

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

In re

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

Debtors.¹

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

Hearing Date:

August 22, 2018 at 10:00 a.m. (ET)

Objections Due:

August 10, 2018 at 4:00 p.m. (ET)

**NOTICE OF (I) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT
THE DEBTORS' SECOND AMENDED JOINT CHAPTER 11 PLAN, (II) HEARING
TO CONSIDER CONFIRMATION OF THE DEBTORS' SECOND AMENDED
JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SCOTTISH HOLDINGS,
INC., AND SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN)
LTD. AND (III) CERTAIN RELATED MATTERS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On April 18, 2018, the above-captioned debtors and debtors in possession (collectively, the "Debtors")² filed the *Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.* (D.I. 213) and the [*Proposed*] *Disclosure Statement for Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.* (D.I. 214).
2. On June 15, 2018, the Debtors filed the *First Amended Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.* (D.I. 357) and a related disclosure statement (D.I. 357).
3. On June 27, 2018, the Debtors filed the *Second Amended Joint Chapter 11 Plan of Reorganization of Scottish Holdings, Inc., and Scottish Annuity & Life Insurance Company (Cayman) Ltd.* (D.I. 375) (as it may be further amended, modified or supplemented from time to time and together with all exhibits, schedules and supplements thereto, the "Plan"), and a related disclosure statement (D.I. 375) (as it may be further amended, modified or supplemented from

¹ 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.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan.

time to time and together with all exhibits, schedules and supplements thereto, the “Disclosure Statement”) under section 1125 of the Bankruptcy Code.

4. Pursuant to an Order dated June 29, 2018 (D.I. 380) (the “Disclosure Statement Order”), the Bankruptcy Court approved the Disclosure Statement as containing “adequate information” within the meaning of section 1125 of the Bankruptcy Code.

5. A hearing to consider the confirmation of the Plan (the “Confirmation Hearing”) will be held before the Honorable Laurie Selber Silverstein, United States Bankruptcy Judge, United States Bankruptcy Court, District of Delaware, 824 North Market Street, Wilmington, Delaware 19801, on **August 22, 2018 at 10:00 a.m. (ET)**.

6. Objections to confirmation of the Plan, if any, must: (i) be in writing; (ii) state the name and address of the objecting party and the nature of the Claim or Equity Interest of such party; (iii) state with particularity the basis and nature of any objections to confirmation of the Plan; and (iv) be filed with the Court and served on: (i) the Debtors, 14120 Ballantyne Corporate Place, Suite 300, Charlotte, NC 28277 (Attn: Gregg Klingenberg) (ii) co-counsel to the Debtors, (a) Hogan Lovells US LLP, 875 Third Avenue, New York, NY 10022 (Attn: Peter Ivanick) and (b) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899-1347 (Attn: Eric D. Schwartz, Gregory W. Werkheiser, and Matthew B. Harvey); (iii) counsel to the Purchaser, (a) Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036 (Attn: Stephen Zide and Anupama Yerramalli), and (b) Potter Anderson Corroon LLP, Hercules Plaza, 1313 N. Market Street, 6th Fl., P.O. Box 951, Wilmington, Delaware 19801 (Attn: Jeremy W. Ryan, and R. Stephen McNeill); (iv) counsel to the Committee, (a) Pepper Hamilton LLP, Hercules Plaza, Suite 5100, 1313 Market Street, P.O. Box 1709, Wilmington, DE 19899-1709 (Attn: David M. Fournier and John H. Schanne II), and (b) Pepper Hamilton LLP, The New York Times Building, 37th Floor, 620 Eighth Avenue, New York, New York 10018-1405 (Attn: H. Peter Haveles, Jr.); and (v) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Timothy J. Fox, Jr.), so that they are received no later than **4:00 p.m. (ET), on August 10, 2018**. The Debtors reserve the right to file a consolidated reply to any such objection no later than **August 17, 2018**.

7. Pursuant to the Disclosure Statement Order, the Bankruptcy Court approved the use of certain materials in the solicitation of votes to accept or reject the Plan and certain procedures for the tabulation of votes to accept or reject the Plan. If you are a holder of a Claim against any of the Debtors as of **June 28, 2018** (the “Record Date”), in the Voting Class, you have received a ballot form (a “Ballot”) and instructions for completing the Ballot with this Notice.

8. For a vote to accept or reject the Plan to be counted, a Record Holder of an Allowed Claim in the Voting Class or the Master Ballot Agent of a Voting Class must complete all required information on the Ballot, execute the Ballot and return the completed Ballot to Prime Clerk, LLC (the “Voting Agent”) at the address indicated on the Ballot so that it is received by **August 13, 2018, at 4:00 p.m.** (the “Voting Deadline”). Any failure to follow the instructions included with the Ballot or to return a properly completed Ballot so that it is received by the Voting Deadline may disqualify such Ballot and vote on the Plan. The rules and procedures for the Tabulation of the votes are outlined in the Disclosure Statement Order.

9. If a holder of a Claim wishes to challenge the allowance or disallowance of a Claim for voting purposes under the Tabulation Rules (as defined in the Disclosure Statement Order), such entity must file a motion, pursuant to Bankruptcy Rule 3018(a), for an order temporarily allowing such Claim in a different amount or classification for purposes of voting to accept or reject the Plan and serve such motion on the undersigned counsel to the Debtors so that it is received no later than **4:00 p.m. (ET), on August 10, 2018**. The Debtors shall have until **August 17, 2018** to file and serve any responses to such motions. Unless the Court orders otherwise, such Claim will not be counted for voting purposes in excess of the amount determined in accordance with the Tabulation Rules.

10. If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought and may enter an order confirming the Plan.

11. Copies of the Plan and the Disclosure Statement are available for review without charge on a web page maintained by the Debtors for restructuring information at <http://www.scottishre.com/chapter11info>.

12. Please be advised that Article X of the Plan contains the following release, injunction and exculpation provisions:

“*Released Parties*” means each of: (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.

Section 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.

Section 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. Notwithstanding the foregoing, nothing in this Section 10.3, shall cause a release, waiver or discharge of SFL from any Claim against it under the SFLST I TruPS Documents.

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.

Section 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.

Section 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.

Dated: June 29, 2018
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Paige N. Topper

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