

**Exhibit B**

**Amended Plan**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

**SCOTTISH HOLDINGS, INC., et al.,**

Debtors.<sup>1</sup>

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

**FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION  
OF SCOTTISH HOLDINGS, INC., AND SCOTTISH ANNUITY & LIFE  
INSURANCE COMPANY (CAYMAN) LTD.**

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Dated: June 15, 2018  
Wilmington, Delaware

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<sup>1</sup>The Debtors, along with the last four digits of their federal tax identification numbers, are as follows: Scottish Holdings, Inc. (4408) and Scottish Annuity & Life Insurance Company (Cayman) Ltd. (3285). The Debtors' mailing address for purposes of these Chapter 11 Cases is 14120 Ballantyne Corporate Place, Suite 300, Charlotte, NC 28277.

TABLE OF CONTENTS

	<u>Page</u>
I. SUMMARY OF THE PLAN .....	1
II. DEFINITIONS AND INTERPRETATION .....	2
III. CLASSIFICATION OF CLAIMS AND INTERESTS .....	2
3.1. Introduction.....	3
3.2. Unclassified Claims .....	3
(a) Administrative Claims .....	3
(b) Priority Tax Claims.....	3
3.3. Classification of Claims and Interests.....	3
IV. TREATMENT OF CLAIMS AND INTERESTS .....	3
4.1. Unclassified Claims .....	4
(a) Administrative Claims .....	4
(b) Priority Tax Claims.....	4
(c) Other Provisions Governing Administrative Claims .....	4
(d) Indenture Trustee Fees .....	5
4.2. Unimpaired Classes of Claims and Interests .....	7
(a) Class 1 – Secured Claims.....	7
(b) Class 2 – Priority Non-Tax Claims.....	8
(c) Class 3 – Intercompany Claims .....	8
(d) Class 10 – SALIC Existing Equity Interests.....	9
4.3. Impaired Voting Classes of Claims .....	9
(a) Class 4 – SHI TruPS Claims.....	9
(b) Class 5 – SHI General Unsecured Claims .....	11
(c) Class 6 – SALIC TruPS Claims & SFL Note Claim .....	12

TABLE OF CONTENTS (Continued)

	<u>Page</u>
(d) Class 7 – SALIC General Unsecured Claims .....	15
4.4. Impaired Non-Voting Classes of Claims and Interests.....	16
(a) Class 8 – Subordinated Claims .....	16
(b) Class 9 – SHI Existing Equity Interests.....	16
V. ACCEPTANCE REQUIREMENTS .....	16
5.1. Impaired Classes of Claims Entitled to Vote.....	16
5.2. Acceptance by an Impaired Class .....	16
5.3. Presumed Acceptance by Unimpaired Classes .....	17
5.4. Presumed Rejection by Impaired Classes Not Receiving Any Distribution under the Plan .....	17
5.5. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.....	17
5.6. Elimination of Vacant Classes .....	17
5.7. Presumed Acceptance by Voting Classes in Which No Votes Are Cast .....	17
5.8. Consolidation of Classes.....	18
5.9. Separate Classes of Secured Claims .....	18
VI. MEANS FOR IMPLEMENTATION OF THE PLAN.....	18
6.1. Plan Transactions .....	18
(a) Stock Purchase Agreement Closing.....	18
(b) Funding, Allocation and Use of Plan Funding Payment; Allocation and Use of Debtors’ Unrestricted Cash.....	18
(c) Funding of Recapitalization Funding Payment.....	19
(d) Cancellation of SHI Existing Equity Interests; Issuance of New SHI Equity .....	19

TABLE OF CONTENTS (Continued)

	<u>Page</u>
(e) Final Share Surrender .....	20
(f) New Equity Issuance and Distribution .....	20
(g) Distribution of Offered New Equity .....	21
6.2. Vesting of Estate Property .....	21
6.3. The Distribution Trust.....	21
(a) Execution of Distribution Trust Agreement .....	22
(b) Purpose of the Distribution Trust.....	22
(c) Distribution Trust Assets .....	22
(d) The Administration of the Distribution Trust and Authority and Powers of the Distribution Trustee .....	22
(e) Mutual Cooperation .....	23
(f) Establishment and Funding of Distribution Trust Reserves .....	23
(g) Establishment and Funding of the Indenture Trustee Fee Reserve.....	24
(h) Cash Investments .....	25
(i) Distributions to Holders of Claims and Distribution Trust Beneficiaries .....	25
(j) Federal Income Tax Treatment of Distribution Trust .....	26
(k) Tax Reporting .....	26
(l) Dissolution .....	28
6.4. The Reorganized Debtors .....	28
(a) Continued Corporate Existence .....	28
(b) Directors and Officers of the Reorganized Debtors.....	29

TABLE OF CONTENTS (Continued)

	<u>Page</u>
(c) Corporate Action.....	29
(d) Effectuating Documents; Further Transactions .....	30
6.5. Retained Causes of Action .....	30
6.6. The Closing.....	30
6.7. Cancellation of Agreements, Securities and Other Documents Relating to TruPS Transactions & SFL Note; Surrender of Instruments.....	31
6.8. Comprehensive Settlement of Claims and Controversies.....	32
VII. CLAIMS RESOLUTION & DISTRIBUTIONS .....	33
7.1. Right to Object to Claims .....	33
7.2. Deadline for Objecting to Claims .....	33
7.3. Deadline for Responding to Claim Objections .....	33
7.4. Right to Request Estimation of Claims.....	34
7.5. Distribution Procedures Regarding Allowed Claims .....	34
(a) In General.....	34
(b) Distributions on Allowed Claims Only.....	34
(c) Method of Distributions .....	34
(d) Undeliverable Distributions .....	35
(e) Unclaimed Distributions .....	36
(f) Taxes; Withholding.....	36
7.6. Claims Paid or Payable by Third Parties .....	38
(a) Claims Paid by Third Parties .....	38
(b) Claims Payable by Third Parties.....	39

TABLE OF CONTENTS (Continued)

	<u>Page</u>
7.7. Foreign Currency Exchange Rate .....	39
7.8. Setoff.....	39
7.9. De Minimis Distributions .....	39
7.10. Fractional Shares.....	40
7.11. No Interest.....	40
7.12. Special Distribution Provisions for TruPS Claims .....	36
(a) Service of TruPS Indenture Trustees; In General. ....	36
(b) Distributions Relating to SRGL Exclusively Held TruPS .....	37
7.13. Additional Procedures Regarding Distributions from the Distribution Trust .....	37
7.14. Allocation of Distributions between Principal and Interest .....	38
VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES .....	40
8.1. Assumption of Executory Contracts .....	40
8.2. Rejection of Executory Contracts .....	40
8.3. Procedures Related to Assumption of Executory Contracts .....	41
(a) Establishment of Cure Amounts .....	41
(b) Counterparty Objections .....	41
(c) Effect of Failure to Timely File a Contract Objection.....	42
(d) Payment of Cure Amounts .....	42
(e) No Admission of Liability.....	42
(f) Reservation of Rights.....	42
(g) Rejection Claim Bar Date .....	43

TABLE OF CONTENTS (Continued)

	<u>Page</u>
(h) Continuing Obligations Owed to the Debtors.....	43
(i) Postpetition Contracts .....	43
IX. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND OCCURRENCE OF THE EFFECTIVE DATE .....	43
9.1. Conditions to Confirmation .....	43
9.2. Conditions to Effectiveness .....	44
X. SETTLEMENT, DISCHARGE, RELEASE, INJUNCTION AND RELATED PROVISIONS.....	44
10.1. Compromise and Settlement of Claims, Interests, and Controversies .....	44
10.2. Releases by the Debtors in Favor of Third Parties .....	45
10.3. Releases by Holders of Claims and Interests.....	46
10.4. Discharge and Discharge Injunction.....	47
(a) Discharge of Claims.....	47
(b) Discharge Injunction.....	48
10.5. Exculpation .....	49
10.6. Post-Effective Date Indemnification.....	49
XI. RETENTION OF JURISDICTION.....	50
11.1. Retention of Jurisdiction.....	50
11.2. Limitation on Jurisdiction.....	52
XII. MISCELLANEOUS PROVISIONS.....	52
12.1. Legally Binding Effect.....	53
12.2. Exemption from Transfer Taxes .....	53



TABLE OF CONTENTS (Continued)

	<u>Page</u>
12.3. Securities Exemption .....	53
12.4. Defects, Omissions and Amendments of the Plan .....	53
12.5. Due Authorization by Creditors.....	54
12.6. Filing of Additional Documentation.....	54
12.7. Dissolution of the Official Committee.....	54
12.8. Governing Law .....	55
12.9. Successors and Assigns.....	55
12.10. Transfer of Claims .....	55
12.11. Notices .....	55
12.12. U.S. Trustee Fees and Reports.....	57
12.13. Implementation .....	58
12.14. No Admissions.....	58
12.15. SRGL Consent Rights Reserved.....	58
12.16. Substantial Consummation .....	58
12.17. Final Decree .....	58

**THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND WITHIN THE MEANING OF SECTION 1126 OF THE BANKRUPTCY CODE. 11 U.S.C. §§ 1125, 1126. A DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THE PLAN AND THE DISCLOSURE STATEMENT IS SUBJECT TO WITHDRAWAL, CHANGE AND MAY BE SUPPLEMENTED. THE FILING OF THE DISCLOSURE STATEMENT AND PLAN IS WITHOUT PREJUDICE TO ANY CONSENT RIGHTS THAT THE PURCHASER MAY HAVE PURSUANT TO THE STOCK PURCHASE AGREEMENT AND ANY CONSENT RIGHTS THAT SRGL MAY HAVE UNDER THE TERMS OF THE RESTRUCTURING IMPLEMENTATION AGREEMENT OR THE RIA ORDER. THE PLAN AND THE DISCLOSURE STATEMENT ARE NOT AN OFFER TO SELL ANY SECURITIES AND ARE NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.**

Scottish Holdings, Inc. (“SHI”) and Scottish Annuity & Life Insurance Company (Cayman) Ltd. (“SALIC”), debtors and debtors in possession (the “Debtors”) in these Chapter 11 Cases, jointly propose this Plan. Reference is made to the Disclosure Statement in support of the Plan for a discussion of the Debtors’ history, business, property and results of operations, and for a summary of the Plan and certain related matters.

Before voting to accept or reject the Plan, all Creditors are encouraged to read the Plan and the Disclosure Statement in their entirety, as well as the Stock Purchase Agreement and Restructuring Implementation Agreement, the terms of which are incorporated into the Plan by reference and form integral parts of the Plan. No materials, other than the Disclosure Statement and any exhibits and schedules thereto or referenced therein, have been approved by the Debtors or the Bankruptcy Court for use in soliciting acceptances or rejections of the Plan.

## **I. SUMMARY OF THE PLAN**

An overview of the Plan is set forth in the Disclosure Statement. Generally, the Plan provides for, among other things, the following: (1) the reorganization and recapitalization of the Debtors and certain of their non-debtor Affiliates through a new money contribution of \$12,500,000 by the Purchaser in the form of the Recapitalization Funding Payment; (2) the funding of distributions to the Debtors’ creditors through an additional new money contribution of \$21,500,000 by the Purchaser in the form of the Plan Funding Payment subject to reduction by the amount of the TruPS Returned Cash; (3) in exchange for the foregoing payments and other consideration, the issuance or assignment to the Purchaser of one hundred percent (100%) of the New Equity, subject to downward adjustment to no less than seventy percent (70%), to the extent that eligible unsecured creditors elect to receive their pro rata share of up to thirty percent (30%) of the New Equity, in lieu of a cash distribution under the Plan; (4) the assumption by the Reorganized Debtors of all or substantially all reinsurance treaties for which SALIC acts as reinsurer or retrocessionaire; (5) creation of the Distribution Trust (a) for payment of all Secured Claims, Administrative Claims, and Priority Claims to the extent Allowed and not paid or

otherwise satisfied prior to the Effective Date, and (b) for the benefit of Holders of SHI TruPS Claims, SHI General Unsecured Claims, SALIC TruPS Claims and SALIC General Unsecured Claims, all to the extent Allowed; and (6) funding of the Distribution Trust with the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves.

Pursuant to sections 105(a), 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such Allowed Claim, as well as the allocation of the Plan Funding Payment among the Debtors' Estates and Creditors. In addition, the Plan contains certain, release, injunction and exculpation provisions all as set forth in Article X of the Plan.

## **II. DEFINITIONS AND INTERPRETATION**

2.1 All capitalized terms used but not defined elsewhere in the Plan have the meanings assigned to them in the Glossary of Defined Terms attached as **Exhibit A** to the Plan. Any capitalized term used and not otherwise defined by the Plan has the meaning ascribed to that term in the Bankruptcy Code and/or Bankruptcy Rules.

2.2 For purposes of the Plan, any reference in the Plan to an existing document or exhibit Filed or to be Filed means that document or exhibit as it may have been or may be amended, supplemented, or otherwise modified.

2.3 The words "herein," "hereof" and "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan, unless the context requires otherwise. Whenever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender include the masculine, feminine and the neuter.

2.4 Captions and headings to articles, sections and exhibits are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of the Plan.

2.5 The rules of construction set forth in section 102 of the Bankruptcy Code shall apply.

2.6 In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

## **III. CLASSIFICATION OF CLAIMS AND INTERESTS**

### 3.1. Introduction

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified, and the treatment of such unclassified Claims is set forth below in Section 4.1 of the Plan.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date.

### 3.2. Unclassified Claims

(a) **Administrative Claims**

(b) **Priority Tax Claims**

### 3.3. Classification of Claims and Interests

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which Classes are: (a) Impaired and Unimpaired under the Plan; (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code; and (c) deemed to accept or reject the Plan:

<b>Class</b>	<b>Type of Claim or Interest</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1	Secured Claims	Unimpaired	No (deemed to accept)
Class 2	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
Class 3	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 4	SHI TruPS Claims	Impaired	Yes
Class 5	SHI General Unsecured Claims	Impaired	Yes
Class 6	SALIC TruPS Claims & SFL Claims	Impaired	Yes
Class 7	SALIC General Unsecured Claims	Impaired	Yes
Class 8	Subordinated Claims	Impaired	No (deemed to reject)
Class 9	SHI Existing Equity Interests	Impaired	No (deemed to reject)
Class 10	SALIC Existing Equity Interests	Unimpaired	No (deemed to accept)

## IV. TREATMENT OF CLAIMS AND INTERESTS

#### **4.1. Unclassified Claims**

##### **(a) Administrative Claims**

Except to the extent that an Allowed Administrative Claim has been satisfied prior to the Effective Date, and except as otherwise provided for herein (including Section 4.1(c)(ii) with respect to Professional Fee Claims), each Holder of an Allowed Administrative Claim shall be entitled to receive in full, final and complete settlement, release, and discharge of such Claim, either (i) to the extent such Administrative Claim is Allowed as of the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Administrative Claim as a Closing Date Plan Distribution on the Effective Date, or as soon as reasonably practicable thereafter, or (ii) to the extent such Administrative Claim is Allowed after the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Administrative Claim from the Distribution Trust, in an amount equal to the unpaid portion of such claim, at such time as such Administrative Claim is Allowed, or as soon as reasonably practicable thereafter.

##### **(b) Priority Tax Claims**

Except to the extent that an Allowed Priority Tax Claim has been satisfied prior to the Effective Date, each Holder of an Allowed Priority Tax Claim shall be entitled to receive, in full, final and complete settlement, release, and discharge of such Claim, at the election of the Debtors or the Distribution Trustee, one of the following treatments: (i) to the extent such Priority Tax Claim is Allowed as of the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Tax Claim as a Closing Date Plan Distribution on the Effective Date, or as soon as reasonably practicable thereafter; (ii) to the extent such Priority Tax Claim is Allowed after the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Tax Claim from the Distribution Trust, in an amount equal to the unpaid portion of such claim, at such time as such Priority Tax Claim is Allowed, or as soon as reasonably practicable thereafter; or (iii) or such other treatment or payment from the Distribution Trust as permitted under section 1129(a)(9)(C) of the Bankruptcy Code.

##### **(c) Other Provisions Governing Administrative Claims**

i. *General Provisions.* Except as otherwise provided in this Article IV, requests for payment of Administrative Claims must be included within an application (setting forth the amount of, and basis for, such Administrative Claims, together with documentary evidence) and Filed and served on respective counsel for the Debtors, the Reorganized Debtors, the Purchaser, and the Distribution Trustee no later than the applicable Administrative Claims Bar Date. Holders of Administrative Claims (including, without limitation, Holders of any Claims for federal, state or local taxes) that are required to File a request for payment of such Claims and that do not File such requests by the applicable Administrative Claims Bar Date shall be forever barred from asserting such Claims against the Debtors, Reorganized Debtors, the Purchaser, the Distribution Trust or any of their respective property. Requests for payments of Administrative Claims included within a Proof of Claim are of no force and effect, and are deemed disallowed in their entirety as of the Effective Date, and

shall be satisfied only to the extent such Administrative Claim is subsequently Filed in a timely fashion as provided by this subsection and subsequently becomes an Allowed Claim.

ii. *Professionals.* All Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code for services rendered before the Effective Date (including, without limitation, any compensation requested by any Professional or any other Entity for making a substantial contribution in the Chapter 11 Cases) shall File an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date and simultaneously serve such application on counsel for the following entities: the Reorganized Debtors, the Purchaser, the Official Committee, the Distribution Trustee, and the U.S. Trustee.

Objections, if any, to a Professional's application for compensation or reimbursement of expenses must be filed no later than twenty-one (21) days after the date the application is filed, and simultaneously served on the applicant (and its counsel, if any) and counsel for the following entities: the Reorganized Debtors, the Purchaser, the Official Committee, the Distribution Trustee, and the U.S. Trustee. If no objections are received, the Bankruptcy Court may enter a final order approving the applications and authorizing final Allowance and payment of compensation and reimbursement of expenses without a hearing. If any objection cannot be resolved consensually, the Bankruptcy Court will hold a hearing on the affected application(s).

The amount of compensation and reimbursement of expenses Allowed by the Bankruptcy Court (less (i) amounts previously received by the Professional in respect of interim compensation and (ii) any unapplied retainer or advance held by the Professional) shall be paid by the Distribution Trustee from the Professional Fee Reserve.

Any professional fees and reimbursements or expenses incurred by the Distribution Trust subsequent to the Effective Date may be paid in accordance with the Distribution Trust Agreement. Any professional fees and reimbursements or expenses incurred by the Reorganized Debtors subsequent to the Effective Date may be paid without further order of, or application to, the Bankruptcy Court.

**(d) Indenture Trustee Fees**

i. *Indenture Trustee Fees Incurred through the Confirmation Date.* On the Effective Date, the Debtors shall pay all undisputed Indenture Trustee Fees of the TruPS Indenture Trustees incurred through the Confirmation Date as set forth in section 6.1(b)(1). For a TruPS Indenture Trustee to be eligible to have its Indenture Trustee Fees incurred through the Confirmation Date paid on the Effective Date or as soon as reasonably practicable after the Effective Date, on or before the thirtieth (30th) day after the Confirmation Date, such TruPS Indenture Trustee must serve the Debtors, the Committee and the Purchaser with invoices setting forth in reasonable detail (but subject to appropriate redactions to preserve confidentiality or any applicable privileges or protections) the Indenture Trustee Fees for which such TruPS Indenture

Trustee seeks payment. If none of the Debtors, the Committee or the Purchaser has served the applicable TruPS Indenture Trustee with a written objection to the TruPS Indenture Trustee Fees set forth in such invoices within ten (10) Business Days after the date of service of such invoices, then the subject Indenture Trustee Fees shall be paid to the applicable TruPS Indenture Trustee on or as soon as reasonably practicable after the Effective Date as set forth in Section 6.1(b)(1), without the need for application to, or approval by, any court. Each Indenture Trustee will not assert its Charging Lien to the extent that it receives payment of its Indenture Trustee Fees.

ii. *Indenture Trustee Fees Incurred During the Period from the Confirmation Date through the Effective Date.*

A. Prior to the Effective Date, the Debtors, in consultation with the Purchaser, the Committee and each of the TruPS Indenture Trustees, will make a good faith estimate of the Indenture Trustee Fees incurred and expected to be incurred during the period from the Confirmation Date through the Effective Date. On the Effective Date, the Indenture Trustee Fee Reserve shall be funded with such estimated amount in accordance with section 6.3(g) of the Plan.

B. For a TruPS Indenture Trustee to be eligible to have its Indenture Trustee Fees incurred during the period commencing from the Confirmation Date through the Effective Date paid from the Indenture Trustee Fee Reserve (and if such Indenture Trustee Fee Reserve proves to be inadequate, the Available Plan Distribution Funding Amount), on or before the thirtieth (30th) day after the Effective Date, such TruPS Indenture Trustee must serve the Distribution Trustee and the Purchaser with invoices setting forth in reasonable detail (but subject to appropriate redactions to preserve confidentiality or any applicable privileges or protections) the Indenture Trustee Fees for which such TruPS Indenture Trustee seeks payment. If the Distribution Trustee or the Purchaser has not served the applicable TruPS Indenture Trustee with a written objection to the TruPS Indenture Trustee Fees set forth in such invoices within ten (10) Business Days after the date of service of such invoices, then the subject Indenture Trustee Fees shall be paid from the Indenture Trustee Fee Reserve (or the Available Plan Distribution Funding Amount if the Indenture Trustee Fee Reserve is inadequate) to the applicable TruPS Indenture Trustee within ten (10) Business Days after the expiration of such objection period, without the need for application to, or approval by, any court.

iii. *Indenture Trustee Fees Incurred Following the Effective Date.* Prior to the Effective Date, the Debtors, in consultation with the Purchaser, the Committee and each of the TruPS Indenture Trustees, will make a good faith estimate of the Indenture Trustee Fees expected to be incurred following the Effective Date and the Indenture Trustee Fee Reserve shall be funded with such estimated amount in accordance with section 6.3(g) of the Plan. No TruPS Indenture Trustee shall be eligible to receive payment from the Distribution Trust or SRGL or to maintain a Charging Lien, for Indenture Trustee Fees incurred after the Effective Date for fees or expenses relating to the SHST II TruPS, the SHST II TruPS Documents, the GPIC TruPS, the GPIC TruPS Documents or any Distributions made on account of Claims arising from the SHST II TruPS, the SHST II Debentures, the GPIC TruPS, the GPIC Debentures or any other TruPS Document related to the foregoing TruPS transactions.

iv. *Indenture Trustee Fee Cap.* The aggregate amount of Indenture Trustee Fees recoverable from the Debtors and the Distribution Trust by the TruPS Indenture Trustees shall not exceed [ \$\_\_\_\_\_ ] (the “Indenture Trustee Fee Cap”). The Indenture Trustee Fee Cap may be increased upon the consent of the Debtors, the Committee and the Purchaser at any time prior to the Effective Date and upon the consent of the Distribution Trustee and the Purchaser on or after the Effective Date.

v. *Disputes Regarding Indenture Trustee Fees.* If the Debtors or Reorganized Debtors (as applicable), the Committee, the Purchaser or the Distribution Trustee disputes any requested Indenture Trustee Fees, such party shall notify the applicable TruPS Indenture Trustee, and, upon such notification, the applicable TruPS Indenture Trustee may (a) assert its Charging Lien to pay the disputed portion of the Indenture Trustee Fees and/or (b) submit such dispute for resolution to the Bankruptcy Court. If the dispute is not resolved in the TruPS Indenture Trustee’s favor, any amounts for which the TruPS Indenture Trustee asserted its charging lien on account of such disputed Indenture Trustee Fees must be returned. Notwithstanding the pendency of an objection to a portion of a TruPS Indenture Trustee’s Indenture Trustee Fees, the Debtors or Distribution Trust, as applicable, shall pay any undisputed portion of Indenture Trustee Fees. Nothing herein shall be deemed to impair, waive, discharge, or negatively affect any Charging Lien for any fees, costs and expenses not paid by the Debtors or the Distribution Trustee and otherwise claimed by a TruPS Indenture Trustee pursuant to the procedures set forth in this Section 4.1(d) of the Plan; provided, however, that no TruPS Indenture Trustee shall be eligible to receive payment from the Distribution Trust or maintain a Charging Lien for Indenture Trustee Fees incurred after the Effective Date for services related to Distributions to SRGL on account of its holdings of SHST II TruPS, GPIC TruPS or any corresponding SRGL TruPS Claims.

## **4.2. Unimpaired Classes of Claims and Interests**

### **(a) Class 1 – Secured Claims**

i. *Classification.* Class 1 consists of all Secured Claims, to the extent such Claims have not already been satisfied during the Chapter 11 Cases.

ii. *Treatment.* Unless a Holder of an Allowed Secured Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Secured Claim shall receive one of the following treatments on account of such Allowed Secured Claim, at the option of the Debtors or the Distribution Trustee, as applicable: (a) reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Distribution Trust; (b) with the consent of the Purchaser, reinstatement of the Allowed Secured Claim as against any collateral or proceeds thereof held by the Reorganized Debtors; (c) in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed Secured Claim, Cash equal to the full Allowed amount of such Secured Claim, with such Cash to be paid (i) as a Closing Date Plan Distribution to the extent that such Secured Claim is Allowed as of the Effective Date or (ii) from the assets of the Distribution Trust to the extent that such Secured Claim is allowed after the Effective Date; or



(d) with the consent of the Purchaser as to any asset that is not a Distribution Trust Asset, delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code.

iii. *Voting.* Class 1 is Unimpaired and the Holders of Claims in Class 1 will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 will not be entitled to vote to accept or reject the Plan.

**(b) Class 2 – Priority Non-Tax Claims**

i. *Classification.* Class 2 consists of all Priority Non-Tax Claims, to the extent such Claims have not already been satisfied during the Chapter 11 Cases.

ii. *Treatment.* Unless a Holder of an Allowed Priority Non-Tax Claim agrees to lesser treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Non-Tax Claim shall receive in full, final and complete satisfaction, settlement, release, and discharge of such Allowed Priority Non-Tax Claim, either: (i) to the extent such Priority Non-Tax Claim is Allowed as of the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Non-Tax Claim as a Closing Date Plan Distribution on the Effective Date, or as soon as reasonably practicable thereafter, or (ii) to the extent such Priority Non-Tax Claim is Allowed after the Effective Date, payment in full in Cash of the unpaid portion of such Allowed Priority Non-Tax Claim from the Distribution Trust at such time as such Priority Non-Tax Claim is Allowed, or as soon as reasonably practicable thereafter.

iii. *Voting.* Class 2 is Unimpaired and the Holders of Claims in Class 2 will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 2 will not be entitled to vote to accept or reject the Plan.

**(c) Class 3 – Intercompany Claims**

i. *Classification.* Class 3 consists of all Intercompany Claims, to the extent such Claims have not already been satisfied during the Chapter 11 Cases.

ii. *Treatment.* Intercompany Claims shall be paid, adjusted, continued, settled, reinstated, discharged, eliminated, or otherwise managed, in each case to the extent determined to be appropriate by the applicable Debtor(s) or Reorganized Debtor(s) and certain of their non-debtor Affiliates with the consent of the Purchaser. For the avoidance of doubt, Intercompany Claims shall not receive a Distribution and shall not otherwise be entitled to any of the assets of the Distribution Trust.

iii. *Voting.* Class 3 is Unimpaired and the Holders of Claims in Class 3 will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 3 will not be entitled to vote to

accept or reject the Plan.

**(d) Class 10 – SALIC Existing Equity Interests**

i. *Classification.* Class 10 consists of all SALIC Existing Equity Interests.

ii. *Treatment.* SALIC Existing Equity Interests are Unimpaired by the Plan and will be treated in accordance with the Stock Purchase Agreement, the New SALIC Shares Issuance Documents, the Share Surrender Documents, and the Restructuring Implementation Agreement, as provided in Section 6.1 of the Plan.

iii. *Voting.* Class 10 is Unimpaired and the Holders of Interests in Class 10 will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Interests in Class 10 will not be entitled to vote to accept or reject the Plan.

**4.3. Impaired Voting Classes of Claims**

**(a) Class 4 – SHI TruPS Claims**

i. *Classification.* Class 4 consists of all SHI TruPS Claims.

ii. *Allowance.* The SHI TruPS Claims shall be allowed as follows (inclusive of all principal amount issued pursuant to the applicable TruPS Indentures and related documents and accrued but unpaid interest as of the Petition Date at the applicable rates specified in the applicable TruPS Indentures and related documents, other than Indenture Trustee Fees), and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law:

<b>TruPS Debenture Issuance</b>	<b>TruPS Indenture Trustee</b>	<b>Holder of Allowed SHI TruPS Claim</b>	<b>Principal</b>	<b>Interest through Petition Date</b>	<b>Total Allowed SHI TruPS Claim</b>
SHST I TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	\$18,042,000.00	\$4,805,863.87	\$22,847,863.87
SHST II TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for	\$20,619,000.00	\$5,528,239.88	\$26,147,239.88

<b>TruPS Debenture Issuance</b>	<b>TruPS Indenture Trustee</b>	<b>Holder of Allowed SHI TruPS Claim</b>	<b>Principal</b>	<b>Interest through Petition Date</b>	<b>Total Allowed SHI TruPS Claim</b>
		SRGL			
GPIC TruPS Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	\$10,310,000.00	\$2,561,006.29	\$12,873,506.29
SHST III TruPS Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	\$32,990,000.00	\$8,310,979.84	\$41,300,979.84
<b>TOTAL</b>			<b>\$81,961,000.00</b>	<b>\$21,206,089.88</b>	<b>\$99,870,213.87</b>

iii. *Treatment.*

A. With respect to Eligible SHI TruPS Claims, on or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all Eligible SHI TruPS Claims, each Beneficial Holder of TruPS on account of its Allocated Portion of SHI TruPS Claim will receive (to be distributed in accordance with the procedures set forth in Sections 6.1(f) & (g), 6.3(i), 7.5 and 7.6 of this Plan):

(1) If such Beneficial Holder is a New Equity Eligible Beneficial Holder, the following:

(a) Either (x) if the Beneficial Holder makes the New Equity Election, then the Beneficial Holder's TruPS Claims Equity Distribution Amount; or (y) if the Beneficial Holder makes the Cash Election, the Beneficial Holder's TruPS/GUC Claims Cash Distribution Amount; and

(b) The Beneficial Holder's applicable percentage of the Distribution Trust Asset Proceeds, calculated as the amount of such New Equity Eligible Beneficial Holder's Allocated Portion of the Allowed Eligible SHI TruPS Claim divided by the TruPS/GUC Claims Aggregate Amount.

(2) If such Beneficial Holder is SRGL, the following:

(a) SRGL's TruPS/GUC Claims Cash Distribution Amount; and

(b) SRGL's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of SRGL's Allocated Portion of the Allowed Eligible SHI TruPS Claim divided by the TruPS/GUC Claims Aggregate Amount.

B. With respect to SRGL Exclusively Held SHI TruPS Claims, on or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all SRGL Exclusively Held SHI TruPS Claims, SRGL shall receive (to be distributed in accordance with the procedures set forth in Sections 6.1(f) & (g), 6.3(i), 7.5 and 7.6 of this Plan):

(1) SRGL's TruPS/GUC Claims Cash Distribution Amount; and

(2) SRGL's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of the Allowed SRGL Exclusively Held SHI TruPS Claims divided by TruPS/GUC Claims Aggregate Amount.

iv. *Voting.* Class 4 is Impaired, and the Holders of Allowed Class 4 Claims will be entitled to vote to accept or reject the Plan.

**(b) Class 5 – SHI General Unsecured Claims**

i. *Classification.* Class 5 consists of all SHI General Unsecured Claims.

ii. *Treatment.*

A. On or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all SHI General Unsecured Claims, each Holder of an Allowed SHI General Unsecured Claim shall receive:

(1) The Holder's TruPS/GUC Claims Cash Distribution Amount; and

(2) The Holder's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of the Allowed Amount of the Holder's SHI General Unsecured Claims divided by the TruPS/GUC Claims Aggregate Amount.

iii. *Voting.* Class 5 is Impaired, and the Holders of Allowed Class 5 Claims will be entitled to vote to accept or reject the Plan.

**(c) Class 6 – SALIC TruPS Claims & SFL Note Claim**

i. *Classification.* Class 6 consists of all SALIC TruPS Claims and the SFL Note Claim.

ii. *Allowance.*

A. SALIC TruPS Claims: The SALIC TruPS Claims shall be allowed as follows (inclusive of all principal amount issued pursuant to the applicable TruPS Indentures and related documents and accrued but unpaid interest as of the Petition Date at the applicable rates specified in the applicable TruPS Indentures and related documents, other than Indenture Trustee Fees), and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law:

<b>TruPS Debenture Issuance</b>	<b>TruPS Indenture Trustee</b>	<b>Holder of Allowed SALIC TruPS Claim</b>	<b>Principal</b>	<b>Interest through Petition Date</b>	<b>Total Allowed SALIC TruPS Claim</b>
SHST I Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	\$18,042,000.00	\$4,805,863.87	\$22,847,863.87
SHST II Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, exclusively for SRGL	\$20,619,000.00	\$5,528,239.88	\$26,147,239.88
GPIC Debentures	BNYM, as Indenture Trustee	BNYM, as Indenture Trustee, exclusively for SRGL	\$10,310,000.00	\$2,561,006.29	\$12,873,506.29
SHST III Debentures	U.S. Bank, as Indenture Trustee	U.S. Bank, as Indenture Trustee, on behalf of Beneficial Holders	\$32,990,000.00	\$8,310,979.84	\$41,300,979.84
SFLST I Debentures	WTC, as Indenture Trustee	Wilmington Trust Company, as Indenture Trustee, on	\$51,547,000.00	\$11,989,041.32	\$63,536,041.32

<b>TruPS Debenture Issuance</b>	<b>TruPS Indenture Trustee</b>	<b>Holder of Allowed SALIC TruPS Claim</b>	<b>Principal</b>	<b>Interest through Petition Date</b>	<b>Total Allowed SALIC TruPS Claim</b>
		behalf of Beneficial Holders			
<b>TOTAL</b>			<b>\$133,508,000.00</b>	<b>\$33,195,131.20</b>	<b>\$166,705,631.20</b>

B. SFL Note Claim: If the Holder of the SFL Note Claim (1) votes the SFL Note Claim to accept the Plan, (2) does not object to confirmation of the Plan, and (3) does not opt out of the “Releases by Holders of Claims and Interests” set forth in Section 10.3 of the Plan (together, the “SFL Note Claim Allowance Conditions”), then upon the occurrence of the Effective Date, the SFL Note Claim shall be deemed Allowed as a Class 6 Claim in the amount of \$63,536,014.32, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise) except as provided herein, counterclaim, cross-claim, defense or disallowance under Applicable Law, and shall be entitled, at such Holder’s option to make (i) the New Equity Election; (ii) the Cash Election; or (iii) elect to allocate its Claim between the New Equity Election or the Cash Election. If the Holder of the SFL Note Claim fails to satisfy one or more of the SFL Note Claim Allowance Conditions, then, unless otherwise agreed in a writing signed by an authorized representative of the Debtors (or, if on or after the Effective Date, the Distribution Trustee) and consented to by the Purchaser (which consent shall not be unreasonably withheld) or adjudicated by a Final Order of the Bankruptcy Court, the SFL Note Claim shall (a) remain fully subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense or disallowance under Applicable Law and treated as a Disputed Claim and (b) be deemed to have made the Cash Election and will be reserved for in Cash as a Disputed Claim. For the avoidance of doubt, after the Effective Date, the Distribution Trustee shall have the sole right and authority, but not the obligation, to object to, litigate, and settle the amount, priority or extent of the SFL Note Claim and to make a Cash Distribution thereon to the extent Allowed.

iii. *Treatment*:

A. With respect to Eligible SALIC TruPS Claims, on or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all Eligible SALIC TruPS Claims, each Beneficial Holder of TruPS on account of its Allocated Portion of SALIC TruPS Claim arising from or relating to the TruPS issuance for which it is a Beneficial Holder shall receive (to be distributed in accordance with the procedures set forth in Sections 6.1(f) & (g), 6.3(i), 7.5 and 7.6 of this Plan):

(1) If such Beneficial Holder is a New Equity Eligible Beneficial Holder, the following:

(a) Either (x) if the Beneficial Holder makes the New Equity Election, then the Beneficial Holder's TruPS Claims Equity Distribution Amount; or (y) if the Beneficial Holder makes the Cash Election, the Beneficial Holder's TruPS/GUC Claims Cash Distribution Amount; and

(b) The Beneficial Holder's applicable percentage of the Distribution Trust Asset Proceeds, calculated as the amount of such New Equity Eligible Beneficial Holder's Allocated Portion of the Allowed Eligible SALIC TruPS Claim divided by the TruPS/GUC Claims Aggregate Amount.

(2) If such Beneficial Holder is SRGL, the following:

(a) SRGL's TruPS/GUC Claims Cash Distribution Amount; and

(b) SRGL's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of SRGL's Allocated Portion of the Allowed Eligible SALIC TruPS Claim divided by the TruPS/GUC Claims Aggregate Amount.

B. With respect to SRGL Exclusively Held SALIC TruPS Claims, on or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Date(s) (as applicable), in full and final satisfaction of and in exchange for all SRGL Exclusively Held SALIC TruPS Claims, SRGL shall receive (to be distributed in accordance with the procedures set forth in Sections 6.1(f) & (g), 6.3(i), 7.5 and 7.6 of this Plan):

(1) SRGL's TruPS/GUC Claims Cash Distribution Amount; and

(2) SRGL's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of the Allowed SRGL Exclusively Held SALIC TruPS Claims divided by the TruPS/GUC Claims Aggregate Amount.

C. With respect to the SFL Note Claim, on or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all SFL Claims, the Holder of the SFL Note Claim shall receive (to be distributed in accordance with the procedures set forth in Sections 6.1(f) & (g), 6.3(i), 7.5 and 7.6 of this Plan) the following:

(1) If the SFL Note Claim Allowance Conditions are satisfied, then

(a) Either (a) if the Holder of the Allowed SFL Note Claim makes the New Equity Election, such Holder's TruPS Claims Equity Distribution Amount; or (b) if the Holder of the Allowed SFL Note Claim makes

the Cash Election, such Holder's TruPS/GUC Claims Cash Distribution Amount; and

(b) SFL's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of such New Equity Eligible Beneficial Holder's Allocated Portion of the Allowed SFL Claim divided by the TruPS/GUC Claims Aggregate Amount.

(2) If the SFL Note Claim Allowance Conditions are not satisfied, then subject to and upon the Allowance of the SFL Claim post-Effective Date:

(a) The Holder of the Allowed SFL Note Claim's TruPS/GUC Claims Cash Distribution Amount; and

(b) The Holder of the Allowed SFL Note Claim's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of the Allowed SFL Claim divided by the TruPS/GUC Claims Aggregate Amount.

D. Voting. Class 6 is Impaired, and the Holders of Allowed Class 6 Claims will be entitled to vote to accept or reject the Plan.

**(d) Class 7 – SALIC General Unsecured Claims**

i. *Classification*. Class 7 consists of all SALIC General Unsecured Claims.

ii. *Treatment*.

A. On or as soon as reasonably practicable after the DT Initial Distribution Date and the DT Subsequent Distribution Dates (as applicable), in full and final satisfaction of and in exchange for all Allowed SALIC General Unsecured Claims, each Holder of an Allowed SALIC General Unsecured Claim shall receive:

(1) The Holder's TruPS/GUC Claims Cash Distribution Amount; and

(2) The Holder's applicable percentage of the Distribution Trust Assets Proceeds, calculated as the amount of the Allowed Amount of the Holder's SALIC General Unsecured Claims divided by the TruPS/GUC Claims Aggregate Amount.

iii. *Voting*. Class 7 is Impaired, and the Holders of Allowed Class 7 Claims will be entitled to vote to accept or reject the Plan.



#### **4.4. Impaired Non-Voting Classes of Claims and Interests**

##### **(a) Class 8 – Subordinated Claims**

- i. *Classification.* Class 8 consists of all Subordinated Claims.
- ii. *Treatment.* Holders of Subordinated Claims will not receive or retain any property on account of such Claims. On the Effective Date, Subordinated Claims shall be deemed automatically cancelled, released, and extinguished without further action by any Debtor, any Reorganized Debtor or the Distribution Trustee, and the obligations of the Debtors thereunder shall be forever discharged.
- iii. *Voting.* Class 8 is Impaired, and each Holder of a Subordinated Claim will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Subordinated Claims shall not be entitled to vote on the Plan.

##### **(b) Class 9 – SHI Existing Equity Interests**

- i. *Classification.* Class 9 consists of all SHI Existing Equity Interests.
- ii. *Treatment.* All SHI Existing Equity Interests will be cancelled and reissued at the direction of the Purchaser as described in Section 6.1 of the Plan.
- iii. *Voting.* Class 9 is Impaired, and each Holder of an SHI Existing Equity Interest will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of SHI Existing Equity Interests shall not be entitled to vote on the Plan.

#### **V. ACCEPTANCE REQUIREMENTS**

##### **5.1. Impaired Classes of Claims Entitled to Vote**

Holders of Allowed Claims in each Impaired Class that will receive a Distribution are entitled to vote as a Class to accept or reject the Plan. Accordingly, only the votes of Holders of Claims in Classes 4, 5, 6 and 7 shall be solicited with respect to the Plan. A Holder of a Disputed Claim which has not been temporarily allowed for purposes of voting on the Plan may vote only such Disputed Claim in an amount equal to the portion, if any, of such Claim shown as fixed, liquidated, and undisputed in the Schedules.

##### **5.2. Acceptance by an Impaired Class**

In accordance with section 1126(c) of the Bankruptcy Code, and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds (2/3) in dollar amount and more

than one-half (1/2) in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject the Plan.

**5.3. Presumed Acceptance by Unimpaired Classes**

Classes 1, 2, 3, and 10 are Unimpaired under the Plan. Under section 1126(f) of the Bankruptcy Code, Holders of such Unimpaired Claims and Interests are conclusively presumed to have accepted the Plan, and the votes of Holders of such Claims and Interests shall not be solicited.

**5.4. Presumed Rejection by Impaired Classes Not Receiving Any Distribution under the Plan**

Classes 8 and 9 are Impaired under the Plan, and Holders of Claims and Interests in such Classes will not receive or retain any property under the Plan on account of such Claims or Interests. Under section 1126(f) of the Bankruptcy Code, Holders of such Claims and Interests are conclusively presumed to have rejected the Plan, and the votes of Holders of such Claims and Interests shall not be solicited.

**5.5. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code**

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors shall request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code. The Debtors, subject to the terms of the Plan, the Stock Purchase Agreement, and the Restructuring Implementation Agreement, reserve the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement, or any schedule or exhibit, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

In connection with requesting Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, the Debtors, with the consent of the Purchaser, reserve the right to seek Confirmation of the Plan on a “per plan” basis (as opposed to a “per debtor” basis) consistent with *In re Matter of Transwest Resort Properties, Inc.*, 881 F.3d 724 (9th Cir. 2018).

**5.6. Elimination of Vacant Classes**

Any Class that, as of the date of commencement of the Confirmation Hearing, does not contain any Allowed Claim or Interest, or any Claim temporarily allowed under Bankruptcy Rule 3018, shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to such Class.

**5.7. Presumed Acceptance by Voting Classes in Which No Votes Are Cast**

If a Class contains Claims eligible to vote and no Holder of a Claim eligible to vote in such Class votes to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

#### **5.8. Consolidation of Classes**

To the extent permitted under section 1122 of the Bankruptcy Code, and subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, the Debtors reserve the right to consolidate one or more Classes of Claims, including for purposes of sections 1126, 1129(a)(8), 1129(a)(10) or 1129(b) of the Bankruptcy Code.

#### **5.9. Separate Classes of Secured Claims**

Although all Secured Claims have been placed in one Class for purposes of nomenclature within the Plan, each Secured Claim, to the extent secured by a Lien on Collateral different from the Collateral securing another Secured Claim, shall be treated as being in a separate sub-Class for the purposes of receiving Distributions.

### **VI. MEANS FOR IMPLEMENTATION OF THE PLAN**

#### **6.1. Plan Transactions**

##### **(a) Stock Purchase Agreement Closing**

On or prior to the Effective Date, and as a condition to the Effective Date, each of the actions, transactions, and deliveries described in the Stock Purchase Agreement shall occur and shall have occurred, including, without limitation, the actions, transactions, and deliveries described in section 2.4 of the Stock Purchase Agreement.

##### **(b) Funding, Allocation and Use of Plan Funding Payment; Allocation and Use of Debtors' Unrestricted Cash**

On the Effective Date, the Plan Funding Payment shall be funded by the Purchaser in accordance with the terms of the Stock Purchase Agreement and this Plan and allocated and used as follows (such waterfall, the "Allocation/Use Priorities"):

- (1) First, to fund (a) all Closing Date Plan Distributions, (b) the Indenture Trustee Fees payable as set forth in section 4.1(d)(i), and (c) the Indenture Trustee Fee Reserve on account of the Pre-Effective Date Indenture Trustee Fee Estimate, to the extent such amounts in (a)-(c) are not fully funded from the unrestricted Cash of SALIC and SHI; provided however that such amounts shall be funded on or before the Effective Date from the unrestricted Cash of SALIC and SHI to the extent of such unrestricted Cash;
- (2) Second, to fund the Professional Fee Reserve;

- (3) Third, to fund the Trust Administration Reserve;
- (4) Fourth, to fund the Disputed Claims Reserve to be maintained by the Distribution Trust;
- (5) Fifth, to fund the Indenture Trustee Fee Reserve on account of the Post-Effective Date Indenture Trustee Fee Estimate;
- (6) Sixth, to fund Distributions to the Holders of Allowed SHI General Unsecured Claims, Allowed SALIC General Unsecured Claims, Allowed SHI TruPS Claims (that make the Cash Election), Allowed SALIC TruPS Claims (that make the Cash Election), and Allowed SFL Note Claim (if the Cash Election is made or deemed to have been made) with such Distributions to be made on the DT Initial Distribution Date or DT Subsequent Distribution Dates, as applicable.

The Plan Funding Payment shall be adjusted downward by the TruPS Returned Cash on account of any amount of the Available Plan Funding Distribution Amount allocable to Allowed TruPS Claims that elect to receive the New Equity. For the avoidance of doubt, the Purchaser shall not fund the TruPS Returned Cash. Any portion of the Plan Funding Payment that is subsequently released from the Disputed Claims Reserve, the Professional Fee Reserve, the Trustee Administration Reserve, or the Indenture Trustee Fee Reserve on account of the Post-Effective Date Indenture Trustee Fee Estimate, shall be released by the Distribution Trustee pro rata to (x) the Purchaser on account of the TruPS Returned Cash and (y) Holders of Allowed SHI General Unsecured Claims, Allowed SALIC General Unsecured Claims, Allowed SHI TruPS Claims (that make the Cash Election), Allowed SALIC TruPS Claims (that make the Cash Election), and Allowed SFL Note Claim (if the Cash Election is made or deemed to have been made). Any portion of the Indenture Trustee Fee Reserve on account of the Pre-Effective Date Indenture Trustee Fee Estimate that has not been paid to satisfy Indenture Trustee Fees shall be returned to the Reorganized Debtors to the extent that such amount was funded with unrestricted cash of SALIC and SHI. Except as stated in Section 6.1(b)(1) of the Plan, the unrestricted Cash of SALIC and SHI shall remain with the Reorganized Debtors.

**(c) Funding of Recapitalization Funding Payment**

On the Effective Date, the Recapitalization Funding Payment shall be funded to Reorganized SALIC by the Purchaser in accordance with the terms of the Stock Purchase Agreement and this Plan. The Recapitalization Funding Payment shall not be used to make Distributions.

**(d) Cancellation of SHI Existing Equity Interests; Issuance of New SHI Equity**

On the Effective Date, all SHI Existing Equity Interests shall be cancelled and New SHI Equity shall be issued to the Purchaser or to another entity at the direction of the Purchaser in its sole discretion. Unless the Purchaser determines otherwise in its sole discretion,

the New SHI Equity shall be deemed immediately contributed by the Purchaser to Reorganized SALIC.

**(e) Final Share Surrender**

On the Effective Date and immediately following the New SALIC Equity issuance to Purchaser, in accordance with the terms and conditions of the Restructuring Implementation Agreement, the Stock Purchase Agreement and this Plan, SRGL shall complete the Final Share Surrender (as defined in the Restructuring Implementation Agreement). For the avoidance of doubt, as a result of the Plan, SRGL as the holder of the SALIC Existing Equity Interests shall not receive or retain any property under the Plan on account of such SALIC Existing Equity Interests.

**(f) New Equity Issuance and Distribution**

On the Effective Date, without further act or action under Applicable Law (other than as required by Applicable Law of the Cayman Islands with respect to SRGL and SALIC and provided for in the Restructuring Implementation Agreement and the RIA Order), in accordance with the terms and conditions of the Stock Purchase Agreement, the Restructuring Implementation Agreement, the RIA Order and this Plan, the New Equity shall be issued and distributed by Reorganized SALIC or New Holdco, as applicable. Such New Equity shall be issued and distributed free and clear of all Liens, Claims and other Interests, except as expressly provided in this Plan.

On or before the deadline established by the Disclosure Statement Order for the filing of the Plan Supplement, the Purchaser shall File a notice stating whether the New Equity will be issued by Reorganized SALIC or New Holdco, which notice may be Filed as part of the Plan Supplement. Any recipient or subsequent holder of shares of New Equity shall be required to enter into the Stockholders Agreement, whether such recipient or holder acquires such shares as of the Effective Date or subsequent thereto. The New Corporate Governance Documents (including the Stockholders Agreement) will include certain restrictions on transfers of the New Equity, which shall be reasonably acceptable to the Purchaser in consultation with the Committee and the Debtors, and disclosed in the Plan Supplement.

The New Equity when issued or distributed as provided in the Plan, will be duly authorized, validly issued and, if applicable, fully paid and nonassessable. Each Distribution and issuance of such New Equity shall be governed by the terms and conditions set forth in the Plan applicable to such Distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such Distribution or issuance, which terms and conditions shall bind each Person receiving such Distribution or issuance.

The Debtors, the Purchaser, the Indenture Trustees, the Committee, SRGL, the Voting Agent, and each of their respective Representatives have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code and Applicable Law with regard to the distribution of the New Equity under the Plan, and therefore are not, and on account of such distributions will not

be, liable at any time for the violation of any Applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Upon entry of the Confirmation Order, all provisions of the Plan addressing distribution of the New Equity shall be deemed necessary and proper.

**(g) Distribution of Offered New Equity**

On the Effective Date as soon as practicable thereafter, the Offered New Equity shall be distributed to all New Equity Eligible Holders that make the New Equity Election.

On the Effective Date, all New Equity, other than the Offered New Equity that is distributed to New Equity Eligible Holders that do make the New Equity Election, shall be distributed to the Purchaser.

Any shares of Offered New Equity that, as of the Effective Date, have not already been distributed to (or earmarked for distribution to) New Equity Eligible Holders or the Holder of the Allowed SFL Note Claim, shall be distributed to the Purchaser.

**6.2. Vesting of Estate Property**

On the Effective Date, all property of the Debtors and their Estates shall vest automatically in the Reorganized Debtors or the Distribution Trust as described in this section of the Plan.

On the Effective Date, except as otherwise expressly provided in the Confirmation Order, the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves shall automatically vest in the Distribution Trust free and clear of all Claims, Liens and Interests (other than the Purchaser and Reorganized Debtors' respective reversionary interests in the Distribution Trust Reserves).

Except for the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves, or as otherwise expressly provided in the Confirmation Order, pursuant to sections 1123(b)(3) and 1141(b)–(c) of the Bankruptcy Code, on the Effective Date, all of the property and assets of each Debtor shall automatically vest in the respective Reorganized Debtor, free and clear of all Claims, Liens and Interests. The Reorganized Debtors may operate their business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of the Reorganized Debtors shall be free and clear of all Claims, Liens and Interests, except as specifically provided in the Confirmation Order, and the Reorganized Debtors shall receive the benefit of any and all discharges and injunctions under the Plan.

**6.3. The Distribution Trust**

**(a) Execution of Distribution Trust Agreement**

On or prior to the Effective Date, the Debtors shall execute the Distribution Trust Agreement, and shall take all other necessary steps to establish the Distribution Trust, which shall be for the payment of Allowed Administrative Claims, Allowed Priority Claims, and Allowed Secured Claims not satisfied by Closing Date Plan Distributions, and for the benefit of the Distribution Trust Beneficiaries. In the event of any conflict between the terms of this Section 6.3(a) and the terms of the Distribution Trust Agreement as such conflict relates to the establishment of the Distribution Trust, the terms of this Section 6.3(a) shall govern. The Distribution Trust Agreement may provide powers, duties and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status of the Distribution Trust as a “liquidating trust” for United States federal income tax purposes. The Distribution Trust Agreement shall be Filed with the Plan Supplement.

**(b) Purpose of the Distribution Trust**

The Distribution Trust shall be established for the sole purpose of liquidating and distributing the assets of the Debtors contributed to such Distribution Trust in accordance with Treas. Reg. § 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business.

**(c) Distribution Trust Assets and Other Property**

The Distribution Trust shall consist of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves. On the Effective Date, all of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves shall transfer to and be vested in the Distribution Trust. All attorney-client privilege associated with the Retained Causes of Action remains with and vests in the Reorganized Debtors.

**(d) The Administration of the Distribution Trust and Authority and Powers of the Distribution Trustee**

The Distribution Trust shall be administered by the Distribution Trustee pursuant to the Distribution Trust Agreement. The initial Distribution Trustee shall be a Person selected by the Committee and reasonably acceptable to the Debtors and the Purchaser. The identity of the initial Distribution Trustee will be disclosed in the Plan Supplement, and any successor Distribution Trustee shall be appointed in the manner set forth in the Distribution Trust Agreement. In the event of any inconsistency between the Plan and the Distribution Trust Agreement as such conflict relates to anything other than the establishment of the Distribution Trust, the Plan shall control. All compensation for the Distribution Trustee and other costs of administration for the Distribution Trust shall be paid from the Trust Administration Reserve in accordance with this Plan and the Distribution Trust Agreement. The Distribution Trustee shall be a representative of each Debtor’s Estate in accordance with section 1123(b)(3)(B) of the Bankruptcy Code for the purposes of the DT Post-Closing Rights.

**(e) Mutual Cooperation**

As the Reorganized Debtors or the Distribution Trustee may reasonably request, each shall use commercially reasonable efforts to cooperate with the other with respect to the implementation of the Plan (including, without limitation, the resolution of Disputed Claims, the determination of taxes and the preparation and filing of tax returns), with all reasonable out-of-pocket expenses incurred by the (i) Reorganized Debtors in connection with a request by the Distribution Trustee made pursuant to this paragraph being borne by the Distribution Trustee and (ii) Distribution Trustee in connection with a request by the Reorganized Debtors made pursuant to this paragraph being borne by the Reorganized Debtors; *provided, however*, that neither party shall be required to (i) provide information, records or employees or other personnel under circumstances which the providing party believes in its sole reasonable determination may waive privilege, confidentiality or a similar protection or expose it to material liability to any person or may prejudice any legal interest of the providing party, or (ii) take any action that in the providing party's reasonable determination unreasonably interferes with its business. For the avoidance of doubt, nothing herein is intended to limit the DT Post-Closing Rights of the Distribution Trust and the Distribution Trustee.

**(f) Establishment and Funding of Distribution Trust Reserves**

On the Effective Date, the following Distribution Trust Reserves shall be established and funded from the Plan Funding Payment, each in accordance with the Allocation/Use Priorities:

i. *Disputed Claims Reserve.* The Disputed Claims Reserve shall be established and funded with Cash (including an amount for the SFL Note Claim if the SFL Note Claim Allowance Conditions are not met as of the Effective Date) in an amount sufficient to cover pro rata distributions to each Disputed Claim that, as of the Effective Date, is neither an Allowed Claim nor a Disallowed Claim, and includes, without limitation, a Claim that is the subject of a timely objection or request for estimation with the Bankruptcy Court, which has not been withdrawn, settled or overruled by a Final Order; *provided, however*, that if the Disputed Claim is an Administrative Claim (other than a Professional Fee Claim), Priority Claim or Secured Claim, an amount sufficient to cover payment in full of the Face Amount of such Disputed Claim shall be funded to the Disputed Claims Reserve; provided further, that if any dispute arises regarding any increase or reduction of the Disputed Claims Reserve, the Distribution Trustee shall consult with the Purchaser and shall obtain approval of the Bankruptcy Court, which shall have jurisdiction and power to set the amount of the reserve applying the principals of section 502(c) of the Bankruptcy Code to estimate any Claim.

ii. *Professional Fee Reserve.* The Professional Fee Reserve shall be established and funded in an amount that the Debtors estimate in good faith, after consultation with the relevant Professionals, the Purchaser, and the Committee, to be necessary to pay in full all amounts then owing or that may later become owing to such Professionals for professional fees and expenses incurred through the Effective Date. For the avoidance of doubt, the estimated



amount initially funded to the Professional Fee Reserve is not intended as and shall not be deemed to be a cap on the funds available to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses. Following the Effective Date, the Distribution Trustee shall have the discretion to increase the Professional Fee Reserve as the Distribution Trustee deems necessary or appropriate to pay or satisfy Allowed Administrative Claims of Professionals for compensation or reimbursement of expenses.

For the avoidance of doubt, the KBW Reserved Funds will not be part of the Professional Fee Reserve. Subject to the Bankruptcy Court's entry of an Order approving its Contingent Fee (as defined in the KBW Retention Order), the KBW Reserved Funds shall be distributed directly to KBW. If a Final Order is entered denying KBW's final application for allowance and payment of compensation and reimbursement of expenses or reducing the amount otherwise payable to KBW to such a degree that KBW is not entitled to the KBW Reserved Funds, then the KBW Reserved Funds shall be disbursed to Reorganized SALIC.

iii. *Trust Administration Reserve.* The Trust Administration Reserve shall be established and funded an amount, mutually agreed by the Debtors, the Committee, and the Purchaser, estimated in good faith to be necessary to cover the costs of administration of the Distribution Trust, including to (a) fund the reasonable fees and expenses of the Distribution Trustee and any employees, attorneys, accountants, financial advisors, consultants, other professional persons or independent contractors that the Distribution Trustee may engage to assist him, her or it in the discharge of the Distribution Trustee's duties under the Plan and the Distribution Trust Agreement, including, without limitation, fees and expenses related to prosecution and resolution of Causes of Action and objections to Claims; (b) fund premium payments for an errors and omissions insurance policy for the benefit of the Distribution Trust, the Distribution Trustee and the Distribution Trustee's agents and representatives, (c) meet contingent liabilities and to maintain the value of the Distribution Trust Assets during liquidation, (d) pay other reasonably incurred or anticipated expenses (including, without limitation, any taxes imposed on or payable by the Distribution Trust or in respect of the Distribution Trust Assets, including with respect to such assets as are allocable to Disputed Claims), and (e) satisfy other liabilities incurred or anticipated by such Distribution Trust in accordance with the Plan or Distribution Trust Agreement.

**(g) Establishment and Funding of the Indenture Trustee Fee Reserve.**

i. The Indenture Trustee Fee Reserve shall have two accounts for each of (a) the Pre-Effective Date Indenture Trustee Fee Estimate and (b) the Post-Effective Date Indenture Trustee Fee Estimate. The Indenture Trustee Fee Reserve shall be established and funded, in the following manner:

A. For the Pre-Effective Date Indenture Trustee Fee Estimate, first, from the unrestricted Cash available to SALIC and SHI, and to the extent not fully funded from the unrestricted Cash of SALIC and SHI, then from the Plan Funding Payment, in an amount that the Debtors estimate in good faith, after consultation with the Purchaser and the

relevant TruPS Indenture Trustees, to be necessary to pay in full, but subject to the relevant Indenture Trustee Fee Caps, and

B. For the Post-Effective Date Indenture Trustee Fees, from the Plan Funding Payment. For the avoidance of doubt, the Distribution Trustee shall be under no obligation to reserve any amount in the Indenture Trustee Fees Reserve on account of post-Effective Date Indenture Trustee Fees that may be incurred by the TruPS Indenture Trustees for the SHST II Debentures or the GPIC Debentures.

ii. The Indenture Trustee Fee Reserve shall be held by the Distribution Trust and administered by the Distribution Trustee, but shall not constitute a Distribution Trust Reserve.

iii. Any remaining funds in the Indenture Trustee Fee Reserve after payment and satisfaction of all Indenture Trustee Fees, shall be released in accordance with Section 6.1(b) of the Plan.

**(h) Cash Investments**

The Distribution Trustee may invest Cash (including any earnings thereon or proceeds therefrom); *provided, however*, that such investments are investments permitted to be made by a “liquidating trust” within the meaning of Treas. Reg. § 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings or other controlling authorities.

**(i) Distributions to Holders of Claims and Distribution Trust Beneficiaries**

The Distribution Trustee shall be responsible for making all Distributions to Holders of Allowed Claims required to be made on or after the Effective Date pursuant to the Plan; *provided*, that the Reorganized Debtors or the Disbursing Agent (as applicable) shall make the Distributions to Holders of Allowed Claims on the Effective Date on behalf of the Distribution Trustee. The Distribution Trustee will make all distributions to Holders of Allowed Claims as required by this Plan at: (i) the address of any such Holder on the books and records of the Debtors or their agents; or (ii) at the address in any written notice of address change delivered to the Debtors or the Disbursing Agent, including any addresses included on any transfer of Claim filed pursuant to Bankruptcy Rule 3001.

i. *DT Initial Distribution*

As soon as reasonably practicable after (i) funding of all Distribution Trust Reserves, (ii) the Indenture Trustee Reserve (as applicable) and (ii) payment in full (or reserving for payment in full) of all Allowed Administrative Claims, Allowed Priority Claims, and Allowed Secured Claims, the Distribution Trustee shall distribute to the Holders of Allowed Claims in Classes 4, 5, 6 and 7 on account of their Allowed Claims their pro rata share of the Available Plan Distribution Funding Amount and Distribution Trust Asset Proceeds, as applicable to Allowed Claims.

ii. *DT Subsequent Distribution*

After completion of the DT Initial Distribution, the Distribution Trustee shall make the DT Subsequent Distribution(s) in a reasonably timely manner after Distribution Trust Assets Proceeds become available. Such DT Subsequent Distributions shall be made no less frequently than every twelve (12) months; *provided, however*, that the Distribution Trustee shall not be required to make a Distribution pursuant to this Section 6.3(h)(ii) of the Plan if the Distribution Trustee determines that the expense associated with making the Distribution would likely utilize a substantial portion of the amount to be distributed, thus making the Distribution impracticable.

**(j) Federal Income Tax Treatment of Distribution Trust**

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt of an adverse determination by the IRS upon audit if not contested by such Distribution Trustee), for all U.S. federal income tax purposes, all parties (including, without limitation, the Debtors, the Distribution Trustee and Distribution Trust Beneficiaries) shall treat the transfer of Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves to the Distribution Trust as (1) a transfer of property (subject to any and all Allowed Administrative Claims, Allowed Priority Claims, and Allowed Secured Claims to the extent not satisfied by the Debtors on or prior to the Effective Date, that are payable by the Distribution Trust pursuant to the Plan), followed by (2) the transfer by such beneficiaries to the Distribution Trust of Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves. Accordingly, except in the event of contrary definitive guidance, Distribution Trust Beneficiaries shall be treated for U.S. federal income tax purposes as the grantors and owners of their respective share of Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves (other than that which is allocable to Disputed Claims). The foregoing treatment shall also apply, to the extent permitted by Applicable Law, for state and local income tax purposes. For the avoidance of doubt, the term “party” as herein used shall not include the United States or any agency or department thereof, or any officer or employee thereof acting in such capacity. The Distribution Trustee shall not take any action inconsistent with the purposes of the Distribution Trust and the qualification of the Distribution Trust as a “liquidating trust” for U.S. federal income tax purposes.

**(k) Tax Reporting**

i. The Distribution Trustee shall file tax returns for the Distribution Trust treating such Distribution Trust as a grantor trust pursuant to Treas. Reg. § 1.671-4(a) and in accordance with this Section 6.3. The Distribution Trustee also shall annually send or otherwise provide to each Holder of the Distribution Trust Interest a separate statement regarding the receipts and expenditures of the Distribution Trust as relevant for U.S. federal income tax purposes.

ii. Allocations of Distribution Trust taxable income among

Distribution Trust Beneficiaries (other than taxable income allocable to any assets allocable to, or retained on account of, Disputed Claims, if such income is otherwise taxable at the Distribution Trust) shall be determined by reference to the manner in which an amount of Cash representing such taxable income would be distributed (were such Cash permitted to be distributed at such time) if, immediately prior to such deemed Distribution, the Distribution Trust had distributed all its assets (valued at their tax book value, other than, if applicable, assets allocable to Disputed Claims) to the Holders of Distribution Trust Interests, adjusted for prior taxable income and loss and taking into account all prior and concurrent Distributions from the Distribution Trust. Similarly, taxable loss of the Distribution Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Distribution Trust Assets, Available Plan Distribution Funding Amount and Distribution Trust Reserves. The tax book value of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves for purpose of this paragraph shall equal their fair market value on the date such assets are transferred to the Distribution Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

iii. As soon as reasonably practicable after the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves are transferred to the Distribution Trust, the Distribution Trustee shall make a good faith valuation of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves. Such valuation shall be made available from time to time to all parties to the Distribution Trust (including, without limitation, the Debtors (or, as the case may be, the Reorganized Debtors), and the Distribution Trust Beneficiaries), to the extent relevant to such parties for tax purposes, and shall be used consistently by such parties for all U.S. federal income tax purposes.

iv. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Distribution Trustee of a private letter ruling if the Distribution Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by such Distribution Trustee), the Distribution Trustee (i) shall treat any Distribution Trust Reserves allocable to Disputed Claims as a “disputed ownership fund” governed by Treas. Reg. § 1.468B-9 (and make any necessary elections with respect thereto) and (ii) to the extent permitted by Applicable Law, shall report consistently for state and local income tax purposes. All parties (including the Distribution Trustee, the Debtors and Distribution Trust Beneficiaries) shall report for U.S. federal, state and local income tax purposes consistently with the foregoing.

v. The Distribution Trustee shall be responsible for payment, out of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves, of any taxes imposed on the Distribution Trust or its assets (including with respect to assets allocable to Disputed Claims).

vi. The Distribution Trustee may request an expedited determination

of taxes of the Distribution Trust, including any reserve for Disputed Claims, or of the Debtors as to whom the Distribution Trust was established, under section 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, such Distribution Trust or the Debtors for all taxable periods through the dissolution of such Distribution Trust.

**(l) Dissolution**

i. The Distribution Trustee and Distribution Trust shall be discharged or dissolved, as the case may be, at such time as (i) all of the Distribution Trust Assets, the Available Plan Distribution Funding Amount and the Distribution Trust Reserves have been expended or distributed pursuant to the Plan and the Distribution Trust Agreement, (ii) the Distribution Trustee determines, in its sole discretion, that the administration of any remaining Distribution Trust Assets, Available Plan Distribution Funding Amount or Distribution Trust Reserves is not likely to yield sufficient additional Distribution Trust proceeds to justify further pursuit, or (iii) all Distributions required to be made by the Distribution Trustee under the Plan and the Distribution Trust Agreement have been made; provided, however, that in no event shall the Distribution Trust be dissolved later than three (3) years from the creation of such Distribution Trust pursuant to this Section 6.3 of the Plan, unless the Bankruptcy Court, upon motion within the six-month period prior to the third (3rd) anniversary (or within the six-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed three (3) years, together with any prior extensions, without a favorable private letter ruling from the IRS or an opinion of counsel in form and substance satisfactory to the Distribution Trustee that any further extension would not adversely affect the status of the trust as the Distribution Trust for U.S. federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Distribution Trust Assets.

ii. If at any time the Distribution Trustee determines, in reliance upon such professionals as the Distribution Trustee may retain, that the expense of administering the Distribution Trust so as to make a final Distribution to Distribution Trust Beneficiaries is likely to exceed the value of the assets remaining in such Distribution Trust, such Distribution Trustee may apply to the Bankruptcy Court for authority to (i) reserve any amount necessary to dissolve such Distribution Trust, (ii) donate any balance to a charitable organization (A) described in section 501(c)(3) of the IRC, (B) exempt from U.S. federal income tax under section 501(a) of the IRC, (C) not a “private foundation”, as defined in section 509(a) of the IRC, and (D) that is unrelated to the Debtors, such Distribution Trust, and any insider of such Distribution Trustee, and (iii) dissolve such Distribution Trust.

**6.4. The Reorganized Debtors**

**(a) Continued Corporate Existence**

Except as otherwise provided in the Plan, each of the Debtors, as Reorganized Debtors, shall continue to exist after the Effective Date as a corporate entity, with all of the powers of a corporation or limited company, as the case may be, under Applicable Law in the jurisdiction in which such Debtor is incorporated or organized and pursuant to the New

Corporate Governance Documents. After the Effective Date, the Reorganized Debtors may operate their business and use, acquire, and dispose of property without the supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

The New Corporate Governance Documents shall be consistent with section 1123(a)(6) of the Bankruptcy Code, to the extent applicable, and in form and substance acceptable to the Purchaser.

**(b) Directors and Officers of the Reorganized Debtors**

The officers and the members of each board of directors of each of the Reorganized Debtors shall be selected and appointed in the sole discretion of the Purchaser. To the extent required by section 1129(a)(5) of the Bankruptcy Code, the identity of such officers and members shall be disclosed prior to the Confirmation Hearing.

Except to the extent that a member of the board of directors of a Debtor continues to serve as a director of such Debtor following the Effective Date, the members of the board of directors of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to the Reorganized Debtors on or after the Effective Date and each such member will be deemed to have resigned or shall otherwise cease to be a director of the applicable Debtor on the Effective Date without any further action required on the part of any such Debtor or member. Commencing on the Effective Date, each of the directors of each of the Reorganized Debtors shall serve pursuant to the terms of the applicable organizational documents of such Reorganized Debtor and may be replaced or removed in accordance with such organizational documents.

Except as otherwise provided in the Stock Purchase Agreement with respect to the Employment Agreements (as defined therein), subject to the discretion of the Reorganized Debtors' boards of directors, the Reorganized Debtors shall enter into new employment agreements with key executives on a case-by-case basis.

**(c) Corporate Action**

On the Effective Date, the adoption and filing of the New Corporate Governance Documents, the appointment of officers of the Reorganized Debtors, and all actions contemplated by the Plan will be authorized and approved in all respects pursuant to the Plan. On the Effective Date, pursuant to section 1142(b) of the Bankruptcy Code and section 303 of the Delaware General Corporation Law (to the extent applicable) and any comparable provision of other Applicable Law, the appropriate officers or directors of each Reorganized Debtor shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan with like effect as if exercised and taken by unanimous action of the directors and stockholders of each Debtor.

**(d) Effectuating Documents; Further Transactions**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors and/or the Purchaser may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, or necessary or appropriate to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation to the extent consistent with the terms of the Plan and the Plan Documents; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and Plan Documents or having other terms to which the Debtors, the Reorganized Debtors, the Purchaser, and other applicable parties may agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (4) all other actions that the Purchaser and any other applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by Applicable Law.

**6.5. Retained Causes of Action**

Except to the extent any Claim against an Entity is expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or by a Final Order or is a Distribution Trust Asset, all Causes of Action of the Debtors (the “Retained Causes of Action”) shall, in accordance with section 1123(b) of the Bankruptcy Code, vest in and be retained by the Reorganized Debtors. The applicable Reorganized Debtors (with respect to the Retained Causes of Action and any Causes of Action arising after the Petition Date), in accordance with section 1123(b) of the Bankruptcy Code, shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, rights, Causes of Action, suits, and proceedings, whether in law or in equity, whether known or unknown, that they each may respectively hold against any Person without the approval of the Bankruptcy Court and the Reorganized Debtors’ rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. For the avoidance of doubt, all Causes of Action against the SRGL Equity Holders shall not be Retained Causes of Action, and shall be transferred to and vest in the Distribution Trust. On the Effective Date, all Causes of Action that are Distribution Trust Assets shall, in accordance with Section 1123(b) of the Bankruptcy Code, vest in the Distribution Trust, and the Distribution Trust may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Claims, rights, Causes of Action, suits, and proceedings, whether in law or in equity, known or unknown, without approval of the Bankruptcy Court, and the Distribution Trust’s rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date.

**6.6. The Closing**

The Closing as defined in the Stock Purchase Agreement shall be subject to the conditions in the Stock Purchase Agreement, including, without limitation, the conditions to closing set out in Article VII of the Stock Purchase Agreement and the actions and deliveries set

out in section 2.4 of the Stock Purchase Agreement, unless waived in accordance with the Stock Purchase Agreement. The Closing shall occur simultaneously with the Effective Date of the Plan.

**6.7. Cancellation of Agreements, Securities and Other Documents Relating to TruPS Transactions & SFL Note; Surrender of Instruments**

Except for purposes of evidencing a right to a Distribution under the Plan or otherwise as provided in the Plan, the Confirmation Order or the Distribution Trust Agreement, on the Effective Date, the TruPS Indentures, the TruPS Debentures, the TruPS Declarations, the TruPS Sponsor Guarantees, the TruPS Parent Guarantees, all other TruPS Documents, the SFL Note and all corresponding documents issued in connection with such documents shall be deemed automatically cancelled, terminated and of no further force or effect, without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtors, the TruPS Indenture Trustees, and the TruPS Institutional Trustees, as applicable, thereunder shall be deemed terminated; *provided, however*, that TruPS Indentures and TruPS Declarations shall continue in effect only as follows: (1) for the TruPS Indenture Trustees and the TruPS Institutional Trustees to discharge any responsibilities they have under the Plan, the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations in connection with Distributions to be made to be made to the Holders of the TruPS Debentures, the Beneficial Holders of TruPS and SRGL in accordance with the terms of the Plan (including Sections 4.3(a), and 4.3(c) thereof), the Confirmation Order, the Distribution Trust Agreement, the TruPS Indentures, the TruPS Declarations and, as to SRGL only, the Restructuring Implementation Agreement and RIA Order, it being understood that the TruPS Indentures, the TruPS Parent Guarantees, the TruPS Sponsor Guarantees and the TruPS Declarations shall continue in effect only so long as is necessary to permit such Distributions to be made; (2) to allow each TruPS Indenture Trustee and any predecessor trustee under any of the TruPS Indentures to exercise its Charging Lien for the payment of its fees and expenses incurred post-Closing and for indemnification as provided in the applicable TruPS Indentures; (3) to preserve any rights of the TruPS Indenture Trustees pursuant to any direction provided by Holders of the TruPS pursuant to the terms of the TruPS documents; and (4) solely with respect to the SFLST I TruPS Indenture, the SFLST I TruPS Debentures, the SFLST I Trust Declaration, the SFLST I TruPS Sponsor Guarantee, and any other SFLST I TruPS Documents (except the SFLST I TruPS Parent Guarantee), the foregoing SFLST I TruPS Documents shall not be deemed cancelled, terminated or of no force or effect as against SFL. For the avoidance of doubt, nothing in this Section 6.7 is intended to or shall extinguish or impair any liability or obligation of SFL under any SFLST I TruPS Document.

As a condition to receiving any Distribution, on or before the DT Initial Distribution Date, the Holder of a TruPS Claim evidenced by a Certificate, instrument, note or debenture shall (a) surrender such Certificate, instrument, note or debenture representing such Claim, including, without limitation, any guarantees, and (b) execute and deliver such other documents as may be necessary to effectuate the Plan. Notwithstanding the foregoing, to the



extent, if any, that SRGL is a Holder of a TruPS Claim evidenced by a Certificate, instrument, note or debenture, SRGL shall be deemed to have surrendered such Certificate, instrument, note or debenture representing such Claim as of the Effective Date and shall not be subject to such condition. If the record holder of a Certificate, instrument, note or debenture is a Securities Depository or Custodian, and such Certificate, instrument, note or debenture is represented by a global security held by or on behalf of a Securities Depository or Custodian, then the beneficial holder of such Certificate, instrument, note or debenture shall be deemed to have surrendered such holder's Certificate, instrument, note, debenture or other evidence of indebtedness upon surrender of such global security by the Securities Depository or Custodian.

The Distribution Trustee shall have the right to withhold any Distribution to be made to or on behalf of Holder of a TruPS Claim evidenced by a Certificate, instrument, note or debenture that is required to be surrendered by the terms of this Plan but is not timely surrendered (or deemed surrendered) unless and until (a) such Certificates, instruments, notes or debentures, including any such guarantees, are surrendered, or (b) any relevant holder provides to the Distribution Trustee an affidavit of loss or such other documents as may be required by the Distribution Trustee together with an appropriate indemnity in the customary form. Any such holder who fails to surrender such Certificates, instruments, notes or debentures, including any such guarantees, or otherwise fails to deliver an affidavit of loss and indemnity within three (3) months of the Effective Date, shall be deemed to have no further Claim against the Debtors, the Distribution Trust, their respective property or any TruPS Indenture Trustee or TruPS Institutional Trustee in respect of such Claim and shall not participate in any Distribution, and the Distribution that would otherwise have been made to such holder shall be distributed *pro-rata* to all Holders who held a Claim pursuant to the applicable TruPS Indenture and either (a) surrendered (or were deemed to surrender) the Certificate, instrument, note or debenture representing such Claim, including, without limitation, any guarantees or (b) satisfactorily provided the Distribution Trustee with an affidavit of loss or such other documents as may be required by the Distribution Trustee, together with an appropriate indemnity in the customary form.

#### **6.8. Comprehensive Settlement of Claims and Controversies**

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim, or any distribution to be made on account of such Allowed Claim, as well as the allocation of the Plan Funding Payment among the Debtors' Estates and Creditors. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Court, after the Effective Date, the Reorganized Debtors or the Distribution Trustee, as applicable, may compromise and

settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other entities.

## **VII. CLAIMS RESOLUTION & DISTRIBUTIONS**

### **7.1. Right to Object to Claims**

The Distribution Trustee shall have the authority, but not the obligation, to object to, litigate, and settle, the amount, priority or the extent of any Administrative Claim, Secured Claim, Priority Claim, SHI General Unsecured Claim, SALIC General Unsecured Claim, SFL Claim (if not settled before the Effective Date) or Subordinated Claim (including, with respect to any other of the foregoing, to argue that such Claim constitutes a Subordinated Claim). Notwithstanding anything to the contrary herein, subject to the terms and conditions set forth in the Distribution Trust Agreement, and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, except insofar as a Claim is Allowed under the Plan on and after the Effective Date, the Distribution Trustee shall have the authority, but not the obligation, to: (1) file, withdraw or litigate to judgment objections to and requests for estimation of Claims; (2) settle or compromise any Disputed Claim without any further notice to or action, order or approval by the Bankruptcy Court; and (3) administer and adjust the Claims register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Bankruptcy Court. The Distribution Trustee shall succeed to any pending objections to Claims filed by the Debtors prior to the Effective Date, and, at the Distribution Trustee's election, any other pending objections to Claims filed by any other party, and shall have and retain any and all rights and defenses the Debtors had immediately prior to the Effective Date with respect to any Disputed Claim, including pursuant to the DT Post-Closing Rights. The Reorganized Debtors shall provide commercially reasonable assistance and cooperation to the Distribution Trustee in connection with the Distribution Trustee's prosecution of objections to Claims, including, without limitation, access to the books and records of the Debtors or the Reorganized Debtors (as the case may be) and other information reasonably requested by the Distribution Trustee to enable the Distribution Trustee to perform its obligations under the Distribution Trust Agreement, including pursuant to the DT Post-Closing Rights.

### **7.2. Deadline for Objecting to Claims**

Objections to Claims must be Filed with the Bankruptcy Court, and a copy of the objection must be served on the subject Creditor, before the expiration of the Claims Objection Deadline (unless such period is further extended by subsequent orders of the Bankruptcy Court); otherwise such Claims shall be deemed Allowed in accordance with section 502 of the Bankruptcy Code. The objection shall notify the Creditor of the deadline for responding to such objection.

### **7.3. Deadline for Responding to Claim Objections**

Within twenty-one (21) days after service of an objection, or such other date as is indicated on such objection or the accompanying notice thereof, the Creditor whose Claim was objected to must File a written response to the objection with the Bankruptcy Court and serve a

copy on the Distribution Trustee. Failure to file a written response within such time period shall constitute a waiver and release of that portion of the subject Claim that was subject to the objection, and shall constitute cause for the Bankruptcy Court to enter a default judgment against the non-responding Creditor or grant the relief requested in the Claim objection.

#### **7.4. Right to Request Estimation of Claims**

Pursuant to section 502(c) of the Bankruptcy Code, the Debtors, the Reorganized Debtors, and the Distribution Trustee may request estimation or liquidation of any Disputed Claim that is contingent or unliquidated or any Disputed Claim arising from a right to an equitable remedy or breach of performance.

#### **7.5. Distribution Procedures Regarding Allowed Claims**

##### **(a) In General**

Other than Closing Date Plan Distributions and initial distributions of New Equity to New Equity Eligible Holders that make the New Equity Election, the Distribution Trustee shall make all Distributions required to be made under the Plan, including Distributions from the Distribution Trust. Each Creditor or Holder receiving any Distribution from the Distribution Trust shall be deemed to have ratified and become bound by the terms and conditions of the Distribution Trust Agreement.

##### **(b) Distributions on Allowed Claims Only**

Distributions from the Distribution Trust shall be made only to the Holders of Allowed Claims. Until a Disputed Claim becomes an Allowed Claim, the Holder of that Disputed Claim shall not receive a Distribution. Other than as specifically set forth in section 6.1(b)(i), Allowed Claims shall not be entitled to distributions from any source other than the Plan Funding Payment or the Distribution Trust.

##### **(c) Method of Distributions**

i. *Use of Distribution Agent.* The Reorganized Debtors with respect to Closing Date Plan Distributions and initial Distributions of Offered New Equity and the Distribution Trustee with respect to Distributions from the Distribution Trust shall have the authority, in their respective sole discretion, to enter into agreements with a third-party Distribution Agent to facilitate the Distributions required hereunder. For the avoidance of doubt, Prime Clerk, LLC, which was previously engaged to serve as the Debtors' Voting Agent, is an acceptable choice to serve as the Distribution Agent and shall be engaged as the shared Distribution Agent in the event that Reorganized Debtors and Distribution Trustee both want to use the services of a Distribution Agent and cannot agree to an alternate choice. The Distribution Trustee shall be authorized, but not directed, to pay to any third-party Distribution Agent all reasonable and documented fees and expenses of such Distribution Agent without the need for any approvals, authorizations, actions, or consents. The Distribution Agent shall be authorized,

but not directed, to submit detailed invoices to the Debtors or the Reorganized Debtors, as applicable, for all fees and expenses for which the Distribution Agent seeks reimbursement and the Distribution Trustee shall pay those amounts from the Trust Administration Reserve that it, in its sole discretion, deems reasonable, and shall object in writing to those fees and expenses, if any, that the Distribution Trustee deems to be unreasonable. In the event that the Distribution Trustee objects to all or any portion of the amounts requested to be reimbursed in a Distribution Agent's invoice, the Distribution Trustee and such Distribution Agent shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees or expenses. In the event that the Distribution Trustee and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

ii. *Cash Distributions.* Except as otherwise specified in the Plan or the Distribution Trust Agreement (with respect to Distributions other than Closing Date Plan Distributions), any Distribution of Cash made by the Reorganized Debtors as a Closing Date Plan Distribution or made by the Distribution Trustee from the Available Plan Funding Distribution Amount shall be made by mailing such Distribution to the Creditor or Holder, as applicable, at the address listed in any Proof of Claim filed by such Entity or at such other address as such Entity shall have specified for payment purposes in a written notice received by the Reorganized Debtors or Distribution Trustee, as applicable, at least twenty-one (21) days before a Distribution Date. If a Creditor or Holder has not filed a Proof of Claim or sent the Distribution Trustee a written notice of payment address, then the Distribution(s) for such Entity will be mailed to the address identified in the Schedules. Notwithstanding the foregoing, any Cash may be distributed by wire, check, or such other method as the Distribution Trustee or Reorganized Debtors, as applicable, deem appropriate under the circumstances. An Cash Distribution to be made to SRGL under the Plan shall be made by wire transfer unless otherwise agreed by SRGL.

iii. *Offered New Equity Distributions.* On or as soon as practicable after the Effective Date, the Reorganized Debtors shall distribute to the New Equity Eligible Holders that have made the New Equity Election a Distribution of each such holder's TruPS Claims Equity Distribution Amount.

iv. *Tax Information Required for Distributions.* Before receiving any Distributions, all Creditors and Holders, at the request of the Reorganized Debtors or Distribution Trustee, as applicable, must provide written notification of their respective Federal Tax Identification Numbers or Social Security Numbers to the requesting Entity; otherwise, the Reorganized Debtors or Distribution Trustee, as applicable, may suspend Distributions to any Creditors or Holders who have not provided their Federal Tax Identification Numbers or Social Security Numbers.

**(d) Undeliverable Distributions**

If a Distribution is returned as undeliverable, the Distribution Trustee shall use reasonable efforts to determine such Creditor's or Holder's then current address. If the

Distribution Trustee cannot determine, or is not notified of, a Creditor's or Holder's then current address within six (6) months after the Effective Date, the Distribution reserved for such Creditor or Holder shall be deemed an unclaimed Distribution, and Section 7.5(e) of the Plan shall be applicable thereto.

**(e) Unclaimed Distributions**

If the current address for a Creditor or Holder entitled to a Distribution (whether in the form of Cash or Offered New Equity) under the Plan has not been determined within six (6) months after the Effective Date or such Entity has otherwise not been located, or if such Entity has not submitted a valid Federal Tax Identification Number or Social Security Number to the Distribution Trustee within six (6) months after the Effective Date, then such Creditor or Holder, as applicable, (i) shall no longer be a Creditor or Holder and (ii) shall be deemed to have released such Claim and Interest, if any. If such Unclaimed Distribution consists of Cash, then the Cash shall remain property of the Distribution Trust and be used or distributed in accordance with the terms of this Plan and the Distribution Trust Agreement. If such Unclaimed Distribution consists of New Equity, then such New Equity shall not be issued to the forfeiting Claim Holder and shall instead be issued to the Purchaser.

**(f) Taxes; Withholding**

In connection with the Plan, any party issuing any instrument or making any Distribution described in the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions and all related agreements shall be subject to any such withholding or reporting requirements. Notwithstanding the foregoing, each Holder of an Allowed Claim or any other Person that receives a Distribution shall have responsibility for any taxes imposed by any Governmental Unit, including, without limitation, income, withholding, and other taxes, on account of such Distribution. Any party issuing any instrument or making any Distribution has the right, but not the obligation, to not make a Distribution until such Holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations. The Distribution Trustee, in the exercise of its sole discretion and judgment, may enter into agreements with taxing or other authorities for the payment of such amounts that may be withheld in accordance with the provisions of this section. Any party entitled to receive any property as an issuance or distribution under the Plan shall, upon request, by the Debtors or Distribution Trustee, as applicable, provide an appropriate Form W-9 or (if the payee is a foreign Person, as applicable) Form W-8. If such request is made and such party fails to comply before the date that is 180 days after the request is made, the amount of such Distribution shall irrevocably revert to the Distribution Trust, and any Claim in respect of such Distribution shall be discharged and forever barred from assertion against the Debtors, the Reorganized Debtors, the Distribution Trust and their respective property.

**(g) Special Distribution Provisions for TruPS Claims**

- i. *Service of TruPS Indenture Trustees; In General.*

Except with respect to SRGL Exclusively Held TruPS Claims, Distributions on account of the TruPS Claims shall be made by the Distribution Trustee to (i) the applicable TruPS Indenture Trustee or (ii) with the prior written consent of such TruPS Indenture Trustee, through the facilities of a Securities Depository or Custodian, by means of book-entry exchange through the facilities of a Securities Depository or Custodian in accordance with the customary practices of such Securities Depository or Custodian, as applicable. If a Distribution is made to the TruPS Indenture Trustee, the TruPS Indenture Trustee, in its capacity as a disbursing agent, shall administer the Distributions in accordance with the terms of this Plan, the relevant TruPS Indenture, the relevant TruPS Declaration and any other applicable TruPS Documents.

ii. *Distributions Relating to SRGL Exclusively Held TruPS*

Distributions on account of the SRGL Exclusively Held TruPS Claims shall be made by the Distribution Trustee directly to SRGL in accordance with the Netting Protocol. The Debtors, in consultation with the Committee and the Purchaser, will use reasonable best efforts to agree with the Joint Liquidators on a mechanism (such mechanism, the “Netting Protocol”) that will, first, provide for SRGL to receive its Distribution on the SRGL Exclusively Held TruPS Claims; second, allow the Joint Liquidators to establish applicable reserves; and third, ensure that any distribution from the SRGL estate to the Distribution Trust in respect of the SALIC/SRGL Claims and Admitted SALIC/SRGL Revolver Claim, will be distributed pro rata to all Holders of Allowed Claims in Classes 4, 5, 6 and 7, except for SRGL, in order to prevent an endless series of payments from the Distribution Trust to SRGL on account of the SRGL TruPS Claims and from SRGL back to the Distribution Trust in respect of the SALIC/SRGL Claims and Admitted SALIC/SRGL Revolver Claim. Any subsequent distributions made on the SALIC/SRGL Claims, including the Admitted SALIC/SRGL Revolver Claim, shall also follow the Netting Protocol. The Debtors will disclose the proposed Netting Protocol on or before the date fixed for the filing of the Plan Supplement. For the avoidance of doubt, nothing in this Section 7.6(b) is intended to or shall prejudice any rights of SRGL, the Debtors, the Distribution Trustee or any other Entity as to whether such a Netting Protocol is necessary in connection with Distributions to be made on account of the SRGL TruPS Claims or what Netting Protocol is appropriate. Notwithstanding anything to the contrary in this Section 7.5(g)(ii) or in any Netting Protocol, the Cayman Islands Court shall retain subject matter jurisdiction and authority over all matters in the SRGL Winding Up Proceeding, including, but not limited to, any matters relating to reserves to be established by the Joint Liquidators and the timing of distributions to be made to claim holders in connection with the SRGL Winding Up Proceeding.

**(h) Additional Procedures Regarding Distributions from the Distribution Trust**

Additional procedures regarding Distributions from the Distribution Trust to Holders of Allowed Claims shall be governed by the Distribution Trust Agreement.

**(i) Allocation of Distributions between Principal and Interest**

Except as otherwise provided in the Plan, to the extent that any Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated first to the principal amount (as determined for U.S. federal income tax purposes) of the Claim, and then to accrued but unpaid interest.

**7.6. Manner of Making New Equity or Cash Election**

The Plan affords New Equity Eligible Holders the opportunity to make the New Equity Election or the Cash Election. Each New Equity Eligible Beneficial Holder must elect to take its entire Distribution (other than for its applicable percentage of the Distribution Trust Assets Proceeds) either exclusively in the form of Offered New Equity (by making the New Equity Election) or exclusively in the form of Cash (by making the Cash Election). Notwithstanding the foregoing, the Holder of the Allowed SFL Note Claim, if the SFL Note Claim Allowance Conditions have been satisfied, shall be entitled to: (a) apply its Allowed SFL Note Claim amount entirely to the New Equity Election; (b) apply its Allowed SFL Note Claim amount entirely to the Cash Election; or (c) allocate its Allowed SFL Note Claim Amount between the New Equity Election and the Cash Election.

A New Equity Election will be recognized as valid only if the electing New Equity Eligible Holder checks the box for the “New Equity Election” on its Ballot and such Ballot is otherwise properly completed and timely received by the Voting Agent in accordance with the requirements of the Disclosure Statement Order. Any New Equity election that is not properly made as set forth herein shall be disregarded and such New Equity Eligible Holder shall be deemed to have made the Cash Election. Except as otherwise agreed in writing by (a) if prior to the Effective Date, by the Debtors, the Committee and the Purchaser or (b) if on or after the Effective Date, the Distribution Trustee and the Reorganized Debtors, all New Equity Elections and Cash Elections (including any deemed Cash Elections) will be final and irrevocable after the Voting Deadline.

**7.7. Claims Paid or Payable by Third Parties**

**(a) Claims Paid by Third Parties**

To the extent a Holder has received a Distribution on account of a Claim and also receives payment from a party that is not a Debtor or the Distribution Trustee on account of such Claim, such Holder shall, within 30 calendar days of receipt thereof, repay and/or return the Distribution to the Distribution Trustee to the extent the recipient-Holder’s total recovery on account of such Claim from the third party and under this Plan exceeds the amount of the Holder’s Allowed Claim as of the date of any such distribution under this Plan.

Any such Claim shall be expunged from the official claims register without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder receives payment in full on account of

such Claim; *provided, however*, that to the extent the non-Debtor party making the payment is subrogated to such Holder's Claim, the non-Debtor party shall have a 30-calendar-day grace period to notify the Distribution Trustee of such subrogation rights and, if they are valid and enforceable, the expungement will be reversed to the extent of such subrogation rights.

**(b) Claims Payable by Third Parties**

To the extent that one or more of the Debtors' insurers agrees to satisfy a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged on the official claims register (in each case to the extent of any agreed-upon satisfaction) by the Clerk of Court or Distribution Trustee, as applicable, without a claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

**7.8. Foreign Currency Exchange Rate**

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in The Wall Street Journal, Eastern Edition, on the day after the Petition Date.

**7.9. Setoff**

Except as otherwise provided in this Plan, the Restructuring Implementation Agreement, the RIA Order or another Final Order of the Bankruptcy Court, (a) nothing contained in this Plan shall constitute a waiver or release by the Debtors, the Reorganized Debtors, the Distribution Trustee or the Distribution Trust of any right of setoff or recoupment that any of the foregoing Entities may have against any Entity, and (b) to the extent permitted by Applicable Law, the Distribution Trustee or Reorganized Debtors, as applicable, may setoff or recoup (but shall not be required to do so) against any Claim (and any Interest) and the payments or other Distributions to be made under the Plan in respect of such Claim (or Interest), claims of any nature whatsoever that the Debtors may have against the Holder of such Claim or Interest.

**7.10. De Minimis Distributions**

If any interim Distribution under the Plan to the holder of an Allowed Claim or Interest would be less than \$100.00 or a fractional number of Offered New Equity, the Distribution Trustee or Reorganized Debtors, as applicable, may withhold such Distribution until the next Subsequent Distribution Date or the date of a final Distribution, as applicable, is made to such Holder. If any final Distribution under the Plan to the holder of an Allowed Claim or Interest would be less than \$25.00 or a fractional number of Offered New Equity, then such Distribution may be canceled in its entirety. Any unclaimed Distributions pursuant to this Section 7.9 shall be treated as an Unclaimed Distribution under Section 7.5(e) of the Plan.



### **7.11. Fractional Shares**

No fractional shares or number of the Offered New Equity shall be issued or distributed under the Plan. The actual Distribution of shares or number of the Offered New Equity shall be rounded to the next higher or lower whole number as follows: (i) fractions less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number and (ii) fractions equal to or greater than one-half ( $\frac{1}{2}$ ) shall be rounded to the next higher whole number. The total amount of shares or number of Offered New Equity to be distributed hereunder shall be adjusted as necessary to account for such rounding. No consideration shall be provided in lieu of fractional shares or numbers that are rounded down.

### **7.12. No Interest**

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan, the Confirmation Order, or another Final Order of the Bankruptcy Court, postpetition interest shall not accrue or be paid on Claims and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim with respect to the period from and after the Effective Date; provided, however, that nothing in this Section 7.11 shall limit any rights of any governmental unit (as defined in section 101(27) of the Bankruptcy Code) to interest under sections 503, 506(b), 1129(a)(9)(A), or 1129(a)(9)(C) of the Bankruptcy Code or as otherwise provided for under Applicable Law.

## **VIII. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **8.1. Assumption of Executory Contracts**

Except as may be otherwise set forth in the Plan, all Executory Contracts not identified on the Rejection Schedule (or previously assumed or rejected by a Debtor) shall be deemed assumed on the Effective Date. Entry of the Confirmation Order shall constitute approval of such assumptions under sections 365 and 1123 of the Bankruptcy Code.

For the avoidance of doubt, unless otherwise expressly provided in the Plan, the Plan Supplement or the Confirmation Order, all SRUS Retrocession Agreements, Third-Party Reinsurance Agreements, Trust Agreements, and any and all other reinsurance treaties and trust agreements shall be deemed assumed by SALIC.

### **8.2. Rejection of Executory Contracts**

On the Effective Date, all Executory Contracts identified on the Rejection Schedule shall be deemed rejected. The Rejection Schedule shall be filed with, and as a part of, the Plan Supplement, and may be amended by the Purchaser (i) to remove any Executory Contract no later than the Effective Date, and (ii) to add any Executory Contract, with the consent of such counterparty, no later than 45 days after the Confirmation Date. Entry of the

Confirmation Order shall constitute approval of the rejection of such Executory Contracts under sections 365 and 1123 of the Bankruptcy Code.

### **8.3. Procedures Related to Assumption of Executory Contracts**

#### **(a) Establishment of Cure Amounts**

The Cure Amounts associated with the assumption of the Executory Contracts pursuant to Section 8.1 of the Plan are specified in the Assumption Schedule (as may be amended), and each such amount shall conclusively be deemed to be the full and total monetary and nonmonetary performance, if any, required to be rendered in order to assume such Executory Contract pursuant to section 365(b)(1) of the Bankruptcy Code, unless the counterparty to an Executory Contract identified on the Assumption Schedule Files and serves a timely Contract Objection consistent with the procedures in Section 8.3(b) of the Plan. If a Contract Objection is timely Filed and served in accordance with such procedures, the Cure Amount for such Executory Contract shall be the amount agreed to among the objecting counterparty and the Debtors, with the consent of the Purchaser, or as determined by Final Order of the Bankruptcy Court.

#### **(b) Counterparty Objections**

Any counterparty to an Executory Contract identified on the Assumption Schedule that objects to assumption of such Executory Contract must File an objection (a “Contract Objection”) within twenty-one (21) days (the “Contract Objection Deadline”) of the Assumption Schedule being Filed with the Bankruptcy Court. A Contract Objection must, at a minimum: (i) identify all bases for the objection, including, without limitation, by specifying whether and on what bases the counterparty objects to (a) the Cure Amount specified in the Assumption Schedule, and (b) the provision of adequate assurance of future performance under the Executory Contract; (ii) if objecting to the Cure Amount, identify with specificity the Cure Amount the counterparty believes is required, and include all appropriate documentation in support thereof; and (iii) if objecting to the provision of adequate assurance of future performance under the Executory Contract, identify with specificity what the counterparty believes is necessary to provide adequate assurance of future performance under the Executory Contract.

The Purchaser shall be a party in interest with respect to, and shall have the right to examine, respond to, and contest, any Contract Objection.

If an objection concerning an Executory Contract listed on the Assumption Schedule pertaining solely to the Cure Amount has not been resolved by the Bankruptcy Court by the Effective Date, such Executory Contract may, in the Reorganized Debtors’ discretion (and with the consent of the Purchaser), be deemed assumed by the Reorganized Debtors effective as of the Effective Date; *provided, however*, the Reorganized Debtors may revoke an assumption of any such Executory Contract within fourteen (14) days after entry of an order by the Bankruptcy Court adjudicating the Contract Objection for such Executory Contract by Filing a notice of such revocation with the Bankruptcy Court and serving a copy on the counterparty(ies) to such

Executory Contract. Any Executory Contract identified in a revocation notice shall be deemed rejected retroactively as of the Effective Date.

**(c) Effect of Failure to Timely File a Contract Objection**

Unless a Contract Objection is timely Filed and served by the counterparty to an Executory Contract by the Contract Objection Deadline, such counterparty shall be: (i) deemed to have waived and released any right to assert an objection to the Cure Amount and to have otherwise consented to the assumption of such Executory Contract; (ii) forever barred from objecting to the assumption of such Executory Contract or the failure of the Purchaser or the Reorganized Debtors to provide adequate assurance of future performance; and (iii) forever barred and estopped from asserting or claiming any Cure Amount, other than the Cure Amount listed on the Assumption Schedule.

**(d) Payment of Cure Amounts**

Within thirty (30) days after the Effective Date, the Reorganized Debtors shall pay, in Cash (or as otherwise agreed or ordered by the Bankruptcy Court), all Cure Amounts related to Executory Contracts listed on the Assumption Schedule that are assumed pursuant to this Section 8.3, other than Cure Amounts that are subject to a Contract Objection pending on the Effective Date; *provided*, that subject to the revocation rights described in Section 8.3(b) above, the Reorganized Debtors shall pay all Cure Amounts that are subject to a Contract Objection on the Effective Date within fourteen (14) days after entry of an order by the Bankruptcy Court resolving the objection or approving an agreement between the parties concerning the Cure Amount. For the avoidance of doubt, funding of Cure Amounts shall be subject to sections 2.2(b), 2.3(f) and 2.4(e) of the Stock Purchase Agreement; in particular, the amount contributed by the Purchaser for payment of the Cure Amounts shall not exceed \$100,000 and the Recapitalization Funding Payment shall be used by the Reorganized Debtors to pay any amounts in respect of the Cure Amounts in excess of \$100,000.

**(e) No Admission of Liability**

Neither the inclusion nor exclusion of any Executory Contract by the Debtors on the Assumption Schedule, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or that the Debtors, the Reorganized Debtors, the Purchaser or Distribution Trust has any liability thereunder.

**(f) Reservation of Rights**

Nothing in the Plan shall waive, excuse, limit, diminish, or otherwise alter any of the defenses, claims, causes of action, or other rights of the Debtors, the Reorganized Debtors or Distribution Trust under any executory or non-executory contract or any unexpired or expired lease, nor shall any provision of the Plan increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors or the Reorganized Debtors under any such contract or lease.

**(g) Rejection Claim Bar Date**

Each Claim resulting from the rejection of an Executory Contract pursuant to Section 8.2 of the Plan shall be Filed with the Bankruptcy Court no later than the Rejection Claim Bar Date; *provided, however*, any party whose Executory Contract is rejected pursuant to a revocation notice pursuant to Section 8.3(b) above may File a rejection damage Claim arising out of such rejection within thirty (30) days after the Filing of the revocation notice with the Bankruptcy Court. Any Claim resulting from the rejection of an Executory Contract not Filed by the applicable deadline shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan. The Distribution Trustee shall have the right to object to any rejection damage Claim. All rejection damage Claims shall be treated in Class 5 or 7, respectively, and shall be paid out of the Distribution Trust.

**(h) Continuing Obligations Owed to the Debtors**

Any continuing obligations of third parties to the Debtors under insurance policies, contracts, or leases that have otherwise ceased to be executory or have otherwise expired on or prior to the Effective Date, including, without limitation, continuing obligations to pay insured claims, to defend against and process claims, to refund premiums or overpayments, to provide indemnification, contribution or reimbursement, to grant rights of first refusal, to maintain confidentiality, or to honor releases, will continue and will be binding on such third parties, notwithstanding any provision to the contrary herein, unless otherwise specifically terminated by the Debtors or the Reorganized Debtors, or by order of the Bankruptcy Court.

To the extent any insurance policy under which the insurer has a continuing obligation to pay the Debtors or a third party on behalf of the Debtors is held by the Bankruptcy Court to be an Executory Contract, such insurance policy will be treated as though it is an Executory Contract that is assumed by the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code and Sections 8.1 and 8.3 of the Plan.

**(i) Postpetition Contracts**

The Debtors will not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Any such contract or lease will continue in effect in accordance with its terms after the Effective Date, unless the Reorganized Debtors have obtained a Final Order of the Bankruptcy Court approving rejection of such contract or lease. Contracts or leases entered into after the Petition Date will be performed by the Reorganized Debtors in the ordinary course of their business.

**IX. CONDITIONS PRECEDENT TO CONFIRMATION OF THE PLAN AND OCCURRENCE OF THE EFFECTIVE DATE**

**9.1. Conditions to Confirmation**

The Confirmation Order will not be effective unless the final version of the Plan, Plan Supplement, and any other documents, or schedules thereto, including the filed

Confirmation Order, shall have been filed in form and substance acceptable to the Purchaser in its reasonable discretion, and the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect.

## **9.2. Conditions to Effectiveness**

Unless the following conditions (except with respect to the Distribution Trust Agreement and the Restructuring Implementation Agreement) are waived by the Purchaser, the Plan will not be effective unless: (a) the conditions to Confirmation above have either been satisfied, or (except with respect to the Restructuring Implementation Agreement) waived by the Purchaser; (b) the Confirmation Order has been entered by the Bankruptcy Court, is not subject to appeal, and no stay or injunction is in effect with respect thereto; (c) the Closing shall have occurred or shall occur simultaneously with the Effective Date; (d) the Purchaser shall acquire the New Equity (subject to the New Equity Election), directly or indirectly, free and clear of all Liens, Claims, and Interests and in accordance with the Plan; (e) the Distribution Trust Agreement shall have been executed by all parties thereto; (f) the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect; and (g) the Purchaser shall have demonstrated to the reasonable satisfaction of the Debtors and the Committee that all actions have occurred or will occur on or before the Effective Date necessary to fund the Plan Funding Payment to the Distribution Trust and the Recapitalization Funding Payment to Reorganized SALIC, each as provided in the Plan and the Stock Purchase Agreement; and (h) all governmental, judicial, and third party approvals and consents that are required in connection with the transactions contemplated by the Plan shall have been obtained, not subject to unfulfilled conditions, and shall be in full force and effect.

## **X. SETTLEMENT, DISCHARGE, RELEASE, INJUNCTION AND RELATED PROVISIONS**

### **10.1. Compromise and Settlement of Claims, Interests, and Controversies**

As discussed in detail in the Disclosure Statement and as otherwise provided herein, pursuant to sections 105(a), 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, which distributions and other benefits shall be irrevocable and not subject to challenge upon the Effective Date, the provisions of the Plan, and the distributions and other benefits provided hereunder, shall constitute a good-faith compromise and settlement of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. Without limiting the foregoing, the Plan incorporates and is predicated upon the good-faith compromise and settlement of (i) any disputes regarding the appropriate allocation of general and administrative costs across the Debtors' assets, (ii) any disputes regarding the allocation of the Plan Funding Payment and any other value received by the Debtors under the Stock Purchase Agreement between the Debtors' Estates, and (iii) any disputes regarding whether and, if so, to what extent the Debtors' assets and

liabilities should be pooled for voting, distribution and other purposes into a single, substantively consolidated estate.

The Plan shall be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Court, after the Effective Date, the Distribution Trustee may compromise and settle Claims against, and Interests in, the Debtors and their Estates and Causes of Action against other Entities.

## **10.2. Releases by the Debtors in Favor of Third Parties**

**As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, the Reorganized Debtors, and any Person or Entity seeking to exercise the rights of the Estates, including, without limitation the Distribution Trust, the Distribution Trustee, any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, hereby forever release, waive and discharge, and shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan, or other documents implementing the Plan, *provided, however,* that nothing in this Section 10.2 of the Plan shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee from asserting and enforcing, any Claims, obligations, suits, judgments, demands, debts, rights, causes of action, or liabilities any of them may hold related to, or arising out of, the Plan, the DT Post-Closing Rights, the SALIC Claims, the Admitted SALIC/SRGL Revolver Claim, the Retained Causes of Action (solely as to the Reorganized Debtors), Causes of Action that are Distribution Trust Assets (solely as to the Distribution Trustee), the Stock Purchase Agreement, the Restructuring Implementation Agreement, the Distribution Trust Agreement, and the other documents implementing the Plan, *provided, further,* that nothing in this Section 10.2 of the Plan; (i) shall be deemed to release, or otherwise to prohibit the Reorganized Debtors or the Distribution Trustee, or anyone claiming through them from enforcing any confidentiality or non-disclosure agreement or any Claim, right or cause of action related thereto, (ii) shall be deemed to release, impair, or otherwise affect any parties' rights or interests under any Executory Contract or Unexpired Lease that is assumed by the Reorganized Debtors, and all such rights and interests shall be unaffected**

by the Plan and this Section 10.2 (subject, however, to the effects of Section 8.3(a), (c), and (h) of the Plan); (iii) shall be deemed to release any Intercompany Claims; (iv) shall be deemed to release any Causes of Action specifically identified in this Plan as Distribution Trust Assets; (v) shall be deemed to release any Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order; or (vi) shall be deemed to release any Person's rights under the Plan.

Entry of the Confirmation Order shall constitute the Court's approval, pursuant to Bankruptcy Rule 9019, of the Releases by the Debtors described in this Section 10.2 which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by such releases; (3) in the best interests of the Debtors and all holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Estates or the Distribution Trust asserting any Claim or cause of action released pursuant to such releases.

### **10.3. Releases by Holders of Claims and Interests**

To the fullest extent permitted by law and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the contributions of the Released Parties in facilitating the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, effective as of the Effective Date, (i) Holders of Claims who vote to accept the Plan, (ii) Holders of Claims who are Unimpaired under the Plan, (iii) Holders of Claims entitled to vote on the Plan who do not submit a ballot and do not timely object to or opt-out of the releases, and (iv) each of the Purchaser, the Joint Liquidators, SRGL, and for each of the foregoing, their respective Representatives (other than with respect to SRGL, the SRGL Equity Holders), hereby release, waive and discharge, and shall be deemed to forever release, waive, and discharge the Released Parties of any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or related to the Debtors, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, at equity, or otherwise, including those that any of the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the conduct of the Debtors' business, the Chapter 11 Cases, the Disclosure Statement, the Plan or the documents implementing the Plan, and the negotiation, formulation, or preparation thereof, the solicitation of votes with respect to the Plan, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any of the Debtors and any Released Party, the restructuring of Claims and Interests prior to

or in the Chapter 11 Cases, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct, actual fraud, or gross negligence as determined by a Final Order.

Each Person or Entity providing releases under the Plan, including the Debtors, the Estates, and the Holders of Claims (regardless of whether such Holder is a Released Party), shall be deemed to have granted the releases set forth above notwithstanding that such Person or Entity may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such Person or Entity expressly waives any and all rights that it may have under any statute or common law principle which would limit the effect of such releases to those Claims or causes of action actually known or suspected to exist at the time of execution of such release.

Entry of the Confirmation Order shall constitute the Court's approval, pursuant to Bankruptcy Rule 9019, of the Releases by Holders of Claims and Interests described in this Section 10.3, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Court's finding that such releases are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by such releases; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Releasing Parties asserting any claim or cause of action released pursuant to such releases.

#### **10.4. Discharge and Discharge Injunction**

##### **(a) Discharge of Claims**

On and after the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors, the Reorganized Debtors or any of their assets, property, or estate; (b) the Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged, and released, and the Debtors' and Reorganized Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under Bankruptcy Code section 502(g); and (d) all entities shall be precluded from asserting against the Debtors, the Reorganized Debtors, the Estates, the Distribution Trust, the Distribution Trustee their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the



Effective Date, provided, however, that the foregoing discharge shall not apply to ability of Holders of Allowed Claims to recover from the Distribution Trust on account of such Allowed Claims and/or Interests, all in accordance with the terms of the Plan and Distribution Trust Agreement.

**(b) Discharge Injunction**

Except as provided in the Plan, to the fullest extent permitted by law, or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, Interest, or other debt or liability that is satisfied, released and discharged pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, the Distribution Trust, the Distribution Trustee and their respective subsidiaries or their property on account of any such discharged Claims, debts, liabilities or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors or the Reorganized Debtors; or (v) commencing or continuing any action or other proceeding of any kind, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, Interest, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Article X of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, Interests, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any Released Party; or (v) commencing or continuing any action, in any manner, in any place, or against any Person or Entity that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the foregoing provisions of this Section 10.4 of the Plan upon any Person or Entity, by accepting distributions pursuant to the Plan, each Holder of an Allowed Claim shall be deemed to have specifically consented to the injunctions set forth in this Section 10.4 of the Plan.

### **10.5. Exculpation**

**To the fullest extent permitted by law and except as otherwise specifically provided in the Plan, each of the Exculpated Parties will not have or incur any liability for any act or omission in connection with, or arising out of, the formulation, negotiation, preparation, dissemination, implementation or pursuit of approval of the Plan, the Disclosure Statement, the Restructuring Implementation Agreement, the Stock Purchase Agreement, the Plan Supplement or any documents, instruments or agreements implementing or related to the foregoing, or the solicitation of votes for or Confirmation of the Plan, or the consummation of the Plan, the Restructuring Implementation Agreement, the Stock Purchase Agreement, the Plan Supplement, or the transactions contemplated, implemented and effectuated thereby or the administration of the Plan or the property to be distributed under the Plan, or any other act or omission during the administration of the Debtors' Estates or in contemplation of the Chapter 11 Cases, except for willful misconduct, actual fraud or gross negligence as determined by a Final Order, and in all respects, will be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.**

### **10.6. Post-Effective Date Indemnification**

Indemnification Obligations of the Debtors that are owed to Indemnified D&O Parties will be deemed to be, and will be treated as though they are, Executory Contracts that are assumed by the Reorganized Debtors pursuant to section 365 of the Bankruptcy Code, and such Indemnification Obligations shall not be discharged or otherwise impaired by Confirmation of the Plan.

From and after the Closing Date, to the extent permitted by Applicable Law, the certificate of incorporation, certificate of formation, bylaws or limited liability company operating agreement (or similar organizational documents) of each SALIC Group Company shall continue to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of each Indemnified D&O Party than are set forth in the organizational documents of the SALIC Group Companies as of the date hereof, which provisions shall not be amended, repealed or otherwise modified for a period of six (6) years after the Closing Date in any manner that would adversely affect the rights thereunder of any such individual.

For a period of six (6) years from and after the Closing Date, to the extent that the Indemnified D&O Parties are not otherwise covered as insureds under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in Section 5.8(b) of the Stock Purchase Agreement, Purchaser shall cause the SALIC Group Companies to maintain in effect policies of directors' and officers' liability insurance comparable to those maintained by the SALIC Group Companies or SRGL with respect to matters existing or occurring at or prior to the Closing Date; *provided*, that Purchaser or the SALIC Group Companies may substitute therefor policies of at least the same coverage containing terms and conditions that are not less advantageous than the existing policies (including with respect to the period covered); *provided, further*, that in lieu of maintaining the

current policies of directors' and officers' liability insurance, Purchaser may (or may cause the SALIC Group Companies to) purchase "tail" coverage or otherwise replace such policies with coverage with a scope, policy limits and retained coverage not less favorable than the scope, policy limits and retained coverage currently provided. Notwithstanding the foregoing, at Purchaser's direction and in satisfaction of Purchaser's obligations under Section 5.8(b) of the Stock Purchase Agreement, SALIC shall obtain such "tail" coverage in respect of SALIC's existing policy of directors' and officers' liability insurance identified in Section 3.15 of the SALIC Disclosure Schedules (Policy No. ELU154535-18) on terms acceptable to Purchaser, to be effective as of the Closing Date, provided that the cost of such coverage shall be funded from unrestricted Cash of SALIC and SHI.

## **XI. RETENTION OF JURISDICTION**

### **11.1. Retention of Jurisdiction**

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, except as otherwise ordered by the Bankruptcy Court, or contemplated by the RIA Order or Restructuring Implementation Agreement, the Bankruptcy Court will retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured, unsecured, or subordinated status of any Claim or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the Holder), including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the Allowance or priority of Claims;

(b) hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 327, 328, 330, 331, 503(b), 1103, and 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date, the payment of the fees and expenses of the professionals of the Reorganized Debtors or the Distribution Trust shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(c) hear and determine all matters with respect to the assumption or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or Allowance of any Claims arising therefrom;

(d) effectuate performance of and payments under the provisions of the Plan and enforce remedies upon any default under the Plan;

(e) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases or the Plan;

(f) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(g) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

(h) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;

(j) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

(k) hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the schedules to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Schedules to the Plan, the Disclosure Statement, or the Confirmation Order;

(l) hear and determine any matters arising in connection with or relating to the Distribution Trust, the interpretation, implementation or operation of the Distribution Trust Agreement or the consummation of the transactions contemplated thereby;

(m) enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases (whether or not the Chapter 11 Cases have been closed);

(n) except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;

(o) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(p) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;

(q) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;

(r) hear and determine matters relating to the Stock Purchase Agreement and the Restructuring Implementation Agreement, to the extent provided for in such documents; and

(s) enter a final decree closing the Chapter 11 Cases.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, including the matters set forth in Section 11.1 of the Plan, the provisions of Article XI of the Plan will have no effect upon and will not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

### **11.2. Limitation on Jurisdiction**

In no event shall the provisions of the Plan be deemed to confer in the Bankruptcy Court jurisdiction greater than that established by the provisions of 28 U.S.C. §§ 157 and 1334, as well as the applicable circumstances that continue jurisdiction for defense and enforcement of the Plan and Plan Documents. For the avoidance of doubt, however, such jurisdiction shall be deemed, by the entry of the Confirmation Order, to:

(a) Permit entry of a final judgment by the Bankruptcy Court in any core proceeding referenced in 28 U.S.C. § 157(b) and to hear and resolve such proceedings in accordance with 28 U.S.C. § 157(c) and any and all related proceedings, including, without limitation, (i) all proceedings concerning disputes with, or Causes of Action or Claims against, any Entity that the Distribution Trust, the Debtors or the Reorganized Debtors or their successors or assigns, may have, and (ii) any and all Causes of Action or other Claims against any Entity for harm to or with respect to (x) any property of the Estates, or (y) any property of the Estate liened or transferred by the Debtors to any other Entity;

(b) Include jurisdiction over the recovery of any property of the Estates (or property transferred by the Debtors with Bankruptcy Court approval) from any Entity wrongly asserting ownership, possession or control of the same, whether pursuant to sections 542, 543, 549, 550 of the Bankruptcy Code or otherwise, as well as to punish any violation of the automatic stay under section 362 of the Bankruptcy Code or any other legal rights of the Debtors under or related to the Bankruptcy Code; and

(c) Permit the taking of any default judgment against any Entity that has submitted itself to the jurisdiction of the Bankruptcy Court.

## **XII. MISCELLANEOUS PROVISIONS**

### **12.1. Legally Binding Effect**

The provisions of the Plan shall bind all Creditors and Interest Holders, whether or not they accept the Plan and wherever located. On and after the Effective Date, all Holders of Claims and Interests shall be precluded and enjoined from asserting any Claim against or Interest in the Debtors or their assets or properties based on any transaction or other activity of any kind that occurred prior to the Effective Date except as may be expressly provided for by the Plan.

### **12.2. Exemption from Transfer Taxes**

Pursuant to section 1146 of the Bankruptcy Code and the Plan, any of the following acts or any similar act otherwise contemplated in the Plan will not be subject to any stamp tax, transfer tax, filing or recording tax, or other similar tax: (a) the issuance, transfer or exchange of notes, debt instruments and equity securities under or in connection with the Plan; (b) the creation, assignment, recordation or perfection of any lien, pledge, other security interest or other instruments of transfer; (c) the making or assignment of any lease; (d) the creation, execution and delivery of any agreements or other documents creating or evidencing the formation of the Reorganized Debtors or the issuance or ownership of any interest in the Reorganized Debtors; or (e) the making or delivery of any deed or other instrument of transfer under the Plan in connection with the vesting of the Debtors' assets in the Reorganized Debtors or the Distribution Trust or Distribution Trustee pursuant to or in connection with the Plan, including, without limitation, merger agreements, stock purchase agreement, agreements of consolidation, restructuring, disposition, liquidation or dissolution, and transfers of tangible property.

### **12.3. Securities Exemption**

Any rights issued under, pursuant to or in effecting the Plan, including, without limitation, the New Equity, the New SHI Equity and any beneficial interests in the Distribution Trust, and the offering and issuance thereof by any party, including without limitation the Debtors, the Estates, or New Holdco (if applicable), shall be exempt from Section 5 of the Securities Act of 1933, if applicable, and from any state or federal securities laws requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security, and shall otherwise enjoy all exemptions available for Distributions of securities under a plan of reorganization in accordance with all Applicable Law, including without limitation section 1145 of the Bankruptcy Code. If the issuance of the New Equity and the New SHI Equity does not qualify for an exemption under section 1145 of the Bankruptcy Code, the New Equity and the New SHI Equity shall be issued in a manner that qualifies for any other available exemption from registration, whether as a private placement under Section 4(a)(2) of the Securities Act and/or the safe harbor provisions promulgated thereunder, Regulation D of 1993, or otherwise.

### **12.4. Defects, Omissions and Amendments of the Plan**

The Plan may be amended, modified, or supplemented by the Debtors, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, in

the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law, without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as otherwise ordered by the Bankruptcy Court. In addition, after the Confirmation Date, so long as such action does not materially and adversely affect the treatment of Holders of Allowed Claims pursuant to the Plan, the Debtors, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, may remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order with respect to such matters as may be necessary to carry out the purposes or effects of the Plan, and any Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as amended, modified, or supplemented. Subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement, prior to the Effective Date, the Debtors may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court; *provided*, that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims under the Plan.

#### **12.5. Due Authorization by Creditors**

Each and every Creditor who elects to participate in the Distributions provided for herein warrants that the Creditor is authorized to accept in consideration of its Claim against the Debtors the Distributions provided for in the Plan, and that there are no outstanding commitments, agreements, or understandings, express or implied, that may or can in any way defeat or modify the rights conveyed or obligations undertaken by the Creditor under the Plan.

#### **12.6. Filing of Additional Documentation**

No later than seven (7) calendar days prior to the Voting Deadline, subject to the terms of the Stock Purchase Agreement and the Restructuring Implementation Agreement and subject to approval in form and substance by the Purchaser, the Debtors may file with the Bankruptcy Court such Plan Supplement, agreements and other documents as may be reasonably necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan or any Plan Document, which shall also constitute "Plan Documents."

#### **12.7. Dissolution of the Official Committee**

On the Effective Date, the Official Committee shall dissolve and all members, employees, or agents thereof shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Cases, provided, however, that (a) the Official Committee and its respective Professionals shall be retained with respect to applications Filed or to be Filed by Professionals pursuant to sections 330 and 331 of the Bankruptcy Code and (b) the Distribution Trust shall be deemed the successor of the Official Committee with respect to any motions seeking to enforce the Plan and the transactions contemplated hereunder or the Confirmation Order and any pending appeals and related proceedings.

### **12.8. Governing Law**

Except to the extent the Bankruptcy Code or the Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

### **12.9. Successors and Assigns**

The rights, benefits and obligations of any Entity named or referred to in the Plan or any Plan Document shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

### **12.10. Transfer of Claims**

Any transfer of a Claim shall be in accordance with Bankruptcy Rule 3001(e) and the terms of this Section 12.10. Notice of any such transfer shall be forwarded to the Debtors by registered or certified mail, as set forth in Section 12.11 hereof. Both the transferee and transferor shall execute any notice, and the signatures of the parties shall be acknowledged before a notary public. The notice must clearly describe the interest in the Claim to be transferred. No transfer of a partial Claim shall be allowed. All transfers must be of one hundred percent (100%) of the transferor's interest in the Claim.

### **12.11. Notices**

All notices, requests, and demands required or permitted to be provided to the Debtors, the Purchaser, the Reorganized Debtors, the Official Committee, or the Distribution Trust under the Plan shall be in writing and shall be deemed to have been duly given or made (a) when actually delivered (i) by certified mail, return receipt requested, (ii) by hand delivery or (iii) by mail, postage prepaid or, (b) in the case of notice by facsimile transmission, when received and confirmed, addressed (in all instances, with a simultaneous copy by electronic mail, which shall not independently constitute notice) as follows:

- (a) If to the Debtors, at:

Scottish Holdings, Inc.  
Scottish Annuity & Life Insurance Company (Cayman) Ltd.  
14120 Ballantyne Corporate Place, Suite 300  
Charlotte, NC 28277  
Facsimile: (704) 752-7736  
Attn: Gregg Klingenberg, Chief Executive Officer  
Gregg.Klingenberg@scottishre.com

*with copies to:*

Hogan Lovells US LLP



875 Third Avenue  
New York, NY 10022  
Facsimile: (212) 918-3100  
Attn: Peter Ivanick, Esq.  
Lynn W. Holbert, Esq.  
John D. Beck, Esq.  
Email: peter.ivanick@hoganlovells.com  
lynn.holbert@hoganlovells.com  
john.beck@hoganlovells.com

-and-

Morris, Nichols, Arsht & Tunnell LLP  
1201 N. Market St., 16th Floor  
PO Box 1347  
Wilmington, DE 19899-1347  
Facsimile: (302) 658-3989  
Attn: Eric D. Schwartz, Esq.  
Gregory W. Werkheiser, Esq.  
Matthew B. Harvey, Esq.  
Email: eschwartz@mnat.com  
gwerkheiser@mnat.com  
mharvey@mnat.com

-and-

Mayer Brown LLP  
1221 Avenue of the Americas  
New York, New York 10020  
Telephone: (212) 506-2227  
Facsimile: (212) 262-1910  
Email: fmonaco@mayerbrown.com  
srooney@mayerbrown.com  
Attn: Stephen G. Rooney, Esq.  
Francis R. Monaco, Esq.

(b) If to the Purchaser or the Reorganized Debtors, at:

Hildene Re Holdings, LLC  
c/o Hildene Capital Management, LLC  
700 Canal Street, Suite 12C  
Stamford, CT 06902  
Telephone: (203) 517-2500  
Email: dhoffman@hildenecap.com  
jnam@hildenecap.com

Attention: David Hoffman, General Counsel  
Jennifer Nam, Deputy General Counsel

*with a copy to:*

Kramer Levin Naftalis & Frankel LLP  
1177 Avenue of the Americas  
New York, New York 10036  
Telephone: (212) 715-9100  
Facsimile: (212) 715-8000  
Email: szide@kramerlevin.com  
ewechsler@kramerlevin.com  
ayerramalli@kramerlevin.com  
smerl@kramerlevin.com  
Attention: Stephen Zide, Esq.  
Ernest S. Wechsler, Esq.  
Anupama Yerramalli, Esq.  
Seth R. Merl, Esq.

(c) If to the Official Committee, at:

Pepper Hamilton LLP  
Hercules Plaza, Suite 5100  
1313 Market Street  
P.O. Box 1709  
Wilmington, DE 19899-1709 (Courier Deliveries: 19801-1151)  
Facsimile: (302) 421-8390  
Attn: David M. Fournier, Esq.  
H. Peter Haveles Jr., Esq.  
John Henry Schanne II, Esq.  
Email: fournierd@pepperlaw.com  
havelesp@pepperlaw.com  
schannej@pepperlaw.com

(d) If to the Distribution Trustee, at the contact information to be supplied in the notice of the occurrence of the Effective Date.

## **12.12. U.S. Trustee Fees and Reports**

The Debtors will pay pre-confirmation fees owed to the U.S. Trustee on or before the Effective Date of the Plan. After confirmation, the Distribution Trustee will file with the court and serve on the U.S. Trustee quarterly financial reports in a format prescribed by the U.S. Trustee, and the Distribution Trustee will pay from the Distribution Trust post-confirmation quarterly fees to the U.S. Trustee until a final decree is entered or the case is converted or dismissed as provided in 28 U.S.C. § 1930(a)(6).

### **12.13. Implementation**

The Debtors, the Reorganized Debtors, the Purchaser, and the Distribution Trustee shall be authorized to perform all reasonable, necessary and authorized acts to consummate the terms and conditions of the Plan and the Plan Documents.

### **12.14. No Admissions**

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission by the Debtors with respect to any matter set forth herein, including, without limitation, liability on any Claim or Interest or the propriety of the classification of any Claim or Interest.

### **12.15. SRGL Consent Rights Reserved**

For the avoidance of doubt, all SRGL Consent Rights relating to Specified Restructuring Documents are reserved in their entirety. Nothing herein shall affect SRGL's rights under the Restructuring Implementation Agreement, all of which are incorporated herein by reference, including in respect of the Restructuring Documents and the Specified Restructuring Documents. Without limiting the generality of the foregoing, (a) the Restructuring Documents shall, unless otherwise expressly indicated in the Restructuring Implementation Agreement, be consistent in all material respects with the Restructuring Implementation Agreement, and (b) the Specified Restructuring Documents shall be consistent in all material respects with the Restructuring Implementation Agreement and subject to the SRGL Consent Rights. Notwithstanding anything to the contrary in the Restructuring Implementation Agreement, nothing set forth in the Restructuring Implementation Agreement or this Plan shall operate as a waiver or release of (i) the Admitted SALIC/SRGL Revolver Claim; (ii) SALIC/SRGL Claims; or (iii) any Causes of Action against the SRGL Equity Holders.

### **12.16. Substantial Consummation**

The Plan shall be deemed substantially consummated on the Effective Date.

### **12.17. Final Decree**

On full consummation and performance of the Plan and Plan Documents, the Distribution Trustee may request the Bankruptcy Court to enter a final decree closing the Chapter 11 Cases and such other orders that may be necessary and appropriate.

**Scottish Holdings, Inc.**  
**Scottish Annuity & Life Insurance Company (Cayman) Ltd.**

/s/ Gregg Klingenberg  
Gregg Klingenberg  
Chief Executive Officer

**Exhibit A**

**Glossary of Defined Terms**

**EXHIBIT A**  
**Glossary of Defined Terms**

1.1 “Administrative Claim” means a Claim for any costs or expenses of administration of the Estates under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation, for: (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors; (b) any payment to be made under the Plan to cure a default on an assumed Executory Contract or assumed Unexpired Lease; (c) any postpetition cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtors in the ordinary course of its business or by order of the Bankruptcy Court; (d) any Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order under section 546(c)(2)(A) of the Bankruptcy Code; (e) any Allowed Claims of Professionals in the Chapter 11 Cases; and (f) any fees and charges assessed against the Estate under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911–1930.

1.2 “Administrative Claims Bar Date” means, (i) for any Administrative Claim (other than a Professional Fee Claim) incurred prior to the Confirmation Date, the date that is thirty (30) days after the Confirmation Date or such earlier deadline applicable to such Administrative Claim as established by order of the Bankruptcy Court entered before the Confirmation Date ; or (ii) for any Administrative Claim (other than a Professional Fee Claim) incurred between the Confirmation Date and the Effective Date, the date that is thirty (30) days after the Effective Date or such earlier deadline applicable to such Administrative Claim as established by order of the Bankruptcy Court entered before the Effective Date.

1.1 “Admitted SALIC/SRGL Revolver Claim” shall have the meaning set forth in paragraph 11 of the RIA Order.

1.2 “Affiliate” means “affiliate” as defined in section 101(2) of the Bankruptcy Code. With respect to any Person that is not a Debtor, the term “Affiliate” shall apply to such person as if the Person were a Debtor.

1.3 “Allocated Portion” means with respect to a particular issuance of TruPS, the portion of the TruPS Claim allocable on a pro rata basis to a Beneficial Holder on account of its beneficial ownership of such TruPS, as determined in accordance with the applicable TruPS Declaration.

1.4 “Allocation/Use Priorities” means the waterfall described in Section 6.1(b) of the Plan.

1.5 “Allowed” or “Allowance” means with respect to any Claim (including any Administrative Claim) or portion thereof (to the extent such Claim is not Disputed or Disallowed) or any Interest (a) any Claim or Interest, proof of which (i) was timely Filed with the Bankruptcy Court or its duly appointed claims agent, (ii) was deemed timely filed pursuant to section 1111(a) of the Bankruptcy Code, or (iii) by the Bar Date Order or other Final Order, was not required to be Filed; (b) any Claim or Interest that has been, or hereafter is, listed in the Schedules as liquidated in an amount other than zero or unknown and not Disputed or

Contingent (or as to which the applicable Proof of Claim has been withdrawn or Disallowed); and (c) any Claim or Interest which has been allowed (whether in whole or in part) by the Plan, the Restructuring Implementation Agreement or the RIA Order or other Final Order (but only to the extent so allowed), and, in (a) and (b) above, as to which no objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate or otherwise limit recovery with respect thereto, has been Filed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order; (d) any Claim or Interest allowed under or pursuant to the terms of the Plan; (e) any Claim arising from the recovery of property under sections 550 or 553 of the Bankruptcy Code which has been allowed in accordance with section 502(h) of the Bankruptcy Code; (f) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order, in either case only if a Proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law; or (g) which is a Professional Claim for which a fee award amount has been approved by order of the Bankruptcy Court; provided, however, that Claims or Interests allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed” hereunder. For the avoidance of doubt, a Proof of Claim Filed after the Bar Date or a request for payment of an Administrative Claim Filed after the Administrative Claims Bar Date, as applicable, shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim.

1.6 “Applicable Law” means any foreign, domestic, state, federal, national, international, multinational, regional or local law, statute, ordinance, rule, regulation, writ, directive, treaty, order, judgment, decree, injunction or other legally binding obligation imposed by or on behalf of a Governmental Unit.

1.7 “Available Plan Distribution Funding Amount” means all of the Plan Funding Payment *less* the amounts set forth in Sections 6.1(b)(1) through (5) of the Plan.

1.8 “Ballantyne” means Ballantyne Re II plc.

1.9 “Ballot” means each of the ballot forms distributed to each Holder of a Claim or Interest entitled to vote to accept or reject the Plan on which the Holder indicates either acceptance or rejection of the Plan and (when applicable) any election for treatment of such Claim under the Plan.

1.10 “Bankruptcy Code” means the Bankruptcy Reform Act of 1978, as codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases.

1.11 “Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware or such other court as may have jurisdiction over the Chapter 11 Cases.

1.12 “Bankruptcy Rules” means, when referenced generally, (i) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under section 2075 of title 28 of the United States Code, (ii) the applicable Federal Rules of Civil

Procedure, as amended and promulgated under section 2072 of title 28 of the United States Code, (iii) the applicable Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware, and (iv) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceedings therein, as the case may be; provided, however, when a specific Bankruptcy Rule is referenced (e.g., Bankruptcy Rule 9019), such reference shall be to such Rule under the Federal Rules of Bankruptcy Procedure.

1.13 “Bar Date” means, for any Claim, the date set by the Bankruptcy Court by the Bar Date Order as the last day for Filing a Proof of Claim on account of such Claim against the Debtors in the Chapter 11 Cases.

1.14 “Bar Date Order” means the *Order (A) Establishing Bar Dates For Filing Proofs Of Claim, (B) Approving The Form And Manner For Filing Proofs Of Claim, (C) Approving Notice Thereof, And (D) Granting Related Relief* entered by the Bankruptcy Court on March 28, 2018, at Docket No. 189.

1.15 “Beneficial Holder” means, with respect to any TruPS, the person or entity having “beneficial ownership” of such TruPS (as determined pursuant to Rule 13d-3 of the Securities Exchange Act of 1934).

1.16 “BNYM” means The Bank of New York Mellon Trust Company, N.A., as trustee.

1.17 “Business Day” means any day, excluding Saturdays, Sundays, or “legal holidays” (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in Wilmington, Delaware.

1.18 “Cash” or “\$” means legal tender of the United States of America or the equivalent thereof, including bank deposits, checks and cash equivalents.

1.19 “Cash Election” means an election made by a New Equity Eligible Holder to take its Distribution from the Plan Funding Payment under the Plan in the form of Cash, which shall be made by checking the “Cash Distribution” box on its timely completed and submitted Ballot. In the event that a New Equity Eligible Holder fails to make an election or fails to submit a Ballot, then such New Equity Eligible Holder shall be deemed to have made the Cash Election.

1.20 “Causes of Action” means any and all Claims, causes of action, controversies, obligations, suits, judgments, damages, demands, debts, rights, preference actions, fraudulent conveyance actions and other claims or causes of action under sections 510, 544, 545, 546, 547, 548, 549, 550 and 553 of the Bankruptcy Code and other similar state law claims and causes of action, Liens, indemnities, guaranties, suits, liabilities, judgments, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, suspected or unsuspected, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, arising in law, equity or pursuant to any other theory of law. For the avoidance of doubt, Causes of Action also includes: (a) any right of setoff, counterclaim or recoupment and

any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to sections 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state law fraudulent transfer claim.

1.21 “Cayman Islands Court” means the Grand Court of the Cayman Islands, Financial Services Division.

1.22 “Cayman Islands Winding Up Proceedings” means winding up proceedings of SRGL in the Cayman Islands Court.

1.23 “Cerberus” means Cerberus Capital Management, L.P., and SRGL Acquisition.

1.24 “Certificate” means any instrument evidencing a Claim or Interest.

1.25 “Chapter 11 Cases” mean the jointly administered chapter 11 cases of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd., Case No. 18-10160 (LSS) in the United States Bankruptcy Court for the District of Delaware.

1.26 “Charging Lien” means any Lien or other priority in payment to which a TruPS Indenture Trustee is entitled under the terms of a TruPS Indenture to assert against Distributions to be made to Holders of Claims under such TruPS Indenture.

1.27 “Claim” has same meaning as “claim” under section 101(5) of the Bankruptcy Code section.

1.28 “Claims Objection Deadline” means the date that is one hundred eighty (180) days after the Effective Date or such later date as may be extended by order of the Bankruptcy Court.

1.29 “Class” means a category of Holders of Claims or Interests pursuant to section 1122(a) of the Bankruptcy Code, as described in Articles III and IV of the Plan.

1.30 “Closing” has the meaning as defined in the Stock Purchase Agreement.

1.31 “Closing Date” has the meaning as defined in the Stock Purchase Agreement.

1.32 “Closing Date Plan Distributions” means Distributions, and the Cash to be distributed on account thereof, to the Holders of Secured Claims, Administrative Claims, Priority Claims, and Priority Non-Tax Claims all to the extent Allowed as of the Effective Date, provided that in no event shall the aggregate of Closing Date Plan Distributions exceed the Plan Funding Payment.

1.33 “Confirmation” means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified having been (a) satisfied, or (b) waived.



1.34 “Confirmation Date” means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

1.35 “Confirmation Hearing” means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider Confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.36 “Confirmation Order” means the order of the Bankruptcy Court confirming the Plan pursuant to, among others, section 1129 of the Bankruptcy Code, which shall be in form and substance reasonably acceptable to the Purchaser.

1.37 “Contract Objection” has the meaning set forth in Section 8.3(b) of the Plan.

1.38 “Contract Objection Deadline” has the meaning set forth in Section 8.3(b) of the Plan.

1.39 “Creditor” means any Holder of a Claim.

1.40 “Cure” means the Distribution of Cash, or such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, with respect to the assumption or assumption and assignment of an Executory Contract or Unexpired Lease, pursuant to Bankruptcy Code section 365(b), in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties, under such Executory Contract or Unexpired Lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law and as determined pursuant to Section 8.3 of the Plan.

1.41 “Cure Amount” means, for any Executory Contract or Unexpired Lease, the amount of the Cure asserted by the Debtors or the counterparty, as applicable.

1.42 “Debtors” means Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd., the debtors and debtors in possession in these Chapter 11 Cases.

1.43 “Delaware DOI” means the Delaware Department of Insurance.

1.44 “Disallowed” means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in a Debtor which is not Allowed and: (i) has been disallowed, in whole or part, by a Final Order; (ii) has been withdrawn by agreement of the Holder thereof and the applicable Debtor(s), in whole or in part; (iii) has been withdrawn, in whole or in part, by the Holder thereof; (iv) if listed in the Schedules as zero or as Disputed, contingent or unliquidated and in respect of which a Proof of Claim or a Proof of Interest, as applicable, has not been timely Filed or deemed timely Filed pursuant to the Plan, the Bankruptcy Code or any Final Order or other applicable law; (v) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the Filed amount of any Proof of Claim or Proof of Interest; (vi) is evidenced by a Proof of Claim or a Proof of Interest which has been Filed, or which has been deemed to be Filed under applicable law or order of the Bankruptcy Court or which is required to be Filed by order of the Bankruptcy

Court but as to which such Proof of Claim or Proof of Interest was not timely or properly Filed; (vii) is unenforceable to the extent provided in section 502(b) of the Bankruptcy Code; (viii) where the holder of a Claim is a Person or Entity from which property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, unless such Person, Entity or transferee has paid the amount, or turned over any such asset or property, for which such Person, Entity or transferee is liable under section 522(i), 542, 543, 550, or 553 of the Bankruptcy Code; or (ix) is for reimbursement or contribution that is contingent as of the time of allowance or disallowance of such claim. In each case a Disallowed Claim is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

1.45 “Disallowed Claim” means a Claim, or any portion thereof, that is Disallowed.

1.46 “Disclosure Statement” means the disclosure statement for the Plan, as amended, supplemented or modified from time to time, describing the Plan, that is prepared and distributed in accordance with, among others, sections 1125, 1126(b) and 1145 of the Bankruptcy Code, Bankruptcy Rule 3018 and other applicable law.

1.47 “Disclosure Statement Order” means the order of the Bankruptcy Court approving the Disclosure Statement and solicitation procedures with respect to the Plan.

1.48 “Disputed” means, with respect to any Claim, including Priority Claims and Administrative Claims, that has not been Allowed, (a) if no Proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on the Debtor’s Schedules as other than disputed, contingent or unliquidated, but as to which the Debtors or Reorganized Debtors or, prior to the Effective Date, any other party in interest, has Filed an objection by the Claims Objection Deadline, and such objection has not been withdrawn or denied by a Final Order; or (ii) a Claim that is listed on the Debtors’ Schedules as disputed, contingent or unliquidated; or (b) if a Proof of Claim or request for payment of an Administrative Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which no corresponding Claim is listed on the Debtor’s Schedules; (ii) a Claim for which a corresponding Claim is listed on the Debtor’s Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the Proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (iii) a Claim for which a corresponding Claim is listed on the Debtor’s Schedules as disputed, contingent or unliquidated; (iv) a Claim for which an objection has been Filed by the Debtors or Reorganized Debtors or, prior to the Effective Date, any other party in interest, by the Claims Objection Deadline, and such objection has not been withdrawn or denied by a Final Order; or (v) a tort claim.

1.49 “Disputed Claim Amount” means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim that has not been Allowed, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim; (ii) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim; or (iii) if a request for estimation is Filed by any party, the amount at which such Disputed Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim

relating to a Disputed Claim, (i) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim; or (c) zero, if the Disputed Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was Filed, or deemed to have been Filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Court.

1.50 “Disputed Claims Reserve” means, Cash set aside by the Distribution Trustee in the amount required pursuant to Section 6.3(f)(i) of the Plan for each Disputed Claim that, as of the Effective Date, is neither an Allowed Claim nor a Disallowed Claim, and includes, without limitation, a Claim that is the subject of a timely objection or request for estimation with the Bankruptcy Court, which has not been withdrawn, settled or overruled by a Final Order; *provided, however*, if any dispute arises regarding any increase or reduction of the Disputed Claims Reserve, the Distribution Trustee shall consult with the Purchaser and the Reorganized Debtors, and obtain approval of the Bankruptcy Court, which shall have jurisdiction and power to set the amount of the reserve applying the principals of section 502(c) of the Bankruptcy Code to estimate any claim.

1.51 “Distribution” means any distribution pursuant to the Plan to the Holders of Allowed Claims or Interests.

1.52 “Distribution Date” means (a) with respect to Distributions made as Closing Date Plan Distributions, the Effective Date, (b) with respect to a DT Initial Distribution, the DT Initial Distribution Date, and (c) with respect to a DT Subsequent Distribution, the DT Subsequent Distribution Date.

1.53 “Distribution Trust” means the trust to be formed on or prior to the Effective Date in accordance with the provisions of Section 6.3 of the Plan and the Distribution Trust Agreement for the payment of Allowed Claims and for the benefit of the Distribution Trust Beneficiaries as set forth herein.

1.54 “Distribution Trust Agreement” means the trust agreement that establishes the Distribution Trust and governs the powers, duties, and responsibilities of the Distribution Trustee. The Distribution Trust Agreement shall be part of the Plan Supplement, and shall be in form and substance reasonably acceptable to the Committee, the Debtors and the Purchaser.

1.55 “Distribution Trust Assets” means: (a) the Admitted SALIC/SRGL Revolver Claim; (b) all DT Post-Closing Rights; (c) the SFL Shares; and (d) any and all Causes of Action against the SRGL Equity Holders.

1.56 “Distribution Trust Asset Proceeds” means the proceeds of the Distribution Trust Assets, net of expenses incurred in preserving and/or monetizing such Distribution Trust Assets.

1.57 “Distribution Trust Beneficiaries” means the Holders of Allowed Claims in Classes 4, 5, 6, and 7, whether Allowed on or after the Effective Date.

1.58 “Distribution Trust Reserves” means the Disputed Claims Reserve, the Professional Fee Reserve, the Trust Administration Reserve.

1.59 “Distribution Trustee” the Person appointed under the Plan and Distribution Trust Agreement to administer the Distribution Trust, which Person shall be selected by the Committee and reasonably acceptable to the Debtors and the Purchaser; *provided, however*, that the Distribution Trustee shall not take any action inconsistent with the purposes of the Distribution Trust and the qualification of the Distribution Trust as a “liquidating trust” for U.S. federal income tax purposes.

1.60 “DT Initial Distribution” means the Distribution set forth in section 6.3(i).

1.61 “DT Initial Distribution Date” means, for Distributions of New Equity, the Effective Date, and for Distributions of Cash, the date that is as soon as reasonably practicable after the Administrative Claims Bar Date, when Distributions from the Distribution Trust shall commence to Holders of Allowed Claims.

1.62 “DT Subsequent Distribution” means after the completion of the DT Initial Distribution, the distributions to the Holders of Allowed Claims in Classes 4, 5, 6 and 7 on account of their Allowed Claims from Distribution Trust Asset Proceeds; *provided, however*, as set forth in the Plan, that the Distribution Trustee shall not be required to make a Distribution pursuant to this Section 6.3(i) of the Plan if the Distribution Trustee determines that the expense associated with making the Distribution would likely utilize a substantial portion of the amount to be distributed, thus making the Distribution impracticable.

1.63 “DT Subsequent Distribution Date” means any later date that a Distribution not made on the DT Initial Distribution Date is made.

1.64 “DT Post-Closing Rights” has meaning as defined in the Stock Purchase Agreement.

1.65 “Effective Date” means any Business Day following the date on which all conditions to consummation set forth in Section 9.1 of the Plan have been satisfied or, if capable of being duly and expressly waived, as provided in Section 9.2 of the Plan, any conditions to the occurrence of consummation set forth in the Plan have been satisfied or waived.

1.66 “Eligible SALIC TruPS Claims” means all TruPS Claim against SALIC arising from or relating to the SHST I TruPS, the SHST III TruPS or the SFLST I TruPS.

1.67 “Eligible SHI TruPS Claims” means all TruPS Claim against SHI arising from or relating to the SHST I TruPS or the SHST III TruPS.

1.68 “Entity” means a Person, estate, trust, Governmental Unit, and U.S. Trustee, within the meaning of Bankruptcy Code section 101(15).

1.69 “Estates” means the estates of the Debtors in the Chapter 11 Cases created pursuant to section 541 of the Bankruptcy Code.

1.70 “Exculpated Parties” means (a) the Debtors, (b) the Reorganized Debtors, (c) the Official Committee (including the current and former Official Committee members in their capacities as such); (d) the Voting Agent; and (e) for each of the foregoing, their respective

Representatives, each to the extent that they held such office or capacity during the pendency of the Chapter 11 Cases; *provided, however*, that, the SRGL Equity Holders shall not be an Exculpated Party or a Representative of an Exculpated Party.

1.71 “Executory Contract” means any contract or Unexpired Lease to which the Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.72 “Face Amount” means the outstanding amount of any Certificate or Claim.

1.73 “File,” “Filed” or “Filing,” means, respectively, file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases; *provided, however*, that with respect to Proofs of Claim and Proofs of Interest only, “Filed” shall mean delivered and received in the manner provided by the Bar Date Order or as otherwise established by order of the Bankruptcy Court.

1.74 “Final Order” means an order, ruling, judgment, the operation or effect of a judgment or other decree issued and entered by the Bankruptcy Court or by any state or other federal court or other court of competent jurisdiction which has not been reversed, vacated, stayed, modified or amended and as to which (i) the time to appeal or petition for review, rehearing, certiorari, reargument or retrial has expired and as to which no appeal or petition for review, rehearing, certiorari, reargument or retrial is pending or (ii) any appeal or petition for review, rehearing, certiorari, reargument or retrial has been finally decided and no further appeal or petition for review, rehearing, certiorari, reargument or retrial can be taken or granted; *provided, however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

1.75 “General Unsecured Claim” means any unsecured Claim that is not an Administrative Claim, Priority Claim, Priority Tax Claim, Professional Fee Claim, Secured Claim, a claim for U.S. Trustee Fees, Intercompany Claim, or Subordinated Claim.

1.76 “General Unsecured Creditor” means any Holder of a General Unsecured Claim.

1.77 “Governmental Unit” has the meaning of such term under Bankruptcy Code section 101(27).

1.78 “GPIC TruPS” has the meaning ascribed to such term in the definition of “TruPS”.

1.79 “GPIC TruPS Debentures” has the meaning ascribed to such term in the definition of “TruPS Debentures”.

1.80 “Holder” means the legal or beneficial holder of a Claim or Interest (and, when used in conjunction with a Class or type of Claim or Interest, means a Holder of a Claim or Interest in such Class or of such type). Additionally, in reference to the Distribution Trust, the term “Holder” means the legal or beneficial holder of an Allowed Claim.

1.81 “Impaired” means, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.82 “Impaired Class” means a Class of Claims or Interests that are Impaired.

1.83 “Indemnified D&O Parties” means each present and former director and officer of each of the SALIC Group Companies, as set forth in Section 5.8(a) of the Stock Purchase Agreement.

1.84 “Indemnification Obligation” means any Claim against or obligation of the Debtors to indemnify, reimburse, advance expenses or provide contribution to or with respect to any present or former officers, directors or employees pursuant to by-laws, articles of incorporation, agreements, contracts, common law or otherwise as may be in existence immediately prior to the Effective Date.

1.85 “Indenture Trustee Fee Reserve” means the reserve to be established at the Distribution Trust and funded on or before the Effective Date in an amount that the Debtors estimate in good faith, after consultation with the Purchaser, the Committee, and the relevant TruPS Indenture Trustees, to be necessary to pay in full, but subject to the relevant Indenture Trustee Fee Caps, (a) any amounts payable to the TruPS Indenture Trustees for Indenture Trustee Fees incurred prior to the Effective Date but not paid to the relevant Indenture Trustees as Closing Date Plan Distributions and (b) any amounts reasonably estimated to be incurred after the Effective Date for TruPS Indenture Trustees for the SHST I Debentures, the SHST III Debentures and the SFLST I Debentures. For the avoidance of doubt, the Distribution Trustee shall be under no obligation to reserve any amount in the Indenture Trustee Fees Reserve on account of post-Effective Date Indenture Trustee Fees that may be incurred by the TruPS Indenture Trustees for the SHST II Debentures or the GPIC Debentures.

1.86 “Indenture Trustee Fees” means the reasonable and documented fees and out-of-pocket expenses of the TruPS Indenture Trustees that are recoverable by such TruPS Indenture Trustees in accordance with the terms of their respective TruPS Indentures. For the avoidance of doubt, the Indenture Trustee Fees are subject in all respects to the applicable Indenture Trustee Fee Cap.

1.87 “Indenture Trustee Fee Cap” is defined in Section 4.1(d)(iv) of this Plan.

1.88 “Insider” has the meaning set forth in section 101(31) of the Bankruptcy Code.

1.89 “Intercompany Claims” means all Claims between or among any Debtors and any other SALIC Group Company. For the avoidance of doubt, Claims by or against SFL and SRGL are not Intercompany Claims for purpose of the Plan.

1.90 “Interest” means the legal, equitable, contractual interests, equity interests or ownership interests, or other rights of any Person in the Debtors including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership

interests in the Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock whether or not certificated, transferable, voting or denominated "stock" or a similar security.

1.91 "Joint Liquidators" has the meaning set forth in the Restructuring Implementation Agreement.

1.92 "KBW" means Keefe, Bruyette & Woods, Inc., the Debtors' investment banker.

1.93 "KBW Reserved Funds" means, as contemplated by Paragraph 3 of the KBW Retention Order, Cash set aside in the amount of \$300,000 by the Debtors in the client trust account of their bankruptcy counsel on account of Monthly Service Fees otherwise due KBW for March, April and May, 2018.

1.94 "KBW Retention Order" means that certain *Order under Sections 327(a), 328(a) and 1107(b) of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Local Rules 2014-1 and 2016-2(h) Authorizing Retention and Employment of Keefe, Bruyette & Woods, Inc. as Debtors' Investment Banker nunc pro tunc to the Petition Date*, entered in the Chapter 11 Cases on March 12, 2018 (D.I. 155).

1.95 "Lien" means, with respect to any asset or property (or the rents, revenues, income, profits or proceeds therefrom), and in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise: (a) any and all mortgages or hypothecation to secure payment of a debt or performance of an obligation, liens, pledges, attachments, charges, leases evidencing a capitalizable lease obligation, conditional sale or other title retention agreement, or other security interest or encumbrance or other legally cognizable security devices of any kind in respect of any asset or property, or upon the rents, revenues, income, profits or proceeds therefrom; or (b) any arrangement, express or implied, under which any asset or property is transferred, sequestered or otherwise identified for the purpose of subjecting or making available the same for the payment of debt or performance of any other obligation in priority to the payment of general unsecured Creditors.

1.96 "Mass Mutual" means Massachusetts Mutual Life Insurance Company, MassMutual Capital Partners LLC, Benton Street Partners I, L.P., Benton Street Partner II, L.P., and Benton Street Partners III, L.P.

1.97 "New Corporate Governance Documents" means the corporate governance documents for the Reorganized Debtors and New Holdco (if applicable), including charters, bylaws, memoranda and article of association, operating agreements, or other organization or formation documents, as applicable, including, but not limited to, the Stockholders Agreement. For the avoidance of doubt, all New Corporate Governance Documents shall be in form and substance acceptable to the Purchaser in the Purchaser's sole discretion (other than that such New Corporate Governance Documents must not be materially inconsistent with the terms of the Plan).

1.98 “New Equity” means (i) if the Purchaser elects for SALIC to issue New SALIC Equity pursuant to the Plan, the New SALIC Equity; or (ii) if the Purchaser elects in accordance with Section 6.1(f) of this Plan to form New Holdco and for New Holdco to issue its voting capital stock or membership interests, the voting capital stock of or membership interests in New Holdco, as applicable.

1.99 “New Equity Election” means an election made by a New Equity Eligible Holder to take its Distribution in the form of Offered New Equity, which shall be made by checking the “New Equity Distribution” box on its timely completed and submitted Ballot. In the event that a New Equity Eligible Holder fails to make a New Equity Election or fails to submit a Ballot, then such New Equity Eligible Holder shall be deemed to have made the Cash Election.

1.100 “New Equity Eligible Beneficial Holder” means a Beneficial Holder of TruPS other than SRGL.

1.101 “New Equity Eligible Holders” means (i) all New Equity Eligible Beneficial Holders and (ii) the SFL Receiver with respect to the SFL Note Claim, the extent that the SFL Note Claim has become an Allowed Class 6 Claim.

1.102 “New Holdco” means a newly organized Entity, which, if organized by the Purchaser, shall have 100% of the New SALIC Equity as its primary asset and shall engage in no business other than to act as a holding company for such New SALIC Equity.

1.103 “New SALIC Equity” means 19,999,999,999 Ordinary Shares of SALIC to be issued under the terms of the Plan, the Restructuring Implementation Agreement, the Share Surrender Documents, the New SALIC Shares Issuance Documents, and the Stock Purchase Agreement.

1.104 “New SHI Equity” means 100% of the new common stock of SHI to be issued to, or at the direction of, the Purchaser.

1.105 “New SALIC Shares Issuance Documents” means each of the documents, directions and resolutions reasonably required of SALIC to effectuate the New SALIC Shares Issuance. The New SALIC Shares Issuance Documents shall be in form and substance reasonably satisfactory to the Purchaser, and otherwise subject to the SRGL Consent Rights.

1.106 “Offered New Equity” refers to the thirty percent (30%) of New Equity to be offered to New Equity Eligible Holders pursuant to the Plan.

1.107 “Official Committee” means the Official Committee of Unsecured Creditors appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code, as the membership of such committee is constituted and reconstituted from time to time.

1.108 “Ordinary Shares” shall have the meaning ascribed to such term in the Stock Purchase Agreement.

1.109 “Orkney Re II” means Orkney Re II plc.



1.110 “Person” means and includes a natural person, individual, partnership, corporation (as defined in section 101(a) of the Bankruptcy Code), or organization including, without limitation, corporations, limited partnerships, limited liability companies, general partnerships, joint ventures, joint stock companies, trusts, land trusts, business trusts, unincorporated organizations or associations, Official Committee, or ad hoc committee, or other organizations, irrespective of whether they are legal entities, governmental bodies (or any agency, instrumentality or political subdivision thereof), or any other form of legal entities; provided, however, the term “Person” does not include Governmental Units, except that a Governmental Unit that (a) acquires an asset from a Person (i) as a result of the operation of a loan guarantee agreement or (ii) as receiver or liquidating agent of a Person; (b) is a guarantor of a pension benefit payable by or on behalf of a Debtor or an Affiliate of a Debtor; or (c) is the legal or beneficial owner of an asset of (i) an employee pension benefit plan that is a governmental plan, as defined in section 414(d) of the Internal Revenue Code of 1986 or (ii) an eligible deferred compensation plan, as defined in section 457(b) of the Internal Revenue Code of 1986, shall be considered for purposes of section 1102 of the Bankruptcy Code to be a Person with respect to such asset or such benefit.

1.111 “Petition Date” means January 28, 2018, the date on which each Debtor Filed its petition for relief commencing the Chapter 11 Cases.

1.112 “Plan” means the Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd., as it may be altered, amended, modified or supplemented from time to time including in accordance with its terms, any Plan Supplement, the Bankruptcy Code or the Bankruptcy Rules.

1.113 “Plan Documents” means, collectively, those material documents executed or to be executed in order to consummate the transactions contemplated under the Plan, including without limitation the Plan Supplement, which shall be Filed with the Bankruptcy Court in advance of the Confirmation Hearing, which shall be in form and substance reasonably acceptable to the Purchaser.

1.114 “Plan Funding Payment” means an amount equal to twenty-one million five hundred thousand dollars (\$21,500,000), subject to downward adjustment in an amount equal to the TruPS Returned Cash, which shall be funded by Purchaser to the Distribution Trust (subject to the payments and reserves provided for in Sections 6.1(b)(1) through (5) of the Plan on the Effective Date as provided in the SPA and as a condition to occurrence of the Effective Date.

1.115 “Plan Sponsorship Agreement” means that certain Plan Sponsorship Agreement among the Stalking Horse and the Debtors, dated as of January 28, 2018, and approved by order of the Bankruptcy Court entered on February 27, 2018, at Docket No. 115.

1.116 “Plan Supplement” means the supplement to the Plan to be Filed hereafter to supplement or clarify aspects of the Plan, and which shall include, among others: (a) the following documents, each of which shall be in form and substance acceptable to the Purchaser, (i) the Rejection Schedule, (ii) the New Corporate Governance Documents, (iii) the identity of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Reorganized Debtors, (iv) the identity of any insider that will be employed or

retained by the Reorganized Debtors and the nature of any compensation for such insider, and (v) a notice stating whether the New Equity will be issued by Reorganized SALIC or New Holdco; and (vi) the Stockholders Agreement; and (b) the Distribution Trust Agreement, which shall be in form and substance reasonably acceptable to the Debtors, the Committee and the Purchaser; and (c) the identity of the Distribution Trustee (who shall be a Person selected by the Committee that is reasonably acceptable to the Debtors and the Purchaser) and the material terms of the Distribution Trustee's proposed compensation if not already set forth in the Distribution Trust Agreement.

1.117 "Pre-Effective Date Indenture Trustee Fee Estimate" means any amounts reasonably estimated to be incurred after the Confirmation Date for the TruPS Indenture Trustees for Indenture Trustee Fees incurred prior to the Effective Date but not paid to the relevant Indenture Trustees on the Effective Date.

1.118 "Post-Effective Date Indenture Trustee Fee Estimate" means any amounts reasonably estimated to be incurred after the Effective Date for TruPS Indenture Trustees for the SHST I Debentures, the SHST III Debentures and the SFLST I Debentures ("Post-Effective Date Indenture Trustee Fees").

1.119 "Priority Claims" means any and all Priority Tax Claims and Priority Non-Tax Claims.

1.120 "Priority Non-Tax Claim" means any and all Allowed Claims accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim.

1.121 "Priority Tax Claim" means any and all Claims of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.122 "Professional" means any professional employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327, 328, or 1103, or for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.123 "Professional Fee Claim" means a Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred after the Petition Date and on or before the Effective Date.

1.124 "Professional Fee Reserve" means a professional fee reserve to be maintained by the Distribution Trust in an amount mutually agreed by the Debtors, the Committee, and the Purchaser, and estimated in good faith, after consultation with the relevant Professionals, to be necessary to pay in full all amounts then owing or that may later become owing to such Professionals for professional fees and expenses incurred through the Effective Date.

1.125 "Proof of Claim" means a proof of claim Filed with the Bankruptcy Court or its duly appointed claims agent in connection with the Chapter 11 Cases pursuant to section 501 of the Bankruptcy Code.

1.126 “Purchaser” means Hildene Re Holdings, LLC, and its permitted designees, successors and assigns.

1.127 “Recapitalization Funding Payment” means an amount equal to twelve million five hundred thousand dollars (\$12,500,000), which shall be utilized by Reorganized SALIC to recapitalize the SALIC Group Companies after Closing, as such amount is reduced on a dollar-for-dollar basis by any Cure Amounts paid by the Debtors on behalf of the Purchaser in excess of \$100,000 in accordance with Section 2.2(b) of the Stock Purchase Agreement.

1.128 “Reinstate,” “Reinstated” or “Reinstatement” means with respect to Claims and Interests, that the Claim or Interest shall be rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.

1.129 “Rejection Schedule” means that certain schedule annexed to the Plan Supplement and identifying any Executory Contract or Unexpired Lease to be rejected by the Reorganized Debtors effective as of the Effective Date, as well as the corresponding Cure Amount, if any.

1.130 “Rejection Claim Bar Date” means the date that is thirty (30) days after the Effective Date.

1.131 “Released Parties” means: (a) the Debtors; (b) the Reorganized Debtors; (c) the Official Committee (including the current and former Official Committee members in their capacities as such); (d) the Purchaser; (e) the Stalking Horse; (f) the Joint Liquidators; (g) SRGL; (h) the Voting Agent; and (i) for each of the foregoing, all of their respective Representatives; *provided, however*, that “Released Parties” specifically excludes the SRGL Equity Holders, and their respective Representatives, in their capacity as such.

1.132 “Reorganized Debtors” means Reorganized SALIC and Reorganized SHI, and for the avoidance of doubt, includes New Holdco.

1.133 “Reorganized SALIC” means SALIC as reorganized upon the Effective Date pursuant to the Plan.

1.134 “Reorganized SHI” means SHI as reorganized upon the Effective Date pursuant to the Plan.

1.135 “Representatives” means, with respect to an Entity, all of that Entity’s current and former managed and controlled affiliates, subsidiaries, officers, directors, managers, managing members, principals, shareholders, members, partners, employees, agents, advisors, attorneys, professionals, accountants, investment bankers, consultants and other representatives and such persons’ respective heirs, executors, estates, servants and nominees, in each case in their capacity as such.

1.136 “Restructuring Documents” has the meaning set forth in the Restructuring Implementation Agreement.

1.137 “Restructuring Implementation Agreement” means that certain Restructuring Implementation Agreement among the Debtors and SRGL, made January 28, 2018, and approved by the RIA Order, as such Restructuring Implementation Agreement may be amended from time to time and as confirmed by SRGL in accordance with section 6.1(c) of the Stock Purchase Agreement. A copy of the Restructuring Implementation Agreement is annexed to the Plan as Exhibit C-1 and the evidence of such confirmation is annexed to the Plan as Exhibit C-2.

1.138 “Retained Causes of Action” shall have the meaning set forth in Section 6.5 of the Plan.

1.139 “RIA Order” means the *Order Authorizing Debtors To Assume Restructuring Implementation Agreement And Related Relief* entered by the Bankruptcy Court on March 19, 2018, at Docket No. 170 (as may be amended).

1.140 “SALIC” means Scottish Annuity & Life Insurance Company (Cayman) Ltd.

1.141 “SALIC Existing Equity Interests” means all issued and outstanding Ordinary Shares of SALIC existing prior to the Effective Date.

1.142 “SALIC General Unsecured Claim” means any Claim against SALIC that is not an Administrative Claim, Secured Claim, Priority Claim, Intercompany Claim, TruPS Claim, SFL Claim, SFL Note Claim, or Subordinated Claim.

1.143 “SALIC Group Companies” means SALIC, SHI, SRD, SRUS and SRLB.

1.144 “SALIC TruPS Claim” means, other than any Subordinated Claim, any and all TruPS Claims related to the TruPS Parent Guarantees, but does not include Indenture Trustee Fees.

1.145 “SALIC Claims” has the meaning as set forth in the Restructuring Implementation Agreement.

1.146 “Schedules” means the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified or supplemented from time to time.

1.147 “Scottish Re” means the Debtors collectively with their non-debtor affiliates.

1.148 “Secured Claim” means a Claim that is secured by a Lien which is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which the Estate has an interest, or a Claim that is subject to setoff under section 553 of the Bankruptcy Code; to the extent of the value of the Holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or in either case as

otherwise agreed upon in writing by the Debtors or the Reorganized Debtors and the Holder of such Claim. The amount of any Claim that exceeds the value of the Holder's interest in the Estate's interest in property or the amount subject to setoff shall be treated as an SHI General Unsecured Claim or SALIC General Unsecured Claim, as applicable.

1.149 "Security Depository or Custodian" means a securities depository or custodian or any nominee for such a securities depository or custodian, *e.g.*, Depository Trust Company and its nominee Cede & Co.

1.150 "SFL" means Scottish Financial (Luxembourg) S.á r.l.

1.151 "SFL Claims" any and all Claims and Causes of Action owned or held by SFL or the SFL Receiver on SFL's behalf against SALIC or SHI, including, but not limited, to the SFL Note Claim.

1.152 "SFL Note" means that certain Floating Rate Junior Subordinated Deferrable Interest Debenture of Scottish Re (Dublin) Limited, dated December 15, 2004, as amended, in the original principal amount of fifty-one million five hundred and forty-seven thousand dollars (\$51,547,000) issued by SRD, as obligor, to SFL, as obligee, and subsequently assigned to, and assumed by, SALIC, as obligor, as such note may have been amended from time to time.

1.153 "SFL Note Claim" mean any and all Claims and Causes of Action against any of the Debtors arising out of or relating to the SFL Note, including, but not limited to, any amendment to the SFL Note or any payment made or not made on account of the SFL Note.

1.154 "SFL Note Claim Allowance Conditions" has the meaning ascribed to such term in Section 4.3(c)(ii)(B) of this Plan.

1.155 "SFL Receiver" means Max Mailliet, as insolvency receiver for SFL in its bankruptcy proceeding in Luxembourg or any successor thereto.

1.156 "SFL Shares" means the 47,046 shares of SFL, representing all of the issued and outstanding equity interest in SFL.

1.157 "SFLST I TruPS" has the meaning ascribed to such term in the definition of "TruPS".

1.158 "SFLST I TruPS Debentures" has the meaning ascribed to such term in the definition of "TruPS Debentures".

1.159 "Share Surrender Documents" has the meaning set forth in the Restructuring Implementation Agreement.

1.160 "SHI" means Scottish Holdings, Inc.

1.161 "SHI Existing Equity Interests" means all issued and outstanding common shares of SHI existing prior to the Effective Date.

1.162 “SHI General Unsecured Claim” means any Claim against SHI that is not an Administrative Claim, Secured Claim, Priority Claim, Intercompany Claim, TruPS Claim, SFL Claim, SFL Note Claim, or Subordinated Claim.

1.163 “SHI TruPS Claim” means, other than any Subordinated Claim, any and all TruPS Claims related to the SHST I TruPS, the SHST II TruPS, the GPIC TruPS, and the SHST III TruPS but does not include Indenture Trustee Fees.

1.164 “SHST I TruPS” has the meaning ascribed to such term in the definition of “TruPS”

1.165 “SHST I TruPS Debentures” has the meaning ascribed to such term in the definition of “TruPS Debentures”.

1.166 “SHST II TruPS” has the meaning ascribed to such term in the definition of “TruPS”.

1.167 “SHST II TruPS Debentures” has the meaning ascribed to such term in the definition of “TruPS Debentures”.

1.168 “SHST III TruPS” has the meaning ascribed to such term in the definition of “TruPS”.

1.169 “SHST III TruPS Debentures” has the meaning ascribed to such term in the definition of “TruPS Debentures”.

1.170 “SLD” means Security Life of Denver Insurance Company, a claimant in these Chapter 11 Cases.

1.171 “Specified Restructuring Documents” has the meaning set forth in the Restructuring Implementation Agreement.

1.172 “SRD” means Scottish Re (Dublin) dac.

1.173 “SRGL” means Scottish Re Group Limited.

1.174 “SRGL Consent Rights” has the meaning set forth in the Restructuring Implementation Agreement.

1.175 “SRGL Equity Holders” means each person that (i) holds or at any time held any direct or indirect equity interest of any kind in SRGL, including without limitation Cerberus, MassMutual and their current and former affiliates and subsidiaries and assigns holding or having held a direct or indirect equity interest of any kind in SRGL, or (ii) at any time received directly or indirectly any Transfer (or proceeds thereof) from any Debtors pursuant to, or on account of any such direct or equity interest in SRGL, including without limitation any transferee of a kind reference in Section 550 of the Bankruptcy Code.

1.176 “SRGL Exclusively Held SALIC TruPS Claims” means all SALIC TruPS Claim arising from or relating to the SHST II TruPS or the GPIC TruPS, of which SRGL is the sole Beneficial Holder.

1.177 “SRGL Exclusively Held SHI TruPS Claims” means all SHI TruPS Claim arising from or relating to the SHST II TruPS or the GPIC TruPS, of which SRGL is the sole Beneficial Holder.

1.178 “SRGL Exclusively Held TruPS Claims” means all SRGL Exclusively Held SHI TruPS Claims and all SRGL Exclusively Held SALIC TruPS Claims.

1.179 “SRGL Revolving Credit Agreement” means that certain Revolving Credit Agreement, dated as of September 20, 2009, by and between SALIC, as lender, and SRGL, as borrower, as amended, novated, supplemented, extended, or restated from time to time.

1.180 “SRGL Revolver Facility” means the credit facility provided for under the SRGL Revolving Credit Agreement.

1.181 “SRGL Revolver Facility Documents” means the SRGL Revolving Credit Agreement, together with any related agreement, instrument, report or other document executed in connection therewith or otherwise evidencing Claims or other obligations arising thereunder, each as amended, novated, supplemented, extended, or restated from time to time.

1.182 “SRGL TruPS Claims” has the meaning set forth in the Restructuring Implementation Agreement.

1.183 “SRLB” means Scottish Re Life (Bermuda) Limited.

1.184 “SRUS” means Scottish Re (U.S.), Inc.

1.185 “Stalking Horse” means HSCM Bermuda Fund Ltd.

1.186 “Stock Purchase Agreement” means that certain Stock Purchase Agreement by and among SALIC, SHI and the Purchaser, dated as of June [ ], 2018, and Filed with the Bankruptcy Court on June [ ], 2018, at Docket No. [ ], as such Stock Purchase Agreement may be amended from time to time. A copy of the Stock Purchase Agreement is annexed to the Plan as **Exhibit B**.

1.1 “Stockholders Agreement” means the agreement among (x) Reorganized SALIC or New Holdco, on the one hand, and (y) each holder of New Equity, on the other hand, whether as of the Effective Date or subsequent thereto, to be set forth in the Plan Supplement.

1.2 “Subordinated Claims” means any Claims arising under section 510(b) of the Bankruptcy Code or other Claims that are subordinated to general unsecured claims under the Bankruptcy Code; *provided, however*, for the avoidance of doubt, that the SHI TruPS Claims, the SALIC TruPS Claims and the SFL Note Claim shall not be classified or treated as Subordinated Claims for purposes of the Plan.

1.3 “Transfer” means to sell, resell, reallocate, use, pledge, assign, transfer, hypothecate, participate, donate, or otherwise encumber or dispose of, directly or indirectly (including through derivatives, options, swaps, pledges, forward sales, or other transactions); provided, however, that holding Certificates in an account with a broker-dealer where the brokerdealer holds a security interest or other encumbrance over property in the account generally, which security interest or other encumbrance is released upon transfer of such securities, shall not constitute a “Transfer” under the Plan.

1.4 “TruPS” means:

(i) the undivided beneficial interests, having an aggregate liquidation amount of \$17,500,000.00, in Scottish Holdings Statutory Trust I, a Connecticut statutory trust (“SHST I”), issued pursuant to that certain Amended and Restated Declaration of Trust, dated as of December 4, 2002, among State Street Bank and Trust Company of Connecticut, National Association, as institutional trustee, the administrators of the issuer named therein, SHI as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “SHST I TruPS”);

(ii) the undivided beneficial interests, having an aggregate liquidation amount of \$20,000,000.00, in Scottish Holdings, Inc. Statutory Trust II, a Connecticut statutory trust (“SHST II”), issued pursuant to that certain Amended and Restated Declaration of Trust, dated as of October 29, 2003, among U.S. Bank National Association, as institutional trustee, the administrators of the issuer named therein, SHI as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “SHST II TruPS”);

(iii) the undivided preferred beneficial interests, having an aggregate liquidation amount of \$10,000,000.00, in GPIC Holdings Inc. Statutory Trust, a Delaware statutory trust (“GPIC”), issued pursuant to that certain Amended and Restated Trust Agreement dated as of November 14, 2003, among JPMorgan Chase Bank as property trustee, Chase Manhattan Bank USA, National Association as Delaware trustee, the administrators of the issuer named therein, SHI as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “GPIC TruPS”);

(iv) the undivided beneficial interests, having an aggregate liquidation amount of \$32,000,000.00, in Scottish Holdings, Inc. Statutory Trust III, a Connecticut statutory trust (“SHST III”), issued pursuant to that certain Amended and Restated Declaration of Trust, dated as of May 12, 2004, among U.S. Bank National Association, as institutional trustee, the administrators of the issuer named therein, SHI as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “SHST III TruPS”); and

(v) the undivided beneficial interests, having an aggregate liquidation amount of \$50,000,000.00, in SFL Statutory Trust I, a Delaware statutory trust (“SFLST I,” and collectively with SHST I, SHST II, GPIC, and SHST III, the “TruPS Trusts”), issued pursuant to that certain Amended and Restated Declaration of Trust, dated as of December 15, 2004, among Wilmington Trust Company, as institutional trustee, the administrators of the issuer



named therein, SFL as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “SFLST I TruPS”).

1.5 “TruPS Claims” means Claims of any Person relating to or arising out of any TruPS, TruPS Junior Subordinated Debentures or TruPS Documents, including any Claims relating to or arising out of any TruPS Documents. For the avoidance of doubt, TruPS Claims shall include all of the Claims set forth in the preceding sentence that could be asserted by one or more of the several parties thereto without duplication. When referring to TruPS Claims arising out of a particular TruPS issuance, the words “TruPS Claims” will be preceded by the name of the applicable TruPS issuance (*e.g.*, “SHST I TruPS Claims”).

1.6 “TruPS Claims Aggregate Amount” means (i) all Allowed SHI TruPS Claims, (ii) all Allowed SALIC TruPS Claims, and (iii) \$63,536,014.32 on account of the SFL Note Claim.

1.7 “TruPS Claims Equity Distribution Amount” means (i) with respect to a Beneficial Holder of TruPS, the amount of the Offered New Equity to be distributed to a Beneficial Holder that elects to receive New Equity under Section 4.3 of the Plan, calculated based on such Beneficial Holder’s Allocated Portion of the Allowed TruPS Claim in respect of which it is a Beneficial Holder divided by the TruPS Claims Aggregate Amount; and (ii) with respect to the Holder of the SFL Note Claim, for which the SFL Claims Allowance Conditions have been satisfied, the amount of the Offered New Equity to be distributed on account of the Allowed SFL Note Claim, if the Holder thereof elects to receive New Equity under Section 4.3 of the Plan, calculated based on the portion of the Allowed SFL Note Claim for which the New Equity Election has been made divided by the TruPS Claims Aggregate Amount.

1.8 “TruPS Debentures” means:

(i) with respect to the SHST I TruPS, that certain Floating Rate Junior Subordinated Deferrable Interest Debenture between Scottish Holdings, Inc., and State Street Bank and Trust Company of Connecticut, National Association, due 2032 (the “SHST I TruPS Debentures”);

(ii) with respect to the SHST II TruPS, that certain Floating Rate Junior Subordinated Deferrable Interest Debenture between Scottish Holdings, Inc., and U.S. Bank National Association, due 2033 (the “SHST II TruPS Debentures”);

(iii) with respect to the GPIC TruPS, that certain Floating Rate Junior Subordinated Note Due 2033 between Scottish Holdings, Inc., and JPMorgan Chase Bank (the “GPIC TruPS Debentures”);

(iv) with respect to the SHST III TruPS, that certain Floating Rate Junior Subordinated Deferrable Interest Debenture between Scottish Holdings, Inc., and U.S. Bank National Association, due 2034 (the “SHST III TruPS Debentures”); and

(v) with respect to the SFLST I TruPS, that certain Floating Rate Junior Subordinated Deferrable Interest Debenture between Scottish Financial (Luxembourg) S.à r.l. and Wilmington Trust Company, due 2034 (the “SFLST I TruPS Debentures”).

1.9 “TruPS Declarations” means:

(i) with respect to the SHST I TruPS, that certain Amended and Restated Declaration of Trust by and among State Street Bank and Trust Company of Connecticut, National Association, as Institutional Trustee, Scottish Holdings, Inc., as Sponsor, and Paul Goldean and Oscar R. Scofield, as Administrators, dated as of December 4, 2002 (the “SHST I Trust Declaration”).

(ii) with respect to the SHST II TruPS, that certain Amended and Restated Declaration of Trust by and among U.S. Bank National Association, as Institutional Trustee, Scottish Holdings, Inc., as Sponsor, and Paul Goldean and Oscar R. Scofield, as Administrators, dated as of October 29, 2003 (the “SHST II Trust Declaration”).

(iii) with respect to the GPIC TruPS, that certain Amended and Restated Declaration of Trust by and among Scottish Holdings, Inc., as Depositor, JPMorgan Chase Bank, as Property Trustee, Chase Manhattan Bank USA, National Association, as Delaware Trustee, and The Administrative Trustees Named [T]Herein, as Administrative Trustees, dated as of November 14, 2003 (the “GPIC Trust Declaration”).

(iv) with respect to the SHST III TruPS, that certain Amended and Restated Declaration of Trust by and among U.S. Bank National Association, as Institutional Trustee, Scottish Holdings, Inc., as Sponsor, and Paul Goldean and Oscar R. Scofield, as Administrators, dated as of May 12, 2004 (the “SHST III Trust Declaration”).

(v) with respect to the SFLST I TruPS, that certain Amended and Restated Declaration of Trust by and among Wilmington Trust Company, as Institutional Trustee, Wilmington Trust Company, as Delaware Trustee, Scottish Financial (Luxembourg) S.à r.l., as Sponsor, and Paul Goldean and George Scott, as Administrators, dated as of December 15, 2004 (the “SFLST Trust Declaration”).

1.10 “TruPS Documents” means collectively all TruPS Indentures, all documents evidencing TruPS Debentures, all TruPS Declarations, all TruPS Sponsor Guarantees, all TruPS Parent Guarantees and all related and ancillary documents and instruments, each as altered, amended, modified or supplemented from time to time and including all exhibits and schedules thereto.

1.11 “TruPS/GUC Claims Aggregate Amount” means (i) all Allowed SHI TruPS Claims, (ii) all Allowed SALIC TruPS Claims, (iii) \$63,536,014.32 on account of the SFL Note Claim. (iv) all Allowed SHI General Unsecured Claims, (v) all Allowed SALIC General Unsecured Claims, and (vi) the Disputed Claim Reserve Amount on account of all Disputed General Unsecured Claims.

1.12 “TruPS/GUC Claims Cash Distribution Amount” means the pro rata amount of the Available Plan Distribution Funding Amount to be distributed to a Beneficial Holder, Holder of the SFL Note Claim or Holder of a General Unsecured Claim, as applicable, calculated based on: (i) with respect to a Beneficial Holder of TruPS, such Beneficial Holder’s Allocated Portion of the Allowed TruPS Claim in respect of which it is a Beneficial Holder, divided by the TruPS/GUC Claims Aggregate Amount; (ii) with respect to the Allowed SFL Note Claim, the

portion of such Holder's Allowed SFL Note Claim for which the Cash Election has been made (or deemed made), divided by the TruPS/GUC Claims Aggregate Amount; and (iii) with respect to an Allowed General Unsecured Claim, the Allowed amount of such General Unsecured Claim, divided by the TruPS/GUC Claims Aggregate Amount.

1.13 "TruPS Indentures" means:

(i) with respect to the SHST I TruPS, that certain Indenture for the Floating Rate Junior Subordinated Deferrable Interest Debentures, due 2032, between Scottish Holdings, Inc. as Issuer, and State Street Bank and Trust Company of Connecticut, National Association, as Trustee, dated as of December 4, 2002;

(ii) with respect to the SHST II TruPS, that certain Indenture for the Floating Rate Junior Subordinated Deferrable Interest Debentures, due 2033, between Scottish Holdings, Inc., as Issuer, and U.S. Bank National Association, as Trustee, dated as of October 29, 2003;

(iii) with respect to the GPIC TruPS, that certain Junior Subordinated Indenture, due 2033, between Scottish Holdings, Inc., as Issuer, and JPMorgan Chase Bank, as Trustee, dated as of November 14, 2003;

(iv) with respect to the SHST III TruPS, that certain Indenture for the Floating Rate Junior Subordinated Deferrable Interest Debentures, due 2034, between Scottish Holdings, Inc., as Issuer, and U.S. Bank National Association, as Trustee, dated as of May 12, 2004; and

(v) with respect to the SFLST I TruPS, that certain Indenture for the Floating Rate Junior Subordinated Deferrable Interest Debentures, due 2034, between Scottish Financial (Luxembourg) S.à r.l., as Issuer, and Wilmington Trust Company, as Trustee, dated as of December 15, 2004.

1.14 "TruPS Indenture Trustee" means an Entity serving as an indenture trustee under a TruPS Indenture during the period from the Petition Date through the Effective Date.

1.15 "TruPS Institutional Trustee" means an Entity serving as the trustee pursuant to a TruPS Declaration, a TruPS Parent Guarantee or a TruPS Sponsor Guarantee.

1.16 "TruPS Parent Guarantees" means:

(i) with respect to the SHST I TruPS, that certain Parent Guarantee Agreement by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and State Street Bank and Trust Company of Connecticut, National Association, dated as of December 4, 2002;

(ii) with respect to the SHST II TruPS, that certain Parent Guarantee Agreement by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and U.S. Bank National Association, dated as of October 29, 2003;

(iii) with respect to the GPIC TruPS, that certain Parent Guarantee Agreement

by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and JPMorgan Chase Bank, dated as of November 14, 2003;

(iv) with respect to the SHST III TruPS, that certain Parent Guarantee Agreement by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and U.S. Bank National Association, dated as of May 12, 2004; and

(v) with respect to the SFLST I TruPS, that certain Parent Guarantee Agreement by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and Wilmington Trust Company, dated as of December 15, 2004.

1.17 “TruPS Returned Cash” means the amount of the Available Plan Distribution Funding Amount that is not required to be funded by the Purchaser on account of the Beneficial Holders of TruPS that make the New Equity Election, calculated based on the aggregate Beneficial Holders who made, or are deemed to make, the New Equity Election, divided by the TruPS/GUC Claims Aggregate Amount.

1.18 “TruPS Shares” means the Offered New Equity. Any reference to the TruPS Shares in the Stock Purchase Agreement shall mean the Offered New Equity.

1.19 “TruPS Sponsor Guarantees” means:

(i) with respect to the SHST I TruPS, that certain Guarantee Agreement by and between Scottish Holdings, Inc., and State Street Bank and Trust Company of Connecticut, National Association, dated as of December 4, 2002;

(ii) with respect to the SHST II TruPS, that certain Guarantee Agreement by and between Scottish Holdings, Inc., and U.S. Bank National Association, dated as of October 29, 2003;

(iii) with respect to the GPIC TruPS, that certain Guarantee Agreement by and between Scottish Holdings, Inc., and JPMorgan Chase Bank, dated as of November 14, 2003;

(iv) with respect to SHST III TruPS, that certain Guarantee Agreement by and between Scottish Holdings, Inc., and U.S. Bank National Association, dated as of May 12, 2004; and

(v) with respect to the SFLST I TruPS, that certain Guarantee Agreement by and between Scottish Financial (Luxembourg) S.à r.l and Wilmington Trust Company, dated as of December 15, 2004.

1.20 “Trust Administration Reserve” means a reserve to be maintained by the Distribution Trust in an amount, mutually agreed by the Debtors, the Committee, and the Purchaser, estimated in good faith to be necessary to cover the costs of administration of the Distribution Trust, as further defined in Section 6.3(f)(iii) of the Plan.

1.21 “Unexpired Lease” means a lease of non-residential real property to which any Debtor is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.22 “Unimpaired” means, when used with reference to a Claim or Interest, a Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

1.23 “Unimpaired Class” means a Class of Claims that are not impaired within the meaning of section 1124 of the Bankruptcy Code.

1.24 “U.S. Bank” means U.S. Bank National Association, as trustee.

1.25 “U.S. Trustee” means the Office of the United States Trustee for the District of Delaware.

1.26 “Voting Agent” means Prime Clerk, LLC, the Entity the Bankruptcy Court has authorized to serve as the “Voting Agent” pursuant to the Disclosure Statement Order.

1.27 “Voting Deadline” means [August 13], 2018 at 4:00 p.m. (Eastern Time), which date and time has been established by the Bankruptcy Court pursuant to the Disclosure Statement Order as the deadline by which all Ballots to accept or reject the Plan must be received in order to be counted for purposes of section 1126 of the Bankruptcy Code.

1.28 “WTC” means Wilmington Trust Company, as trustee.

**Exhibit B**

**Stock Purchase Agreement**

**[Intentionally Omitted]**

**Exhibit C**

**Restructuring Implementation Agreement**

**[Intentionally Omitted]**