's annual cash bonus beginning in 2008 will be no less than 150% of his then current base salary, and will be paid in advance of each calendar quarter in four equal installments on March 15, June 15, September 15 and December 15, beginning with a payment on March 15, 2008 of \$262,500 contingent on Mr. Eleftheriou's continued employment with the Company on the applicable payment date. For 2007, Mr. Eleftheriou was entitled to a cash bonus equal to \$450,000. On March 15, 2008, Mr. Eleftheriou was also entitled to receive a special cash bonus of \$150,000, in recognition of the additional efforts and responsibilities required of Mr. Eleftheriou during the first quarter of 2008. In addition, Mr. Eleftheriou was also entitled to a supplemental bonus payment of \$1,750,000, on March 15, 2008 without regard to achievement of performance measures. Prior to March 31, 2010, if we terminate Mr. Eleftheriou's employment for cause or Mr. Eleftheriou terminates his employment with us other than for good reason, death or disability (cause, good reason and disability as defined in the employment agreement), he will pay us a pro rata portion of the net after tax amount of the supplemental bonus. Mr. Eleftheriou's employment agreement entitles him to direct payment or reimbursement on a grossed-up tax neutral basis of certain housing and relocation expenses. In accordance with the employment agreement, we are also responsible for the payment or reimbursement of the initiation fee for a Bermuda country club membership and annual dues not in excess of \$5,000 per calendar year.

Michael Baumstein

Mr. Baumstein entered into an employment agreement with us dated July 25, 2007. Pursuant to Mr. Baumstein's employment agreement, he will serve as our Executive Vice President, Head of Capital Markets and Group Treasurer. The term of Mr. Baumstein's employment agreement and the relationship thereunder continues until May 7, 2009 and will renew for one year intervals thereafter unless either we or Mr. Baumstein provides the other at least 60 days advance notice that it does not wish to extend the term. Mr. Baumstein's employment

agreement sets his annual base salary at \$400,000 and the target performance-based bonus at 75% of his base salary. In October 2007, Mr. Zippel determined that Mr. Baumstein's annual base salary would be increased to \$465,000. The performance-based bonus is determined by the Board, based upon achievement of performance measures established by us. Notwithstanding the target bonus, for the calendar years ending December 31, 2007 and December 31, 2008, Mr. Baumstein will receive a bonus of not less than fifty percent of his base salary. In addition, Mr. Baumstein was entitled to a signing bonus of \$70,000. In accordance with the employment agreement, we will reimburse Mr. Baumstein for club membership dues and expenses not in excess of \$5,000 per calendar year. Mr. Baumstein is entitled to be provided with comparable benefits or compensation if our premium health care plan or Deferred Compensation Plan are ever adversely amended or terminated.

Jeffrey Delle Fave

Mr. Delle Fave entered into an employment agreement with us dated June 28, 2007. Pursuant to Mr. Delle Fave's employment agreement, he will serve as our Executive Vice President, Tax. The term of Mr. Delle Fave's employment agreement and the relationship is "at will." Mr. Delle Fave's employment agreement sets his annual base salary at \$375,000 and the target performance-based bonus at 75% of his base salary. The performance-based bonus is determined by the Board, based upon achievement of performance measures established by us. Notwithstanding the target bonus, for the calendar year ending December 31, 2007, Mr. Delle Fave was entitled to a bonus of not less than \$325,000 and for the calendar year ending December 31, 2008, Mr. Delle Fave will receive a bonus of not less than fifty percent of his then current base salary. In addition, Mr. Delle Fave was entitled to receive a retention bonus in an aggregate amount of \$1,485,000, payable in 3 payments during 2007, not subject to his continued employment. In accordance with the employment agreement, we will reimburse Mr. Delle Fave for club membership dues and expenses not in excess of \$6,000 per calendar year.

Paul Goldean

Mr. Goldean entered into an employment agreement with us dated August 24, 2007. Pursuant to Mr. Goldean's employment agreement, he will serve as our Chief Administrative Officer. The term of Mr. Goldean's employment agreement and the relationship thereunder continues until May 7, 2009 and will renew for one year intervals thereafter unless either we or Mr. Goldean provide the other 60 days advance notice that it does not wish to extend the term. Mr. Goldean's employment agreement sets his annual base salary at \$650,000 and his target performance-based bonus at 75% of his base salary. The performance-based bonus is determined by the Board, based upon achievement of performance measures established by us. Notwithstanding the target bonus, for the calendar years ending December 31, 2007 and December 31, 2008, Mr. Goldean's employment agreement entitles him to a bonus of not less than 50% of his then current base salary. In addition, Mr. Goldean was entitled to a signing bonus of \$2,745,000, two-thirds payable in 2007 and one-third payable in March 2008. Mr. Goldean is entitled to be provided with comparable benefits or compensation if our premium health care plan or Deferred Compensation Plan are ever adversely amended or terminated.

Duncan Hayward

Mr. Hayward entered into an employment agreement with us dated May 30, 2006, with employment commencing on August 1, 2006. Pursuant to Mr. Hayward's employment agreement, Mr. Hayward will serve as Chief Financial Officer of Scottish Re Holdings Limited. Mr. Hayward's employment agreement sets his annual base salary at £175,000. He is entitled to insurance benefits in accordance with those provided for the rest of the Scottish Re Holdings Limited staff. The term of Mr. Hayward's employment agreement and the relationship thereunder is continuous. Both we and Mr. Hayward must provide the other six months notice to terminate Mr. Hayward's employment. However, we may pay Mr. Hayward six months salary in lieu of notice and we may also terminate Mr. Hayward's employment for cause without notice. We reserve the right to terminate Mr.

Hayward's employment without notice or salary in lieu of notice in appropriate circumstances, including, but not limited to, situations of gross misconduct, gross incompetence and/or gross negligence.

David Howell

Mr. Howell entered into an employment agreement with us dated November 30, 2007. Pursuant to Mr. Howell's employment agreement, he will serve as CEO of our Life Reinsurance International Segment. The term of Mr. Howell's employment agreement and the relationship thereunder continues until May 7, 2009 and will renew for one year intervals thereafter unless either we or Mr. Howell provide the other with 60 days notice that it does not wish to extend the term, or earlier, if Mr. Howell reached age 65. Mr. Howell's employment agreement sets his annual base salary at £275,000 and his target performance based bonus at 75% of his base salary. The performance-based bonus will be determined by the Board, based upon achievement of performance measures established by us. Notwithstanding the target bonus, for the calendar year ending December 31, 2007, Mr. Howell was entitled to receive a bonus of not less than fifty percent of his base salary. Mr. Howell is eligible to participate in all of the benefit plans available to other senior executives. In addition, we are required to make pension equalization payments of £75,000 to Mr. Howell's pension account on June 1, 2007 and on June 1, 2008.

Mr. Howell also entered into an Incentive Agreement with us dated March 12, 2008. Pursuant to the Incentive Agreement, if we enter into a definitive purchase agreement for the sale of our Life Reinsurance International Segment prior to December 31, 2008, Mr. Howell is entitled to a bonus of : (i) \$1,000,000 plus (ii) 4% of the excess (if any) of the sale price of the Life Reinsurance International Segment (less certain expenses) over the sum of (A) \$5,000,000 and (B) the segment's retained liabilities, so long as Mr. Howell is still employed by us on the date that the transaction closes. We signed such an agreement on June 8, 2008. If Mr. Howell's employment is terminated by us or the purchaser of the Life Reinsurance International Segment during the six months following the date of the closing, any severance or termination payment to which Mr. Howell may be entitled to related to the termination will be reduced (but not below zero) by the amount of this bonus.

Bonus Arrangements

Annual Incentive Bonuses - Annual incentive bonus compensation is based upon achieving preset annual incentive goals in multiple overlapping arenas – Company, business segment and individual performance. The Named Executive Officers were assigned a target annual incentive award expressed as a percentage of salary, typically provided in their employment agreements. Actual awards paid were interpolated from zero to two times target, depending upon achievement of the annual performance goals which were approved by the Compensation Committee in August of 2007 and communicated to the participants in September of 2007. We believe that, given the timing of the notice of performance goals, it is appropriate to reflect the bonuses awarded under this plan in 2007 in the "Bonus" column of the Summary Compensation Table. The Compensation Committee may use its discretion to increase the resulting performance award to recognize additional responsibilities and achievements of our employees. Several of our Named Executive Officers are entitled to a guaranteed minimum annual incentive bonus pursuant to the terms of their employment agreements.

Senior Executive Success Plan - In August 2006, due to market conditions, our performance, as well as other factors, the Board concluded that pursuing a sale of the Company or a transaction in which we would raise substantial additional capital were the best strategic alternatives for us and in the best interests of our shareholders. In October 2006, the Board approved a Senior Executive Success Plan whose purpose was to (i) retain essential personnel through the transition period relating to the proposed sale or equity investment in our Company and (ii) create an incentive to obtain the best possible transaction for shareholders. Participation in the plan was limited to certain executive officers, each of whom would receive guaranteed retention payments to remain with us through the consummation of a transaction. The 2007 New Capital Transaction was consummated on May 7, 2007 and on August 3, 2007, Mr. Goldean and Mr. Wagner received their guaranteed Success Plan payments under the plan and on August 7, 2007, Mr. Howell received his guaranteed Success Plan payment under the plan. Although they were participants in the plan, as a result of Mr. Delle Fave's employment

agreement negotiation and Mr. Miller's resignation of employment without good reason prior to the completion of the 90-day period following the 2007 New Capital Transaction, they did not receive payments under the plan.

Transaction Bonuses – In September 2006, we provided all of our employees with a retention plan that consisted in part of a bonus that would be provided 30 days following the completion of the 2007 New Capital Transaction, provided that the individual had not left us or been terminated by us for cause before the payment date. In addition, certain employees were provided with a retention plan that consisted of a bonus that would also be paid 30 days following the completion of the 2007 New Capital Transaction or, if earlier, on May 31, 2007. Mr. Baumstein received a Transaction Bonus under the first program and Mr. Hayward received a Transaction Bonus under the second program.

Long Term Incentives

The Scottish Re Group Limited 2007 Stock Option Plan. On July 18, 2007, the shareholders of the Company approved and adopted the 2007 Plan. The 2007 Plan provides for the granting of stock options to eligible employees, directors and consultants of the Company. The total number of our shares reserved and available for issuance under the 2007 Plan is 18,000,000. The exercise price of stock options granted under the 2007 Plan will be the fair market value of our ordinary shares on the date of grant and the options will expire ten years after the date of grant, or a shorter period as determined by the Compensation Committee (unless earlier exercised or terminated pursuant to the terms of the 2007 Plan). On July 18, 2007, we issued 10,620,000 options of which 2,250,000 options were to directors and 8,370,000 options were to eligible employees. The options granted to directors in 2007 vested in full and became exercisable on the date of grant.

Upon a change in control (as defined in the 2007 Plan), to the extent not previously cancelled or forfeited, all Time-Based Options and Performance-Based Options will become 100% vested and exercisable. All unexercised options under the 2007 Plan, whether vested or unvested, will terminate upon a participant's termination of employment or service with the Company for cause (as defined in the 2007 Plan).

In the event that a participant's employment or relationship with the Company terminates on account of death or disability (as defined in the 2007 Plan), the unvested portion of the participant's award will terminate and the participant (or his or her personal representative) may exercise all vested and exercisable options, as well as the Performance-Based Options that have vested but have not become exercisable, within the earlier of (i) one year from the date of the participant's death or disability or (ii) the expiration of the exercise period permitted in the award agreement (which is no later than the 10-year anniversary of the date of grant of the stock option award).

In the event of a participant's termination of employment or relationship by the Company other than for cause (as defined in the 2007 Plan) or if the participant resigns for any reason (other than on account of death or disability), the unvested and unexercisable portion of the participant's award shall terminate (except in the event of a change in control). The vested and exercisable portion of the award will remain exercisable for a period of 90 days after the date of termination or, if sooner, until the expiration of the exercise period permitted in the award agreement (which is no later than the 10-year anniversary of the date of grant of the stock option award). In the event of a participant's termination of employment by the Company other than for cause, the Performance-Based Options that have vested but have not become exercisable will become exercisable within the period described in the prior sentence.

The 2004 Equity Incentive Compensation Plan. The 2004 Equity Incentive Compensation Plan was approved by the shareholders at the Annual General Meeting of Shareholders held on May 5, 2004 and became effective on the same date. The plan provides for grants of non-qualified stock options, incentive stock options within the meaning of Section 422 of the Code, and restricted shares to our executive officers, employees, directors, advisors and consultants. Grants are made at the discretion of the Compensation Committee, to whom

responsibility for the administration of the plan has been delegated. The plan requires that options be granted at not less than fair market value on the date of grant. Option grants become exercisable in three equal installments commencing on the first anniversary of the date of grant, except for grants to directors, which are fully exercisable on the date of grant. The participant's option agreements may provide for accelerated vesting of options upon a change in control of our company. Options granted under the plan have a maximum term of 10 years. The plan requires that the vesting of at least three-fourths of any restricted share grant must be contingent upon the satisfaction of performance goals established by the Compensation Committee at the beginning of each three year performance period. Depending on the performance, the actual amount of restricted share units could range from 0% to 100%. The remaining one-fourth of any restricted share grant may be issued without performance goals. An award of a restricted shares means that the participant has been granted our ordinary shares that are subject to forfeiture and are nontransferable during a certain period.

The plan is administered by the Compensation Committee. The plan may be amended or terminated at any time, but no termination of the plan may adversely affect the rights of participants under prior awards. The plan provides that the Compensation Committee may adjust the number of ordinary shares covered by outstanding awards and exercise price as the Committee, in its sole discretion, may determine is equitably required to prevent dilution upon a stock dividend, extraordinary cash dividend, stock split, combination, recapitalization, liquidation, or similar transaction involving a change in our capitalization. The maximum number of shares that could be issued under the plan is 1,750,000 of which 1,000,000 may be granted in the form of restricted shares and 750,000 may be issued pursuant to stock options. There were no grants under the 2004 Stock Option Plan to the Named Executive Officers in 2007.

Upon closing of the 2007 New Capital Transaction on May 7, 2007, all unvested options and restricted stock issued under the 2004 Stock Option Plan vested.

The 2001 Stock Option Plan. The 2001 Stock Option Plan was approved by the shareholders at the Extraordinary General Meeting of Shareholders held on December 14, 2001 and became effective December 31, 2001. The plan provides for grants of non-qualified stock options to our directors, officers, employees, advisors and consultants. The plan provides for automatic annual grants of 2,000 nonqualified stock options to non-employee directors. Grants to other participants are made at the discretion of the Board or a Stock Option Committee, to whom responsibility for the administration of the plan has been delegated. The plan requires that options be granted at not less than fair market value on the date of grant. Except with respect to the automatic grants to non-employee directors, which are fully vested on the grant date, options under the plan originally vested in tranches with one-fifth vesting on each of the first five anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all option grants after November 3, 2004 vest in tranches with one-third vesting on each of the first three anniversaries of the date of grant. The participants' option agreements may provide for accelerated vesting of options upon a change in control of our company. Options granted under the plan have a maximum term of 10 years.

The plan is administered by the Board or a Stock Option Committee. The plan may be amended or terminated at any time, but no termination of the plan may adversely affect the rights of participants under prior awards. The plan provides that the Stock Option Committee may adjust the number of ordinary shares covered by outstanding awards and exercise price as the Committee, in its sole discretion may determine is equitably required to prevent dilution upon a stock dividend, extraordinary cash dividend, stock split, combination, recapitalization, liquidation, or similar transaction involving a change in the Company's capitalization. The maximum number of shares that could be issued under the plan is 650,000. There were no grants under the 2001 Stock Option Plan to the Named Executive Officers in 2007.

Upon closing of the 2007 New Capital Transaction on May 7, 2007, all unvested options issued under the 2001 Stock Option Plan vested.

1999 Stock Option Plan. The 1999 Stock Option Plan is a broad-based plan that was not required by rules applicable at the time the plan was put in place to be approved by our shareholders. The plan became effective on December 20, 1999. The plan provides for grants of nonqualified stock options to our officers, employees, directors, advisors and consultants and our subsidiaries. The plan provides for automatic annual grants of 2,000 nonqualified stock options to non-employee directors. Grants to other participants are made at the discretion of the Compensation Committee. The plan requires that options be granted at not less than fair market value on the date of grant. Except with respect to the automatic grants to non-employee directors, which are fully vested on the date of grant, options under the plan originally vested in tranches with one-third vesting on each of the first three anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all options granted between January 1, 2002 and November 3, 2004 vest in tranches with one-fifth vesting on each of the first five anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all option grants after November 3, 2004 vest in tranches with one-third vesting on each of the first three anniversaries of the date of grant. The participants' option agreements may provide for accelerated vesting of options upon a change in control of our company. Options granted under the plan have a maximum term of 10 years.

The plan is administered by the Compensation Committee. The plan may be amended or terminated at any time, but no termination of the plan may adversely affect the rights of participants under prior awards. The plan provides that the exercise price and number of shares subject to outstanding options will be appropriately adjusted by the Compensation Committee upon a stock split, stock dividend, recapitalization, combination, merger, consolidation, liquidation, or similar transaction involving a change in our capitalization. The maximum number of shares that could be issued under the plan is 750,000 shares. There were no grants under the 1999 Stock Option Plan to the Named Executive Officers in 2007.

Upon closing of the 2007 New Capital Transaction on May 7, 2007, all unvested options issued under the 1999 Stock Option Plan vested.

Harbourton Employee Options. The Harbourton Employee Options is also a broad-based plan that was not required by rules applicable at the time the plan was put in place to be approved by the shareholders. The plan became effective December 20, 1999. The plan provides for grants of nonqualified stock options to our officers, employees, directors, advisors and consultants and our subsidiaries. These options originally vested in tranches with one-third vesting on each of the first three anniversaries of the date of grant, provided that vesting will be accelerated upon a change in control (as defined in the option agreements). Pursuant to a Compensation Committee resolution, all options granted between January 1, 2002 and November 3, 2004 vest in tranches with one-fifth vesting on each of the first five anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all option grants after November 3, 2004 vest in tranches with one-third vesting on each of the first three anniversaries of the date of grant. The options generally expire seven years from the date of grant, although they may expire earlier if the employee dies, retires, becomes permanently disabled or otherwise leaves our employ (in which case the options expire at various times ranging from 60 days to 2 years). The option agreements provide that the exercise price and number of shares subject to outstanding options will be appropriately adjusted upon a stock split, stock dividend, recapitalization, combination, merger, consolidation, liquidation, or similar transaction involving a change in our capitalization.

The plan is administered by the Compensation Committee. The plan may be amended or terminated at any time, but no termination of the plan may adversely affect the rights of participants under prior awards. The plan provides that the exercise price and number of shares subject to outstanding options will be appropriately adjusted by the Compensation Committee upon a stock split, stock dividend, recapitalization, recombination, merger, consolidation, liquidation, or similar transaction involving a change in our capitalization. The maximum number of shares that could be issued under the plan is 750,000 shares. There were no grants under the Harbourton Employee Options to the Named Executive Officers in 2007.

Upon closing of the 2007 New Capital Transaction on May 7, 2007, all unvested options issued under the Harbourton plan vested.

Second Amended and Restated 1998 Stock Option Plan. The Second Amended and Restated 1998 Stock Option Plan has not been approved by our shareholders and was implemented in connection with our initial public offering in November 1998. The plan became effective June 18, 1998. The plan provides for grants of nonqualified stock options to our officers, employees, directors, advisors, consultants and subsidiaries. The plan provides for automatic annual grants of 2,000 nonqualified stock options to non-employee directors. Grants to other participants are made at the discretion of the Compensation Committee. The plan requires that options be granted at not less than fair market value on the date of grant. Except with respect to the automatic grants to non-employee directors, which are fully vested on the date of grant, options under the plan originally vested in tranches with one-third vesting on each of the first three anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all options granted between January 1, 2002 and November 3, 2004 vest in tranches with one-fifth vesting on each of the first five anniversaries of the date of grant. Pursuant to a Compensation Committee resolution, all option grants after November 3, 2004 vest in tranches with one-third vesting on each of the first three anniversaries of the date of grant. The participants' options agreements may provide for accelerated vesting of options upon a change in control of our company. Options granted under the plan have a maximum term of 10 years.

The plan is administered by the Compensation Committee. The plan may be amended or terminated at any time, but no termination of the plan may adversely affect the rights of participants under prior awards. The plan provides that the exercise price and number of shares subject to outstanding options will be appropriately adjusted by the Compensation Committee upon a stock split, stock dividend, recapitalization, combination, merger, consolidation, liquidation, or similar transaction involving a change in our capitalization. The maximum number of shares that could be issued under the plan is 1,600,000 shares. There were no grants under the Second Amended and Restated 1998 Stock Option Plan to the Named Executive Officers in 2007.

Upon closing of the 2007 New Capital Transaction on May 7, 2007, all unvested options issued under the Second Amended and Restated 1998 Stock Option Plan vested.

Outstanding Equity Awards at 2007 Fiscal Year-End

The following table sets forth the information regarding each outstanding unexercised option held by each of our Named Executive Officers as of December 31, 2007.

Name	Approval Date	Number of Securities Underlying Unexercised Options (#) Exercisable ⁽¹⁾	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:		Option Exercise Price (\$) ⁽²⁾	Option Expiration Date
				Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options		
George Zippel.....	7/18/2007	125,000	515,625 ⁽⁴⁾	500,000 ⁽⁷⁾		\$ 4.76	7/18/2017
George Zippel.....	11/12/2007	25,000	103,125 ⁽⁵⁾	100,000 ⁽⁷⁾		\$ 2.22	11/12/2017
Terry Eleftheriou.....	10/1/2007	80,000	330,000 ⁽⁶⁾	320,000 ⁽⁷⁾		\$ 3.59	10/1/2017
Michael Baumstein....	5/5/2004 ⁽³⁾	18,000	-	-		\$ 21.70	5/5/2014
Michael Baumstein....	2/17/2005 ⁽³⁾	5,000	-	-		\$ 26.10	2/16/2015
Michael Baumstein....	2/16/2006 ⁽³⁾	15,000	-	-		\$ 24.75	2/15/2016
Michael Baumstein....	7/18/2007	22,500	92,813 ⁽⁴⁾	90,000 ⁽⁷⁾		\$ 4.76	7/18/2017
Jeffrey Delle Fave	9/1/2005 ⁽³⁾	20,000	-	-		\$ 24.21	9/1/2015
Jeffrey Delle Fave	7/18/2007	22,500	92,813 ⁽⁴⁾	90,000 ⁽⁷⁾		\$ 4.76	7/18/2017
Paul Goldean	2/11/2002 ⁽³⁾	35,000	-	-		\$ 17.30	2/11/2012
Paul Goldean	2/18/2005 ⁽³⁾	10,000	-	-		\$ 25.82	2/18/2015
Paul Goldean	2/16/2006 ⁽³⁾	10,000	-	-		\$ 24.75	2/16/2016
Paul Goldean	7/18/2007	80,000	330,000 ⁽⁴⁾	320,000 ⁽⁷⁾		\$ 4.76	7/18/2017
Duncan Hayward.....	7/18/2007	17,500	75,104 ⁽⁴⁾	70,000 ⁽⁷⁾		\$ 4.76	7/18/2017
David Howell	11/1/2005 ⁽³⁾	50,000	-	-		\$ 24.89	11/1/2015
David Howell	7/18/2007	35,000	150,208 ⁽⁴⁾	140,000 ⁽⁷⁾		\$ 4.76	7/8/2017

- (1) This represents the 20% of the Time-Based Options that vested immediately upon grant.
- (2) The exercise price is 100% of the market value per share on the grant date. The market value per share is the closing price of an ordinary share of our Company on the grant date on a national securities exchange on which the ordinary shares are listed on the last trading day for which a closing price was reported.
- (3) Upon a change in control on May 7, 2007, all stock options under the 2004 Equity Incentive Compensation Plan, 2001 Stock Option Plan, 1999 Stock Option Plan, Harbourton Employee Options and Second Amended and Restated 1998 Stock Option Plan vested.
- (4) This represents the unvested portion of the Time-Based Options (20% of which will vest on each of July 18, 2008, July 18, 2009, July 18, 2010 and July 18, 2011) and the Performance-Based Options that vested on December 31, 2007 but are not exercisable before December 31, 2011. For those Performance-Based Options subject to vesting on December 31, 2007, the following percentage of those options were approved for vesting by the Compensation Committee based on attainment of the 2007 Performance Targets:

- a. Corporate and Other Segment employees – 12.5%

- b. Life Reinsurance International Segment employees – 29.2%
 - c. Life Reinsurance North America Segment employees – 45.7%
- (5) This represents the unvested portion of the Time-Based Options (20% of which will vest on each of November 12, 2008, November 12, 2009, November 12, 2010 and November 12, 2011) and the Performance-Based Options that vested on December 31, 2007 but are not exercisable before December 31, 2011. See note 4 regarding the percentage of the vesting-eligible Performance-Based Options that were approved for vesting on December 31, 2007.
 - (6) This represents the unvested portion of the Time-Based Options (20% of which will vest on each of October 1, 2008, October 1, 2009, October 1, 2010 and October 1, 2011) and the Performance-Based Options that vested on December 31, 2007 but are not exercisable before December 31, 2011. See note 4 regarding the percentage of the vesting-eligible Performance-Based Options that were approved for vesting on December 31, 2007.
 - (7) This represents the unvested portion of the Performance-Based Options (20% of which will be eligible to vest on each of December 31, 2008, December 31, 2009, December 31, 2010 and December 31, 2011).

Option Exercises and Stock Vested in Fiscal Year 2007

The following table shows the number of ordinary shares acquired on exercise of options by each Named Executive Officer during the fiscal year ended December 31, 2007 and the number of ordinary shares acquired on vesting of stock awards held by each Named Executive Officer during the fiscal year ended December 31, 2007.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting ⁽¹⁾	Value Realized on Vesting ⁽²⁾
George Zippel.....	-	\$ -	-	\$ -
Terry Eleftheriou.....	-	\$ -	-	\$ -
Michael Baumstein.....	-	\$ -	14,173	\$ 66,046
Jeffrey Delle Fave	-	\$ -	12,588	\$ 58,660
Paul Goldean	-	\$ -	25,217	\$ 117,511
Duncan Hayward.....	-	\$ -	6,250	\$ 29,125
David Howell	-	\$ -	18,882	\$ 87,990
Hugh McCormick.....	-	\$ -	31,674	\$ 147,601
Dean Miller	-	\$ -	46,024	\$ 214,472
Cliff Wagner.....	-	\$ -	18,896	\$ 88,055

- (1) The Restricted Share grants were comprised of 25% time based restricted shares and 75% performance based restricted shares. Upon a change in control on May 7, 2007, 100% of the time based restricted shares vested and 50% of the performance based restricted shares vested along with accrued dividends. This was offset by taxes. This calculation was approved by the Compensation Committee prior to the 2007 New Capital Transaction.
- (2) Market value based on a closing per ordinary share price of \$4.66 at the close of the market on May 7, 2007, the date the change in control occurred and the restricted awards vested.

Nonqualified Deferred Compensation for 2007

The following table presents information regarding the contributions to and earnings of the participating Named Executive Officers' deferred compensation accounts in the Deferred Compensation Plan during 2007, and also shows the total deferred amounts for the Named Executive Officers as of December 31, 2007.

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY ⁽¹⁾	Aggregate Earnings in Last FY	Aggregate Withdrawal/ Distributions	Aggregate Balance at Last FYE ⁽²⁾
Michael Baumstein....	\$ -	\$ 62,524	\$ 764	\$ -	\$ 99,027
Jeffrey Delle Fave	\$ -	\$ 185,356	\$ (2,996)	\$ -	\$ 219,397
Paul Goldean	\$ -	\$ 258,846	\$ (4,424)	\$ -	\$ 414,556
Dean Miller	\$ -	\$ 17,154	\$ 8,908	\$ -	\$ 104,336
Cliff Wagner.....	\$ -	\$ 50,087	\$ (669)	\$ -	\$ 54,528
Hugh McCormick.....	\$ -	\$ 26,587	\$ (53,801)	\$ -	\$ 9,796

- (1) All amounts are reflected in the Summary Compensation Table above.
- (2) Portions of these amounts were reflected in the Summary Compensation Table under the "All Other Compensation" column in the 2007 Proxy Statement.

Potential Payments Upon Termination or Change in Control

The following table shows the material cash amounts that would have been paid to the Named Executive Officers had their employment been terminated with us on December 31, 2007 under various termination scenarios using 2007 base pay and bonus. In that Messrs. McCormick, Miller and Wagner did terminate their employment with us during 2007, their figures reflect actual amounts paid:

Named Executive Officer	Employment Terminated Due to Death or Disability	Employment Terminated by Company Without Cause or by Executive with Good Reason	Employment Terminated by Company Without Cause or by Executive for Good Reason Upon a Change in Control(1)	Change in Control
George Zippel.....	\$ 302,665(2)	\$ 3,390,700(3)	\$ 4,965,700(4)	\$ 1,575,000(5)
Terry Eleftheriou.....	\$ 171,569(6)	\$ 2,000,758(7)	\$ 2,875,758(8)	\$ 875,000(9)
Michael Baumstein.....	\$ 39,346(10)	\$ 1,676,156(11)	n/a	n/a
Jeffrey Delle Fave.....	\$ 382,692(12)	\$ 382,692(13)	n/a	n/a
Paul Goldean.....	\$ 2,832,413(14)	\$ 2,832,413(15)	\$ 3,495,338(16)	n/a
Duncan Hayward.....	n/a	\$ 419,935(17)	n/a	n/a
Dave Howell.....	n/a	\$ 3,699,008(18)	n/a	n/a
Dean Miller.....	n/a	\$ 1,060,285(19)	n/a	n/a
Hugh McCormick.....	n/a	n/a	\$ 2,678,926(20)	n/a
Cliff Wagner.....	n/a	n/a	\$ 4,280,181(21)	n/a

- (1) Although a change in control would cause the option awards granted under the 2007 Plan to fully vest and become exercisable, the value of the options realized upon exercise upon termination is calculated as \$0 as the market value at December 31, 2007 is lower than the exercise price of the options.
- (2) Includes \$281,096 as a prorated portion of his target bonus for 2007, \$12,413 for reimbursement of 12 months of COBRA coverage costs and \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs.
- (3) Includes a \$3,282,250 severance payment (\$900,000 base salary; \$675,000 target bonus; \$281,096 as a prorated portion of his target bonus for 2007; and \$1,426,154 remaining salary payments for the term ending July 31, 2008), \$12,413 for reimbursement of 12 months of COBRA coverage costs, \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs, \$50,000 for relocation expenses and \$36,881 for the full tax gross-up payment on the reimbursement of relocation expenses.
- (4) Includes a \$3,282,250 severance payment (\$900,000 base salary; \$675,000 target bonus; \$281,096 as a prorated portion of his target bonus for 2007; and \$1,426,154 remaining payments for the term ending July 31, 2008), \$12,413 for reimbursement of 12 months of COBRA coverage costs, \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs, \$50,000 for relocation expenses, \$36,881 for the full tax gross-up payment on the reimbursement of relocation expenses and \$1,575,000 for termination prior to the first anniversary of the change in control (\$900,000 base salary; and \$675,000 target bonus).
- (5) Includes \$900,000 base salary and \$675,000 target bonus.
- (6) Includes \$150,000 as a prorated portion of his target bonus for 2007 and \$12,413 for reimbursement of 12 months of COBRA coverage costs and \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs.
- (7) Includes a \$1,892,308 severance payment (\$500,000 base salary; \$375,000 target bonus; \$150,000 as a prorated portion of his target bonus for 2007; and \$867,308 remaining salary payments for the term ending September 24,

2009), \$12,413 for reimbursement of 12 months of COBRA coverage costs, \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs, \$50,000 for relocation expenses and \$36,881 for the full tax gross-up payment on the reimbursement of relocation expenses.

- (8) Includes a \$1,892,308 severance payment (\$500,000 base salary; \$375,000 target bonus; \$150,000 as a prorated portion of his target bonus for 2007; and \$867,308 remaining salary payments for the term ending September 24, 2009), \$12,413 for reimbursement of 12 months of COBRA coverage costs, \$9,156 for the full tax gross-up payment on the reimbursement for the COBRA coverage costs, \$50,000 for relocation expenses, \$36,881 for the full tax gross-up payment on the reimbursement of relocation expenses and \$875,000 for termination prior to the first anniversary of the change in control (\$500,000 base salary; and \$375,000 target bonus).
- (9) Includes \$500,000 base salary and \$375,000 target bonus.
- (10) Reflects \$39,346 of accrued and unpaid vacation days. This event would also trigger distribution of Mr. Baumstein's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (11) Includes \$232,500 as his bonus for 2007, a \$1,395,000 severance payment (2 times (\$465,000 base salary plus \$232,500 bonus), \$9,310 for a reimbursement of 9 months of COBRA coverage costs and \$39,346 for accrued and unpaid vacation days. This event would also trigger distribution of Mr. Baumstein's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (12) Includes \$325,000 as his bonus for 2007 and \$57,692 for accrued and unused vacation days. Mr. Delle Fave's employment agreement only requires that the termination of employment be other than for cause to receive this payment. This event would also trigger distribution of Mr. Delle Fave's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (13) Includes \$325,000 as his bonus for 2007 and \$57,692 for accrued and unused vacation days. Mr. Delle Fave's employment agreement only requires that the termination of employment be other than for cause to receive this payment. This event would also trigger distribution of Mr. Delle Fave's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (14) Includes a \$1,480,000 severance payment (\$650,000 base salary; and \$830,000 remaining salary payments for the term ending August 24, 2009), \$325,000 as his bonus for 2007, \$12,413 for a reimbursement of 12 months of the employer portion of COBRA coverage costs, \$915,000 for acceleration of the remaining payment of his signing bonus and \$100,000 for accrued and unpaid vacation days. This event would also trigger distribution of Mr. Goldean's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (15) Includes a \$1,480,000 severance payment (\$650,000 base salary; and \$830,000 remaining salary payments for the term ending August 24, 2009), \$325,000 as his bonus for 2007, \$12,413 for a reimbursement of 12 months of the employer portion of COBRA coverage costs, \$915,000 for acceleration of the remaining payment of his signing bonus and \$100,000 for accrued and unpaid vacation days. This event would also trigger distribution of Mr. Goldean's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (16) Includes a \$1,480,000 severance payment (\$650,000 base salary; and \$830,000 remaining salary payments for the term ending August 24, 2009), \$325,000 as his bonus for 2007, \$12,413 for a reimbursement of 12 months of the employer portion of COBRA coverage costs, \$915,000 for acceleration of the remaining payment of his signing bonus, \$100,000 for accrued and unpaid vacation days and \$662,925 for the tax gross-up payment on excess parachute payments pursuant to Section 4999 of the Code. This event would also trigger distribution of Mr. Goldean's account under our Deferred Compensation Plan, subject to Code Section 409A, for the related amounts shown in the "Nonqualified Deferred Compensation for 2007" table.
- (17) Includes a \$357,282 severance payment (\$357,282 base salary) and a \$62,653 tax gross-up on that payment. This is the maximum amount that may be paid to Mr. Hayward, which would only be paid in connection with a fundamental reduction in Mr. Hayward's job requirements (as described in the narrative below). Mr. Hayward's employment agreement does not include the concept of a termination by the employee for good reason. Amounts paid to Mr.

Hayward would be paid in British pounds sterling. Such amounts are converted to U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.

- (18) Includes a \$3,062,544 severance payment (3 times (\$545,848 base salary plus \$475,000 bonus), \$12,596 for accrued and unpaid vacation days, \$475,000 for the annual incentive bonus paid to him on March 14, 2008, and \$148,868 for the June 1, 2008 installment of the pension equalization payment. Amounts paid to Mr. Howell would be paid in British pounds sterling. Such amounts are converted to U.S. Dollars using a conversion rate of \$1.9849 for every 1£ which, according to Bloomberg's, is the exchange rate as of December 31, 2007.
- (19) Details regarding this payment are provided in the description of Mr. Miller's separation agreement below.
- (20) Details regarding this payment are provided in the description of Mr. McCormick's separation agreement below.
- (21) Details regarding this payment are provided in the description of Mr. Wagner's separation agreement below.

Severance and Change in Control Benefits

Our Named Executive Officer's employment agreements provide the following terms, which govern the payments that they will receive upon termination of their employment and/or change in control:

George Zippel

In the event of a change in control as defined in his employment agreement and if Mr. Zippel is employed by the Company on the date of payment, the Company will pay Mr. Zippel the sum of (x) his then current base salary plus (y) 75% of his then current base salary for the year in which the change in control occurred. This payment is to be made within 10 days of the first anniversary of a change in control. Under Mr. Zippel's employment agreement, "change of control" means (1) any person, other than Cerberus Capital Management, L.P. or Mass Mutual Capital Partners LLC or their respective affiliates, becomes the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the combined voting power of the then issued and outstanding equity securities of the Company, or (2) the sale, transfer or other disposition of all or substantially all of the business and assets of the Company, whether by sale of assets, merger or otherwise (determined on a consolidated basis) to another person other than a transaction in which the survivor or transferee is a person controlled, directly or indirectly, by Cerberus Capital Management, L.P or Mass Mutual Capital Partners LLC or their affiliates.

In the event we terminate Mr. Zippel's employment for cause or he terminates his employment without good reason, Mr. Zippel is entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the year of termination, accrued but unused vacation time and any reimbursable expenses. In addition, beginning January 1, 2008, he is entitled to the unpaid pro rata portion of the \$750,000 bonus for the period from January 1, 2008 to July 31, 2008. In the event we terminate Mr. Zippel's employment without cause, he terminates his employment with good reason, or his employment terminates at the expiration of the term, subject to Mr. Zippel's compliance with the ongoing confidentiality provision as well as the non-solicitation and non-compete provisions lasting 18 months following employment termination and the execution without revocation of a valid release agreement, he is entitled to receive the above as well as (v) an amount equal to his base salary as of the date of termination, plus 75% of his base salary, (w) continued payment of his base salary for the remainder of the term, (x) reimbursement of COBRA coverage costs for twelve months on a fully grossed-up tax neutral basis or, if earlier, until covered under another group health plan, (y) if the termination occurs prior to the first anniversary of a change in control, an amount equal to Mr. Zippel's then current base salary plus 75% of his base salary and (z) payment or reimbursement on a fully grossed-up tax neutral basis of reasonable costs (up to \$50,000) associated with relocating him, his family and his household goods from Bermuda or Charlotte, North Carolina to his future principal residence. In the event Mr. Zippel's employment is terminated due to death or disability (as defined in the employment agreement), in addition to the amounts Mr. Zippel would have received had his employment been terminated with cause, he (or his spouse, dependents or legal representatives) will be entitled to receive the prorated portion of his target bonus for the year of his death or termination due to disability and reimbursement on a fully grossed-up tax neutral basis of COBRA

coverage costs for twelve months or, if earlier, until covered under another group health plan. In the event of a change in control, Mr. Zippel may receive an amount equal to his then current base salary plus his target bonus for the year in which the change in control occurs within 10 days of the first anniversary of the change in control, provided that he remains employed through the payment date. Under the terms of the employment agreement, Mr. Zippel is entitled to an additional gross-up payment to make him whole for any excise tax, interest and penalties imposed by Section 4999 of the Code on payments deemed to be excess parachute payments under Section 280G of the Code and related to a change in control.

Under Mr. Zippel's employment agreement, "cause" means (i) commission of a felony by the executive, (ii) intentional acts of dishonesty by the executive resulting or intending to result in personal gain or enrichment at the expense of the Company or its subsidiaries, (iii) the executive's breach of his material obligations under his employment agreement, (iv) conduct by the executive in connection with his duties hereunder that is fraudulent or grossly negligent, or that the executive knew or reasonably should have known to be unlawful, provided that any action on the advice of the Company's General Counsel shall not be treated as unlawful under this clause, (v) engaging in personal conduct by the executive (including but not limited to employee harassment or discrimination, the use or possession at work of any illegal controlled substance) which seriously discredits or damages the Company or its subsidiaries, (vi) contravention of specific lawful material direction of the Board or continuing inattention to or continuing failure to attempt in good faith to perform the duties to be performed by the executive under the terms his employment agreement or (vii) breach of the confidentiality, non-solicitation and non-competition provision of the employment agreement before termination of employment; provided, that, the executive has a fifteen day cure period after notice by the Company, except with respect to clause (i). "Disability" is defined as a determination by the Company in accordance with applicable law that as a result of a physical or mental injury or illness, the executive is unable to perform the essential functions of his job with or without reasonable accommodation for a period of (i) ninety consecutive days or (ii) one hundred eighty days in any one year period. "Good reason" is defined in his employment agreement as, without his consent, (i) a material adverse reduction in the executive's authority, responsibilities or duties, (ii) a reduction in the executive's base salary or bonus opportunity; provided that, the Company may at any time or from time to time amend, modify, suspend or terminate any bonus, incentive compensation or other benefit plan or program provided to the executive for any reason and without the executive's consent if such modification, suspension or termination (x) is a result of the underperformance of the executive or the Company under its business plan, and (y) is consistent with an across the board reduction for all similar employees of the Company, and, in each case, is undertaken in the Board's reasonable business judgment acting in good faith and engaging in fair dealing with the executive, or (iii) the Company's material breach of the employment agreement; provided that a suspension of the executive and the requirement that the executive not report to work will not constitute "good reason" if the executive continues to receive the compensation and benefits required by his employment agreement; further provided that the Company has a thirty day cure period after notice by the executive.

Terry Eleftheriou

Prior to 2008, in the event of a change in control as defined in his employment agreement and subject to Mr. Eleftheriou's continued employment until the date of payment, Mr. Eleftheriou was entitled to a lump sum payment of (x) his then current base salary plus (y) the higher of his highest annual bonus or his target bonus, within 10 days following the first anniversary of a change in control. Under his amended employment agreement, in the event of a change in control and if Mr. Eleftheriou is employed by the Company on the date of the change in control or was terminated by the Company without cause up to 60 days prior to the date of the change in control, the Company will pay Mr. Eleftheriou the sum of (x) his then current base salary plus (y) 150% of his then current base salary, provided that he has not terminated his employment without good reason or been terminated by the Company for cause prior to the first anniversary of the change in control. This payment is to be made within 10 days of the earliest of (i) the date he terminates employment for good reason or is terminated by the Company without cause or due to death or disability, (ii) the first anniversary of a change in

control or (iii) March 31, 2010. The definition of “change of control” under Mr. Eleftheriou’s employment agreement is the same as the definition discussed above under Mr. Zippel’s employment agreement.

In the event we terminate Mr. Eleftheriou’s employment for cause or he terminates his employment without good reason, each as defined in the employment agreement, Mr. Eleftheriou is entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the year of termination (unless the termination notice is provided before the scheduled payment date), accrued but unused vacation time and any reimbursable expenses. Prior to 2008, in the event that we terminated Mr. Eleftheriou’s employment without cause, he terminated his employment with good reason during the term or if the Company did not renew the term of his employment, subject to Mr. Eleftheriou’s compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 18 months following employment termination, the non-compete provisions lasting 12 months following the employment termination and the execution without revocation of a valid release agreement, Mr. Eleftheriou would have been entitled to receive the above as well as (v) an amount equal to his annual base salary and the greater of his highest annual bonus or his target bonus (w) continued payment of his base salary for the remainder of the term, (x) reimbursement of the cost of COBRA coverage for twelve months on a fully grossed-up tax neutral basis or, if earlier, until covered under another group health plan, (y) if the termination occurred prior to the first anniversary of a change in control, an amount equal to his then current base salary plus the higher of his highest annual bonus or his target bonus and (z) payment or reimbursement on a fully grossed-up tax neutral basis of reasonable costs (up to \$50,000) associated with relocating him, his family and his household goods from Bermuda to his future principal residence. Under his amended employment agreement, in the event that we terminate Mr. Eleftheriou’s employment without cause or he terminates his employment with good reason during the term, subject to the same confidentiality, non-solicitation and non-compete provisions described above and the execution without revocation of a valid release agreement, Mr. Eleftheriou is entitled to receive the amounts provided for termination of his employment by the Company for cause as well as (x) continued payment of his base salary and all bonus payments for the remainder of the term, (y) reimbursement of the cost of COBRA coverage for twelve months on a fully grossed-up tax neutral basis or, if earlier, until covered under another group health plan and (z) payment or reimbursement on a fully grossed-up tax neutral basis of reasonable costs (up to \$50,000) associated with relocating him, his family and his household goods from Bermuda to his future principal residence. In the event that Mr. Eleftheriou’s employment is terminated due to death or disability, as defined in the employment agreement, he (or his spouse, dependents or legal representatives) will be entitled to receive the same amounts he would have received had his employment been terminated by the Company without cause or by Mr. Eleftheriou for good reason. In addition to those amounts, prior to 2008, he (or his spouse, dependents or legal representatives) would have received a lump-sum payment of the prorated portion of target bonus for the year of termination due to death or disability and reimbursement of the cost of COBRA coverage for twelve months on a fully grossed-up tax neutral basis or, if earlier, until covered under another group health plan. Mr. Eleftheriou will not be subject to the non-compete provision in the employment agreement if (y) he terminates his employment for good reason or his employment is terminated by the Company without cause on or after April 1, 2009 or (z) he continues employment with the Company until March 31, 2010. In the event that Mr. Eleftheriou is unable to perform his duties without reasonable accommodation due to physical or mental illness or injury, in each calendar year prior to his employment termination due to disability, he is entitled to receive up to 90 days of full salary continuation. Under the terms of the employment agreement, Mr. Eleftheriou is entitled to an additional gross-up payment to make him whole for any excise tax, interest and penalties imposed by Section 4999 of the Code on payments deemed to be excess parachute payments under Section 280G of the Code and related to a change in control. However, the gross-up payment may not be made if the value of all of the parachute payments determined under Section 280G of the Code are not more than 110% of the safe harbor amount determined with regard to Section 280G of the Code and reduction of Mr. Eleftheriou’s payments and benefits could reduce the parachute payments so that they do not exceed the safe harbor amount.

The definitions of “disability” and “cause” under Mr. Eleftheriou’s employment agreement are substantially the same as the definitions discussed above under Mr. Zippel’s employment agreement, except that

the Company's Chief Administrative Officer is the person identified in clause (iv) of the definition of "cause". For 2007, the definition of "good reason" under Mr. Eleftheriou's employment agreement was substantially the same as the definition under Mr. Zippel's employment agreement. Effective January 1, 2008, "good reason" is defined as, without the executive's consent, (i) a material adverse change in the executive's authority, responsibilities or duties, (ii) a reduction in the executive's base salary or bonus opportunity or (iii) the Company's material breach of the employment agreement; provided that a suspension of the executive and the requirement that the executive not report to work shall not constitute "good reason" if the executive continues to receive the compensation and benefits required by his employment agreement; further provided that the Company has thirty days after notice by the executive to cure a deficiency.

Michael Baumstein

In the event we terminate Mr. Baumstein's employment for cause or he terminates his employment without good reason or due to death or disability (cause, good reason and disability as defined in the employment agreement), Mr. Baumstein is entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time and any reimbursable expenses. In the event we terminate Mr. Baumstein's employment without cause or he terminates his employment with good reason, subject to Mr. Baumstein's compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 12 months following employment termination, the non-compete provisions lasting 12 months following employment termination by the Company and the execution without revocation of a valid release agreement, Mr. Baumstein is entitled to receive the above as well as (w) the pro rata portion of the bonus up to the date of termination relating to the calendar year of his termination, (x) if prior to May 7, 2009, an amount equal to two times the sum of (i) the highest base salary received by him with respect to any calendar year during the previous two calendar years of the term, and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term, payable monthly over 12 months, (y) if during any term after May 7, 2009, an amount equal to the sum of (i) the highest base salary received by him with respect to any calendar year during the previous two calendar years of the term(s), and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term(s), payable monthly over 12 months, and (z) reimbursement of the cost of COBRA coverage for nine months or, if earlier, until covered by another group health plan. Should Mr. Baumstein's employment with the Company terminate following the Company's decision not to renew the term, subject to Mr. Baumstein's compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 12 months following employment termination, the non-compete provisions lasting 12 months following employment termination by the Company and the execution without revocation of a valid release agreement, he will be entitled to receive his accrued but unpaid base salary, the unpaid portion of his bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time, any reimbursable expenses and an amount equal to the sum of (i) his base salary and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term. Under the terms of the employment agreement, Mr. Baumstein is entitled to a gross-up payment to make him whole for any excise tax, interest and penalties imposed by Section 4999 of the Code on payments deemed to be excess parachute payments by reason of being contingent on a change in ownership or control under Section 280G of the Code. For purposes of determining the amount of this gross-up payment, Mr. Baumstein will be considered to pay (x) federal income taxes at the highest rate in effect in the year in which the gross-up payment will be made and (y) state and local income taxes at the highest rate in effect in the state or locality in which the gross-up payment would be subject to state or local tax, net of the maximum reduction in federal income tax that could be obtained from deduction of such state and local taxes. If, as determined under Section 280G of the Code, the value of all of the parachute payments do not exceed three times Mr. Baumstein's base amount by more than \$50,000, then those payments and benefits will be reduced to the minimum extent necessary so that no portion of the reduced payments and benefits constitute excess parachute payments.

Under Mr. Baumstein's employment agreement, "cause" means (i) commission of a felony by the executive, (ii) acts of dishonesty by the executive resulting or intending to result in personal gain or enrichment at the expense of the Company or its subsidiaries, (iii) the executive's material breach of his obligations under his employment agreement, (iv) conduct by the executive in connection with his duties hereunder that is fraudulent, unlawful or grossly negligent, (v) engaging in personal conduct by the executive (including but not limited to employee harassment or discrimination, the use or possession at work of any illegal controlled substance) which seriously discredits or damages the Company or its subsidiaries, (vi) contravention of specific reasonable lawful material direction from the person or entity to whom the executive reports or continuing inattention to or continuing failure to adequately perform the material duties to be performed by the executive under the terms his employment agreement or (vii) breach of the confidentiality, non-solicitation and non-competition provision of the employment agreement before termination of employment; provided, that, the executive has a fifteen day cure period after notice by the Company, except with respect to clause (i). The definition of "disability" under Mr. Baumstein's employment agreement is substantially the same as the definition discussed above under Mr. Zippel's employment agreement. "Good reason" is defined in Mr. Baumstein's employment agreement as, without his consent, (i) a material adverse reduction in the executive's responsibilities or duties, (ii) a reduction in the executive's base salary or bonus opportunity; provided that, the Company may at any time or from time to time amend, modify, suspend or terminate any bonus, incentive compensation or other benefit plan or program provided to the executive for any reason and without the executive's consent if such modification, suspension or termination (x) is a result of the underperformance of the executive or the Company under its business plan, or (y) is consistent with an across the board reduction for all similar level executive employees of the Company, and, in each case, is undertaken in the Board's reasonable business judgment acting in good faith and engaging in fair dealing with the executive, (iii) without the executive's prior written consent, relocation of the executive's location of work to any location that is in excess of 50 miles from the Company's Charlotte, North Carolina office, or (iv) the Company's material breach of the employment agreement; provided that a suspension of the executive and the requirement that the executive not report to work will not constitute "good reason" if the executive continues to receive the compensation and benefits required by his employment agreement; further provided that the Company has a thirty day cure period after notice by the executive.

Jeffrey Delle Fave

In the event that Mr. Delle Fave's employment terminates other than by the Company for cause, as defined in the employment agreement, he will be entitled to receive (v) his accrued but unpaid base salary, (w) the unpaid portion of the bonus, if any, relating to the calendar year prior to the year of employment termination, (x) if the termination occurs during either of the calendar years ending December 31, 2007 or December 31, 2008, a pro rata portion of the 2007 bonus or 2008 bonus, as applicable through the date of termination, (y) the unpaid portion of the retention bonus scheduled to be paid to him in installments in 2007 and (z) any reimbursable expenses. In the event that we terminate Mr. Delle Fave for cause, he will be entitled to the above, except that he will not be entitled to receive a pro rata portion of the bonuses in clause (x) above. Mr. Dell Fave's employment agreement contains an ongoing confidentiality provision as well as a non-solicitation provision lasting 24 months following employment termination and a non-compete provision lasting 24 months following his employment termination by the Company and upon violation, he is required to return any payment provided under clause (x) above, other than \$100,000 of the 2007 bonus. Under the terms of the employment agreement, Mr. Delle Fave is entitled to a gross-up payment to make him whole for any excise tax, interest and penalties imposed by Section 4999 of the Code on payments deemed to be excess parachute payments by reason of being contingent on a change in ownership or control under Section 280G of the Code. For purposes of determining the amount of this gross-up payment, Mr. Delle Fave will be considered to pay (i) federal income taxes at the highest rate in effect in the year in which the gross-up payment will be made and (ii) state and local income taxes at the highest rate in effect in the state or locality in which the gross-up payment would be subject to state or local tax, net of the maximum reduction in federal income tax that could be obtained from deduction of such state and local taxes. If, as determined under Section 280G of the Code, the value of all of the parachute payments do not exceed three times Mr. Delle Fave's base amount by more than \$50,000, then those payments

and benefits will be reduced to the minimum extent necessary so that no portion of the reduced payments and benefits constitute excess parachute payments. The definition of “cause” under Mr. Delle Fave’s employment agreement is substantially the same as the definition discussed above under Mr. Baumstein’s employment agreement.

Paul Goldean

In the event that we terminate Mr. Goldean’s employment for cause or he terminates his employment without good reason (cause and good reason as defined in the employment agreement), Mr. Goldean is entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time, any reimbursable expenses and the unpaid portion of the signing bonus. In the event that we terminate Mr. Goldean’s employment without cause, he terminates his employment with good reason, or the termination occurs due to death or disability (as defined in the employment agreement), subject to Mr. Goldean’s compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 12 months following employment termination, the non-compete provisions lasting 12 months following employment termination by the Company and the execution without revocation of a valid release agreement, Mr. Goldean is entitled to receive the above as well as (w) an amount equal to his base salary as of the date of termination, (x) continued payment of his base salary for the remainder of the term, (y) the pro rata portion of the bonus up to the date of termination relating to the calendar year of his termination based on the bonus awarded for the prior year, except that if he is terminated at anytime during the calendar years 2007 or 2008, he will receive the full 2007 or 2008 applicable bonus and (z) reimbursement of the employer portion of COBRA coverage for twelve months or, if earlier, until covered by another comparable group health plan. Should Mr. Goldean’s employment with the Company terminate following the Company’s decision not to renew the term, subject to Mr. Goldean’s compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 12 months following employment termination, the non-compete provisions lasting 12 months following employment termination by the Company and the execution without revocation of a valid release agreement, he will be entitled to receive (x) accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time, any reimbursable expenses and the unpaid portion of the signing bonus, (y) continued payment of his base salary as of the date of termination for a period of twelve months following the date of termination, and (z) reimbursement of the employer portion of COBRA coverage for twelve months or, if earlier, until covered by another comparable group health plan. Under the terms of the employment agreement, Mr. Goldean is entitled to a gross-up payment to make him whole for any excise tax, interest and penalties imposed by Section 4999 of the Code on payments deemed to be excess parachute payments by reason of being contingent on a change in ownership or control under Section 280G of the Code. For purposes of determining the amount of this gross-up payment, Mr. Goldean will be considered to pay (i) federal income taxes at the highest rate in effect in the year in which the gross-up payment will be made and (ii) state and local income taxes at the highest rate in effect in the state or locality in which the gross-up payment would be subject to state or local tax, net of the maximum reduction in federal income tax that could be obtained from deduction of such state and local taxes. If, as determined under Section 280G of the Code, the value of all of the parachute payments do not exceed three times Mr. Goldean’s base amount by more than \$50,000, then those payments and benefits will be reduced to the minimum extent necessary so that no portion of the reduced payments and benefits constitute excess parachute payments.

The definitions of “cause” and “disability” under Mr. Goldean’s employment agreement are substantially the same as the definitions discussed above under Mr. Baumstein’s employment agreement. “Good reason” is defined in Mr. Goldean’s employment agreement as, without his consent, (i) a material adverse reduction in the executive’s responsibilities or duties below a level consistent with the executive’s performance and skill level, as determined in good faith by the Board, (ii) a reduction in the executive’s base salary or bonus opportunity; provided that, the Company may at any time or from time to time amend, modify, suspend or terminate any bonus, incentive compensation or other benefit plan or program provided to the executive for any

reason and without the executive's consent if such modification, suspension or termination (x) is a result of the underperformance of the executive or the Company under its business plan, or (y) is consistent with an across the board reduction for all similar level executive employees of the Company, and, in each case, is undertaken in the Board's reasonable business judgment acting in good faith and engaging in fair dealing with the executive, (iii) a material change in the geographic location at which the executive provide services from the Charlotte, North Carolina metropolitan area, (iv) a material diminution in the budget over which the executive retains authority, or (v) the Company's material breach of the employment agreement; provided that the Company has a thirty day cure period after notice by the executive.

Duncan Hayward

Under the terms of Mr. Hayward's employment agreement, both he and the Company are required to provide the other with six months notice to terminate employment. However, the Company may pay Mr. Hayward six months salary in lieu of notice and the Company may also terminate Mr. Hayward's employment for cause without notice. The Company reserves the right to terminate Mr. Hayward's employment without notice or salary in lieu of notice in appropriate circumstances, including, but not limited to, situations of gross misconduct, gross incompetence and/or gross negligence. If there is a significant and fundamental reduction in Mr. Hayward's job requirements or responsibilities that is not attributable to Mr. Hayward's performance or conduct, he may be entitled to a redundancy package based on a maximum of 12 months salary, plus the tax and national insurance associated with this payment. Under the employment agreement, Mr. Hayward is subject to a continuous confidentiality provision, as well as non-compete and non-solicitation provisions for 6 months following termination of his employment.

David Howell

In the event we terminate Mr. Howell's employment for cause or he terminates his employment without good reason or due to death or disability (cause, good reason and disability as defined in the employment agreement), Mr. Howell is entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time and any reimbursable expenses. In the event we terminate Mr. Howell's employment without cause or he terminates his employment with good reason, subject to Mr. Howell's compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 6 months following employment termination, the non-compete provisions lasting 6 months following employment termination by the Company and the execution without revocation of a valid release agreement, Mr. Howell is entitled to receive the above as well as (x) the pro rata portion of the bonus up to the date of termination relating to the calendar year of his termination, (y) if prior to May 7, 2009, an amount equal to three times the sum of (i) the highest base salary received by him with respect to any calendar year during the previous two calendar years of the term, and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term and (z) if during the term and on or after May 7, 2009, an amount equal to the sum of (i) the highest base salary received by him with respect to any calendar year during the previous two calendar years of the term(s), and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term(s). Should Mr. Howell's employment with the Company terminate following the Company's decision not to renew the term, subject to Mr. Howell's compliance with the ongoing confidentiality provision as well as the non-solicitation provision lasting 6 months following employment termination, the non-compete provisions lasting 6 months following employment termination by the Company and the execution without revocation of a valid release agreement, he will be entitled to receive his accrued but unpaid base salary, the unpaid portion of the bonus, if any, relating to the calendar year prior to the calendar year of employment termination, accrued but unused vacation time and any reimbursable expenses and an amount equal to the sum of (i) his base salary, and (ii) the highest bonus amount received by him with respect to any calendar year during the previous two calendar years of the term. The definitions of "cause" and "good reason" under Mr. Howell's employment agreement are substantially the same as the definitions discussed above under Mr. Baumstein's

employment agreement, except that gross misconduct by the executive is included in the definition of “cause” and the Company’s office in London, U.K. is substituted for the office in Charlotte, North Carolina in clause (iii) of the “good reason” definition.

Following the 2007 New Capital Transaction, Messrs. McCormick, Miller and Wagner elected to terminate their employment with us. The following are the material terms of the severance arrangements executed by these Named Executive Officers, who terminated employment with us in 2007:

Dean Miller

Pursuant to Mr. Miller’s separation agreement, and conditioned upon execution without revocation of a valid release agreement, we paid Mr. Miller \$1,000,000, in satisfaction of all of the Company’s compensation and benefit obligations under Mr. Miller’s employment agreement. In turn, the Company provided a limited release to Mr. Miller. As part of the separation agreement, Mr. Miller is subject to a continuous confidentiality provision, as well as non-compete and non-solicitation provisions for one year following his employment termination. Mr. Miller’s separation agreement specifically states that Mr. Miller’s employment as Senior Vice President and Deputy Chief Financial Officer of AIG Life and Retirement Services will not violate the non-compete provisions of the separation agreement. Pursuant to Company policy, we also paid Mr. Miller \$60,285 for accrued and unused vacation time.

Hugh McCormick

Pursuant to Mr. McCormick’s separation agreement and in accordance with the terms of his employment agreement, we provided the following lump sum cash payments to Mr. McCormick in 2007: (i) \$2,400,000, which represented his guaranteed compensation upon his termination of employment for good reason in connection with a change in control, (ii) \$28,406, which covered the cost of converting his basic life insurance coverage and 18 months of supplemental life insurance, (iii) \$6,180, which represented Mr. McCormick’s prior participation in the Company’s ExecUCare Plan, (iv) \$82,292, which represented Mr. McCormick’s pro-rated incentive bonus for 2007, (v) \$58,653, which represented Mr. McCormick’s accrued and unused vacation time, and (vi) \$87,965, which represented additional settlement of restricted shares originally granted on February 1, 2005. Mr. McCormick’s severance payments were subject to execution without revocation of a valid release agreement and, in turn, the Company provided a limited release to Mr. McCormick.

Further, under the terms of his separation agreement, we will also make COBRA payments for Mr. McCormick through November 30, 2008 which we estimate will cost \$15,430; however, such payments will terminate if he becomes covered under another group health plan. In addition, Mr. McCormick was entitled to reimbursement for all reimbursable business expenses incurred through the date of termination as well as normal contributions to the Company’s 401(k) plan and deferred compensation plans based upon compensation paid to Mr. McCormick through the date of his employment termination and the Company covered the fees and expenses of an accounting firm to determine the tax gross-up payment. Mr. McCormick is subject to a continuous confidentiality provision, as well as non-compete and non-solicitation provisions for one year following his employment termination.

Cliff Wagner

Pursuant to Mr. Wagner’s separation agreement and in accordance with the terms of his employment agreement, we provided the following lump sum cash payments to Mr. Wagner: (i) \$2,715,000, which represented his guaranteed compensation upon his termination of employment for good reason in connection with a change in control, (ii) \$14,433, which represented the cost of medical coverage on a grossed-up basis, for six

months following the COBRA payment period described below, (iii) \$22,883, which represented Mr. Wagner's prior participation in the Company's ExecUCare Plan on a grossed up basis, (iv) \$102,066, which represented Mr. Wagner's pro-rated incentive bonus for 2007, (v) \$61,304, which represented Mr. Wagner's accrued and unused vacation time and (vi) \$1,351,566, which represented the tax gross-up payment on excess parachute payments pursuant to Section 4999 of the Code. Mr. Wagner's severance payments were subject to execution without revocation of a valid release agreement and, in turn, the Company provided a limited release to Mr. Wagner.

We will make COBRA payments for Mr. Wagner for 18 months following his termination of employment, which we estimate will cost \$12,929; however, such payments will terminate if he becomes covered under another group health plan. In addition, Mr. Wagner was entitled to reimbursement for all reimbursable business expenses incurred through the date of termination as well as normal contributions to the Company's 401(k) plan and deferred compensation plans based upon compensation paid to Mr. Wagner through the date of his employment termination and the Company covered the fees and expenses of an accounting firm to determine the tax gross-up payment. Mr. Wagner is subject to a continuous confidentiality provision, as well as non-compete and non-solicitation provisions for one year following his employment termination.

DIRECTOR COMPENSATION FOR FISCAL YEAR 2007

Directors who are also our employees are not paid any fees or additional compensation for services as members of our Board or any committee thereof. In 2007, current non-employee directors received cash in the amount of \$65,000 per annum (paid in a lump sum in July), \$3,000 per Board or committee meeting attended in person (except as described below), \$1,000 per Board or committee meeting attended via teleconference if the meeting lasted an hour or more and \$500 per Board or committee meeting attended via teleconference if the meeting lasted less than an hour. The chairman of the Board, Jonathan Bloomer and the chairman of the Audit Committee, James Butler, each received a fee of \$5,000 per committee meeting attended in person and the chairman of the other committees, Larry Port (Corporate Governance), Christopher Brody (Compensation), and Robert Joyal (Investments), each received a fee of \$3,500 per committee meeting. Each non-employee director who was a member of the Board on July 18, 2007, was granted on that date an award of 225,000 Time-Based Options under the 2007 Plan that fully vested on the date of grant. On January 21, 2008, the Board established a Special Committee to consider the strategic alternatives that might be available to the Company. The Board named James Butler, James Chapman and George Zippel to the Special Committee. As non-employee members of the Special Committee, Messrs. Butler and Chapman each received a flat fee of \$75,000 plus a monthly fee of \$25,000 for the period beginning on March 1, 2008 and ending on June 30, 2008, as compensation for their service. Mr. Zippel did not receive any additional compensation for his service in this capacity. On March 7, 2008, Mr. Zippel resigned from the Special Committee.

The following table shows for each of our non-officer directors the compensation earned for the fiscal year ended December 31, 2007.

Name	Fees Earned or Paid in Cash	Option Awards ⁽¹⁾	All Other Compensation	Total
Jonathan Bloomer(2)(3)	\$ 77,000	\$ 650,295	\$ -	\$ 727,295
Christopher Brody(2)(3)(8)	\$ 86,500	\$ 650,295	\$ -	\$ 736,795
James Butler(2)(3).....	\$ 89,000	\$ 650,295	\$ -	\$ 739,295
James Chapman(2)(3)	\$ 91,000	\$ 650,295	\$ -	\$ 741,295
Thomas Finke(2)(3)	\$ 72,500	\$ 650,295	\$ -	\$ 722,795
Seth Gardner(4).....	\$ -	\$ -	\$ -	\$ -
Jeffrey Hughes(2)(3)	\$ 92,500	\$ 650,295	\$ -	\$ 742,795
Robert Joyal(2)(3)	\$ 98,000	\$ 650,295	\$ -	\$ 748,295

Larry Port(2)(3).....	\$ 86,500	\$ 650,295	\$ -	\$ 736,795
Michael Rollings(2)(3).....	\$ 70,000	\$ 650,295	\$ -	\$ 720,295
Lenard Tessler(2)(3)(6).....	\$ 73,000	\$ 650,295	\$ -	\$ 723,295
Raymond Wechsler (7).....	\$ -	\$ -	\$ -	\$ -
Michael Austin(5).....	\$ 16,500	\$ -	\$ -	\$ 16,500
Bill Caulfeild-Browne(5).....	\$ 15,500	\$ -	\$ -	\$ 15,500
Robert M. Chmely(5).....	\$ 19,500	\$ -	\$ -	\$ 19,500
Jean Claude Damerval(5).....	\$ 6,000	\$ -	\$ -	\$ 6,000
Michael French(5).....	\$ 44,000	\$ -	\$ -	\$ 44,000
Lord Norman Lamont(5).....	\$ 19,500	\$ -	\$ -	\$ 19,500
Hazel O’Leary(5).....	\$ 15,000	\$ -	\$ -	\$ 15,000
Glenn Schafer(5).....	\$ 43,000	\$ -	\$ -	\$ 43,000

- (1) Represents the compensation cost of outstanding option awards for financial reporting purposes for the year under SFAS 123(R) without regard to forfeiture assumptions. See Note 13 “Employee Benefit Plans” in the Notes to Consolidated Financial Statements for the assumptions made in the valuation of our option awards.
- (2) Options were non-qualified stock options granted on July 18, 2007 under the 2007 Plan. The grant date fair value of each option award was \$650,295, calculated by multiplying the 225,000 options awarded by \$2.8902.
- (3) Elected to the Board effective May 7, 2007.
- (4) Elected to the Board effective January 29, 2008.
- (5) Resigned from the Board effective May 7, 2007.
- (6) Resigned from the Board effective January 29, 2008.
- (7) Elected to the Board effective May 30, 2008.
- (8) Resigned from the Board effective May 30, 2008.

The following table shows for each non-officer director: (i) total outstanding options as of December 31, 2007 and (ii) total cash value of the options as of December 31, 2007. All options are fully exercisable as of December 31, 2007.

Name	Outstanding Options Exercisable for Ordinary Shares	Weighted Average Exercise Price	Total Cash Value of Options
Jonathan Bloomer.....	225,000	\$ 4.76	\$ -
Christopher Brody.....	225,000	\$ 4.76	\$ -
James Butler.....	225,000	\$ 4.76	\$ -
James Chapman.....	225,000	\$ 4.76	\$ -
Thomas Finke.....	225,000	\$ 4.76	\$ -
Seth Gardner.....	-	\$ -	\$ -
Jeffrey Hughes.....	225,000	\$ 4.76	\$ -
Robert Joyal.....	225,000	\$ 4.76	\$ -
Larry Port.....	225,000	\$ 4.76	\$ -
Michael Rollings.....	225,000	\$ 4.76	\$ -
Lenard Tessler.....	225,000	\$ 4.76	\$ -
Raymond Wechsler.....	-	\$ -	\$ -
Michael Austin.....	22,000	\$ 15.80	\$ -
Bill Caulfeild-Browne.....	22,000	\$ 15.80	\$ -
Robert M. Chmely.....	22,000	\$ 15.80	\$ -
Jean Claude Damerval.....	10,000	\$ 22.55	\$ -

Name	Outstanding Options Exercisable for Ordinary Shares	Weighted Average Exercise Price	Total Cash Value of Options
Michael French.....	401,667	\$ 16.52	\$ -
Lord Norman Lamont.....	14,750	\$ 19.29	\$ -
Hazel O'Leary.....	18,000	\$ 16.31	\$ -
Glenn Schafer.....	26,000	\$ 21.36	\$ -

The following table shows for each director: (i) total outstanding options as December 31, 2007 and (ii) total cash value of such options at December 31, 2007. All options are fully exercisable as of December 31, 2007.

Name	Outstanding Options Exercisable for Ordinary Shares	Weighted Average Exercise Price	Total Cash Value of Options
Jonathan Bloomer.....	225,000	\$ 4.76	\$ -
Christopher Brody.....	225,000	\$ 4.76	\$ -
James Butler.....	225,000	\$ 4.76	\$ -
James Chapman.....	225,000	\$ 4.76	\$ -
Thomas Finke.....	225,000	\$ 4.76	\$ -
Seth Gardner.....	-	\$ -	\$ -
Jeffrey Hughes.....	225,000	\$ 4.76	\$ -
Robert Joyal.....	225,000	\$ 4.76	\$ -
Larry Port.....	225,000	\$ 4.76	\$ -
Michael Rollings.....	225,000	\$ 4.76	\$ -
Lenard Tessler.....	225,000	\$ 4.76	\$ -
Raymond Wechsler.....	-	\$ -	\$ -
Michael Austin.....	22,000	\$ 15.80	\$ -
Bill Caulfeild-Browne.....	22,000	\$ 15.80	\$ -
Robert M. Chmely.....	22,000	\$ 15.80	\$ -
Jean Claude Damerval.....	10,000	\$ 22.55	\$ -
Michael French.....	401,667	\$ 16.52	\$ -
Lord Norman Lamont.....	14,750	\$ 19.29	\$ -
Hazel O'Leary.....	18,000	\$ 16.31	\$ -
Glenn Schafer.....	26,000	\$ 21.36	\$ -

Compensation Committee Interlocks and Insider Participation

During fiscal year 2007, the Compensation Committee had responsibility for our executive compensation practices and policies. No officer or employee of the Company or its subsidiaries is a member of the Compensation Committee. On May 7, 2007, each of the existing members of the Compensation Committee resigned from their position (other than Mr. Hughes) and a new Compensation Committee was established. Thereafter, all compensation decisions were made by the new Compensation Committee.

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

Larry Port (Chairman)
Jeffrey Hughes
Raymond Wechsler

PROPOSAL FOR RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

(Proposal No. 2)

On August 15, 2008, the Audit Committee selected and the Board unanimously approved the selection, subject to ratification by our shareholders, of Ernst & Young LLP to serve as independent auditors for us and our subsidiaries for the fiscal year ending December 31, 2008. Ernst & Young LLP has served as our independent registered public accounting firm since 1998.

Audit Committee Report

On May 31, 2002, the Board of Directors of Scottish Re Group Limited (the “Company”) adopted an Audit Committee Charter, which was last reviewed and amended on February 15, 2006. The Audit Committee is currently composed of three outside directors who are not officers or employees of the Company or its subsidiaries. All members of the Audit Committee are independent as defined by Section 303 of the New York Stock Exchange Listed Company Manual.

As more fully described in the Audit Committee Charter, the Audit Committee reviews the Company’s financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process. The Company’s independent auditors are responsible for performing an audit of the Company’s consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the conformity of the financial statements to generally accepted accounting principles. Additionally, the independent auditors are responsible for performing an audit of management’s assessment of internal control over financial reporting and an audit of the effectiveness of the internal control over financial reporting. The internal auditors are responsible to the Audit Committee for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee determines.

The Audit Committee has reviewed and discussed with the Company’s management and Ernst & Young LLP, the Company’s independent registered public accounting firm, the audited financial statements and the report on the audit of internal control over financial reporting contained in the Company’s Annual Report to Shareholders on Form 10-K for the year ended December 31, 2007. The Audit Committee has also discussed with the Company’s independent registered public accounting firm the matters required to be discussed pursuant to SAS No. 61 and SAS No. 90 (Codification of Statements on Auditing Standards, Communication with Audit Committees).

The Audit Committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (“Independence Discussions with Audit Committees”), and has discussed with Ernst & Young LLP their independence. The Audit Committee has also considered whether the provision of non-audit services to the Company by Ernst & Young LLP is compatible with maintaining their independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

The foregoing report is provided by the following independent directors who constitute the Audit Committee:

James Butler (Chairman)
James Chapman
Robert Joyal

Fees Billed to the Company by Ernst & Young LLP

The following is a description of the fees billed to the Company by Ernst & Young LLP during the years ended December 31, 2006 and 2007:

Audit Fees. Audit fees include fees paid in connection with the annual audit of our financial statements and internal control, audits of subsidiary financial statements and review of interim financial statements, including Form 10-Q. Audit fees also include fees for services that are closely related to the audit and in many cases could only be provided by our independent auditors. Such services include comfort letters and consents related to Securities and Exchange Commission registration statements and other capital markets transactions. The aggregate fees billed to us by Ernst & Young LLP for audit services for the years ended December 31, 2006 and December 31, 2007 totaled approximately \$6,951,000 and \$8,979,800, respectively.

Audit-Related Fees. Fees for audit related services include due diligence services related to mergers and acquisitions and accounting consultations. The aggregate fees billed to us by Ernst & Young LLP for audit related services for the years ended December 31, 2006 and December 31, 2007 totaled approximately \$27,000 and \$32,000, respectively. The fees for 2006 and 2007 were comprised of fees for due diligence services for corporate transactions contemplated by the Company in 2006, 2007 and beyond.

Tax Fees. Tax fees include corporate tax compliance, counsel and advisory services, and tax planning. The aggregate fees billed to us by Ernst & Young LLP for tax related services for the years ended December 31, 2006 and December 31, 2007 totaled approximately \$772,987 and \$385,823, respectively. The fees for 2006 and 2007 were comprised of fees for corporate tax compliance, counsel and advisory services, tax planning and adoption of FIN 48.

All Other Fees. Fees billed to us by Ernst & Young LLP for all non-audit services rendered to us during the years ended December 31, 2006 and December 31, 2007 totaled approximately \$15,476 and \$10,000, respectively. The fees for 2006 and 2007 were comprised of fees for seminars and online research access.

The Audit Committee has considered whether the provision of non-audit services by Ernst & Young LLP is compatible with maintaining Ernst & Young LLP's independence with respect to us and has determined that the provision of non-audit services is consistent with and compatible with Ernst & Young LLP maintaining its independence.

Pre-Approval Policy for Ernst & Young LLP Services

The policy of the Audit Committee is to pre-approve all audit and non-audit services of Ernst & Young LLP during the fiscal year. The Audit Committee pre-approves such services by authorizing specific projects and categories of services, subject to a specific budget for each category. The Audit Committee Chairman has the authority to address specific requests for pre-approval of services between Audit Committee meetings, and must report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Vote Required

The required vote for the ratification of the independent auditors is the affirmative vote by ordinary resolution of the holders of at least a majority of such shares as, being entitled to do so, vote in person or by proxy at the Annual General Meeting where a quorum is present in person or by proxy. The Company intends to conduct all voting at the Annual General Meeting by poll. Abstentions and broker non-votes will be deemed present and entitled to vote but will not be counted as a vote for or against ratification of the independent auditors, and therefore will not have the effect of a vote against ratification of the independent auditors.

THE BOARD RECOMMENDS A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than 10% of a registered class of our equity securities to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by Securities and Exchange Commission regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms received by us with respect to the fiscal year ended December 31, 2007, or written representations from certain reporting persons, during the year ended December 31, 2007, certain Section 16(a) filings were not filed on a timely basis. The following table sets forth the name of each delinquent filer, the number of late reports and the number of transactions not timely reported. The reports were not timely filed for a number of minor operational reasons such as: (i) delays in obtaining the necessary SEC codes for filers; and (ii) delays in obtaining the necessary transaction information from the filers or their brokers. However, all forms required to be filed have been filed as of the date hereof.

Name	Number of late reports	Number of transactions not timely reported
Robert Joyal	1	17
Lehman Brothers Holdings Inc.	2	23
George Zippel.....	3	3

SHARED ADDRESS SHAREHOLDERS

With respect to eligible shareholders who share a single address, the Company is sending only one annual report to shareholders and a proxy statement, to that address unless the Company received instructions to the contrary from any shareholder at that address. This practice, known as “householding,” is designed to reduce the Company’s printing and postage costs. However, if a shareholder of record residing at such address wishes to receive a separate annual report to shareholders or proxy statement in the future, he or she may contact Scottish Re Group Limited, P.O. Box HM 2939, Crown House, Third Floor, 4 Par-la-Ville Road, Hamilton HM 08, Bermuda, Attn: Secretary. Eligible shareholders of record receiving multiple copies of the Company’s annual report to shareholders or proxy statement, can request householding by contacting the Company in the same manner. Shareholders who own shares through a bank, broker or other nominee can request householding by contacting the nominee.

By order of the Board of Directors,

Paul Goldean
Chief Administrative Officer

Hamilton, Bermuda
September 15, 2008

Scottish Re Group Limited

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas.



Annual Meeting Proxy Card

▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A ELECTION OF FOUR CLASS I DIRECTORS, TWO CLASS II DIRECTORS AND ONE CLASS III DIRECTOR.

1. ELECTION OF FOUR CLASS I DIRECTORS to serve until Scottish Re Group Limited's 2011 Annual General Meeting of Shareholders, TWO CLASS II DIRECTORS to serve until Scottish Re Group Limited's 2009 Annual General Meeting of Shareholders and ONE CLASS III DIRECTOR to serve until Scottish Re Group Limited's 2010 Annual General Meeting of Shareholders. The nominees are Jonathan Bloomer (Class I), Thomas Finke (Class I), Robert Joyal (Class I), Jeffrey Hughes (Class I), George Zippel (Class II), Raymond Wechsler (Class II) and Seth Gardner (Class III). The Board of Directors recommends a vote FOR the listed nominees.



	For	Withhold		For	Withhold		For	Withhold
01 - Jonathan Bloomer	<input type="checkbox"/>	<input type="checkbox"/>	02 - Thomas Finke	<input type="checkbox"/>	<input type="checkbox"/>	03 - Robert Joyal	<input type="checkbox"/>	<input type="checkbox"/>
04 - Jeffrey Hughes	<input type="checkbox"/>	<input type="checkbox"/>	05 - George Zippel	<input type="checkbox"/>	<input type="checkbox"/>	06 - Raymond Wechsler	<input type="checkbox"/>	<input type="checkbox"/>
07 - Seth Gardner	<input type="checkbox"/>	<input type="checkbox"/>						

B PROPOSAL — THE BOARD RECOMMENDS A VOTE FOR THE FOLLOWING PROPOSAL.

2. Ratification of Ernst & Young LLP as independent auditors.

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - D ON BOTH SIDES OF THIS CARD.

1UPX

SCT1



▼ PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

The undersigned acknowledge(s) receipt of the Proxy Statement of Scottish Re Group Limited (the "Company") relating to the 2008 Annual General Meeting of Shareholders (the "Annual General Meeting") and hereby constitute(s) and appoint(s) Paul Goldean and Heather Roberson, attorneys and proxies of the undersigned, with full power of substitution and resubstitution to each and with all the powers the undersigned would possess if personally present, to vote for and in the name and place of the undersigned all ordinary shares of the Company held or owned by the undersigned, or standing in the name of the undersigned, at the Annual General Meeting to be held on Thursday, October 2, 2008, commencing at 11:00 a.m. Bermuda time, at the offices of the Company at Crown House, Second Floor, Par-la-Ville, Hamilton HM 08, Bermuda, or any adjournment or postponement thereof, upon the matters referred to in the Proxy Statement for the Annual General Meeting as stated below and on the reverse side. The proxies are further authorized to vote, in their discretion, upon such other business as may properly come before the Annual General Meeting or any adjournment or postponement thereof. A majority of said attorneys and proxies present and acting at the Annual General Meeting (or if only one shall be present and act, then that one) shall have, and may exercise, all the powers of all said attorneys and proxies hereunder.

This proxy is being solicited on behalf of the Board of Directors of Scottish Re Group Limited. Unless otherwise specified below or on the reverse side, this proxy will be voted "FOR" the nominees to the Board of Directors listed on the reverse side and "FOR" the ratification of Ernst & Young LLP as Scottish Re Group Limited's independent auditors. Discretionary authority is hereby conferred as to all other matters that may come before the Annual General Meeting.

Regardless of whether you plan to attend the Annual General Meeting, you can be sure your shares are represented at the Annual General Meeting by promptly returning your proxy in the enclosed envelope.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSALS 1 AND 2.

Please date and sign on reverse side and return in the enclosed postage-paid envelope.

C Non-Voting Items

Change of Address — Please print new address below.

Meeting Attendance
Mark box to the right if you plan to attend the Annual Meeting.

D Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

This Proxy when executed will be voted in the manner directed herein. If no direction is made, this Proxy will be voted "FOR" the election of the Director nominees in Proposal 1 and "FOR" the Ratification of Ernst & Young LLP as independent auditors in Proposal 2.

IMPORTANT: Whether or not you expect to attend the meeting in person, please date, sign and return this proxy. Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

/ /

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - D ON BOTH SIDES OF THIS CARD.

