

**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:

February 21, 2018 at 2:00 p.m. (ET)

Objection Deadline:

February 14, 2018 at 4:00 p.m. (ET)

**NOTICE OF MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER (A)
APPROVING BIDDING PROCEDURES IN CONNECTION WITH AN AUCTION FOR
PLAN SPONSORSHIP; (B) APPROVING CERTAIN STALKING HORSE
PROTECTIONS; AND (C) AUTHORIZING AND SCHEDULING A DATE AND TIME
FOR AN AUCTION PURSUANT TO SUCH PROCEDURES**

PLEASE TAKE NOTICE that on January 31, 2018, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Motion Of The Debtors For Entry Of An Order (A) Approving Bidding Procedures In Connection With An Auction For Plan Sponsorship; (B) Approving Certain Stalking Horse Protections; And (C) Authorizing And Scheduling A Date And Time For An Auction Pursuant To Such Procedures** (the “Motion”).

PLEASE TAKE FURTHER NOTICE that any party wishing to oppose the entry of an order granting the relief requested in the Motion must file a response or objection (“Objection”) if any, to the Motion with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **February 14, 2018 at 4:00 p.m. (Eastern Time) (the “Objection Deadline”)**. At the same time, you must serve such Objection upon the undersigned counsel for the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE that only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Bankruptcy Court at such hearing.

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.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **FEBRUARY 21, 2018 AT 2:00 P.M. (EASTERN TIME)** BEFORE THE HONORABLE LAURIE SELBER SILVERSTEIN AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 6TH FLOOR, COURTROOM #2, WILMINGTON, DELAWARE 19801.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: January 31, 2018
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Matthew B. Harvey

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In re

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**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER (A) APPROVING
BIDDING PROCEDURES IN CONNECTION WITH AN AUCTION FOR PLAN
SPONSORSHIP; (B) APPROVING CERTAIN STALKING HORSE PROTECTIONS;
AND (C) AUTHORIZING AND SCHEDULING A DATE AND TIME
FOR AN AUCTION PURSUANT TO SUCH PROCEDURES**

The above-captioned debtors and debtors in possession (the “Debtors”), by and through their proposed undersigned counsel, hereby submit this Motion of the Debtors for Entry of an Order (a) Approving Bidding Procedures in Connection with an Auction for Plan Sponsorship; (b) Approving Certain Stalking Horse Protections; and (c) Authorizing and Scheduling a Date and Time for an Auction Pursuant to Such Procedures (the “Motion”). In support of the Motion, the Debtors rely on the Declaration of Gregg Klingenberg in Support of First Day Relief (D.I. 3) (the “First Day Declaration”)² and the Supplemental Declaration of Gregg Klingenberg, filed contemporaneously herewith, and respectfully state as follows:

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 Except where otherwise indicated, capitalized terms used but not defined in this Motion shall have the meanings ascribed to them in the Bidding Procedures annexed to the attached Proposed Order.

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012.

2. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution.³

3. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory predicates for the relief sought herein are sections 105, 363, 503 and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2002-1 and 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

GENERAL BACKGROUND

5. On January 28, 2018 (the “Petition Date”), the Debtors commenced the above-captioned chapter 11 cases (the “Chapter 11 Cases”) by each filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Court.

6. The Debtors continue to operate their business and manage their properties as debtors in possession, pursuant to sections 1107(a) and 1108 of the Bankruptcy

³ Pursuant to Local Rule 9013-1(f), the Debtors hereby confirm their consent to entry of a final order by this Court in connection with this Motion if it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

Code. As of the date of this Motion, no trustee, examiner or statutory committee has been appointed in these Chapter 11 Cases.

7. A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this Motion and the Chapter 11 Cases, are set forth in greater detail in the First Day Declaration, filed on January 28, 2018, and incorporated herein by reference.

RELIEF REQUESTED

8. By this Motion, the Debtors seek the entry of an order substantially in the form attached hereto as **Exhibit A** (the “Bidding Procedures Order”): (a) approving certain bidding, auction, and notice procedures (collectively, the “Bidding Procedures,” attached as Annex 1 to the Bidding Procedures Order, and the “Procedures Notice” attached as Annex 2 to the Bidding Procedures Order) for the solicitation and consideration of competing offers for the right to purchase all of the new capital stock (the “Shares”) of reorganized Scottish Annuity & Life Insurance Company (Cayman) Ltd. (“SALIC”) to be issued under the Debtors’ plan of reorganization (the “Plan”) and the right to sponsor the Plan (the “Plan Sponsorship”); (b) approving and authorizing the payment of a break-up fee and expense reimbursement (collectively, the “Stalking Horse Protections”) for HSCM Bermuda Fund Ltd. (“HSCM” or “Stalking Horse”); and (c) authorizing the Debtors to conduct an auction for Plan Sponsorship (the “Auction”).

THE DEBTORS’ RESTRUCTURING EFFORTS

9. As described more fully in the First Day Declaration, Scottish Re Group Limited (“SRGL”), through its direct subsidiary SALIC and its indirect subsidiaries, including Scottish Re (U.S.), Inc. (“SRUS,” and collectively with SRGL, SALIC, SHI, and certain other direct and indirect subsidiaries, “Scottish Re”), are engaged in the reinsurance of life insurance,

annuities and annuity-type products.⁴ These products are written by life insurance companies and other financial institutions primarily located in the United States.

10. In early 2008, the Scottish Re companies ceased writing new business and notified existing clients that they would not be accepting any new reinsurance risks under existing reinsurance treaties, thereby placing their remaining treaties into run-off. Scottish Re's business today consists of managing a legacy reinsurance portfolio.

11. In recent years Scottish Re has suffered negative financial results led primarily by adverse mortality experience on the yearly renewable term ("YRT") segment of its business. On a consolidated US GAAP basis, Scottish Re incurred a net loss of \$202.8 million for the year ended December 31, 2016, and a net loss of \$260.8 million for the year ended December 31, 2015. Additionally, as described in greater detail in the First Day Declaration, Scottish Re's ability to defer interest on its Trust Preferred Securities ("TruPS") will expire in the first quarter of 2018. Absent the filing of these Chapter 11 Cases, all of the deferred interest would need to be paid or the TruPS and associated debentures would be in default. The Debtors do not project sufficient available capital to satisfy the deferred interest when due.

12. As part of its efforts to address its financial situation prior to commencing the Chapter 11 Cases, the Debtors engaged Keefe Bruyette & Woods, Inc. ("KBW"), an investment banking firm specializing in the financial services and insurance sectors, as its exclusive investment banker to market the company for a potential sale. KBW contacted approximately fifty potential strategic and financial buyers or investors. Over twenty potential buyers expressed interest and executed non-disclosure agreements ("NDA") to gain access to a

⁴ SRUS is an entity organized and existing as a domestic stock insurer under the laws of the state of Delaware and is regulated by the Delaware Department of Insurance. SRUS is not a Debtor in these chapter 11 cases. SRGL, as explained herein, is the subject of liquidation proceedings pending in Bermuda and the Cayman Islands.

confidential data room with additional information on the Debtors. No potential buyer was willing to invest or acquire the Debtors given their current capital structure. Thus, a chapter 11 proceeding is necessary to right-size the Debtors' balance sheet in connection with any transaction.

13. On May 17, 2017, SRGL, SALIC's parent company, filed a winding-up petition in the Supreme Court of Bermuda (the "Bermuda Court") under the Bermuda Companies Act of 1981, and filed parallel proceedings in the Cayman Islands on the same day. On May 18, 2017, the Bermuda Court entered an order appointing John C. McKenna of Finance & Risk Services Ltd., and Eleanor Fisher of Kalo (Cayman) Limited as joint provisional liquidators of SRGL (together, the "JPLs"). At a hearing held on January 30, 2018, the Bermuda Court entered an order winding up SRGL and granting Mr. McKenna and Ms. Fisher full powers under the Bermuda Companies Act of 1981 as Joint Liquidators of SRGL. A hearing is scheduled in the Cayman Islands for February 15, 2018, at which hearing it is expected that parallel relief will be granted in the Cayman Islands.⁵

14. The Debtors believe that there is value in their underlying reinsurance businesses, but that the value is insufficient to satisfy the Debtors' funded indebtedness, including the Debtors' TruPS and debentures related thereto. The Debtors, therefore, anticipate restructuring their business in a sale to be accomplished through the Plan, which, among other things, settles, resolves and/or discharges all of the Debtors' funded indebtedness, including the Debtors' obligations under and relating to the TruPS and Debentures (collectively, "TruPS

⁵ As used herein, the term "Joint Liquidators" refers generically to the persons serving as liquidators for SRGL, whether in the capacity as JPLs appointed by the Bermuda Court or as joint official liquidators appointed by the Bermuda Court or Cayman Islands Court.

Obligations”). This transaction is expected to generate value that can be distributed under the Plan to holders of allowed claims, including the TruPS Obligations.

15. At the same time that KBW was soliciting interest in an out-of-court acquisition of the Debtors, KBW solicited interest from parties for completing a transaction through a chapter 11 case. As mentioned above, KBW contacted approximately fifty financial and strategic parties regarding the opportunity, and over twenty of those parties expressed interest and executed NDAs. KBW and the Debtors then engaged in negotiation with three of the parties in an effort to obtain the best possible offer to serve as a stalking horse bid. Through these extensive, arm’s-length negotiations, the Debtors, in their business judgment in consultation with KBW and their other advisors, selected HSCM as the proposed stalking horse purchaser.

THE STALKING HORSE SPA AND RELATED RESTRUCTURING DOCUMENTS

16. On the Petition Date, the Debtors and HSCM executed that certain Stock Purchase Agreement, dated January 28, 2018 (together with its exhibits and schedules, as amended from time to time, the “Stalking Horse SPA”), a copy of which is attached as **Exhibit B** hereto. The Debtors and HSCM also contemporaneously executed that certain Plan Sponsorship Agreement, dated January 28, 2018 (together with its exhibits and schedules, as amended from time to time, the “PSA”).⁶ Further, the Debtors, SRGL and the JPLs have executed that certain Restructuring Implementation Agreement, dated January 28, 2018 (together with its exhibits and schedules, as amended from time to time, the “RIA”).⁷

⁶ The PSA contains, among other things, terms and provisions relating to restructuring transactions in addition to those set forth in the Stalking Horse SPA. By separate motion, the Debtors are requesting that the Court authorize them to assume the PSA and perform in accordance with its terms.

⁷ The RIA is intended to ensure that the Debtors will have the cooperation and support of SRGL, acting through the Joint Liquidators, in connection with pursuing these restructuring transactions.

17. Also in advance of filing these chapter 11 cases, Scottish Re's representatives have been in communication with representatives of the Insurance Commissioner for the State of Delaware (the "Insurance Commissioner"), the agency with regulatory oversight for non-debtor SRUS, and representatives of the Cayman Islands Monetary Authority ("CIMA"), the Cayman Islands agency with regulatory oversight for SRGL and SALIC. While the proposed transaction remains fully subject to regulatory approval by the Insurance Commissioner, CIMA and other relevant regulators, the Debtors believe that their restructuring, as currently structured, is likely to satisfy these regulators. Indeed, much of the structure of this transaction can be attributed to efforts the parties have made to comply with the anticipated expectations of these regulators and other requirements of the law of the Cayman Islands, where SRGL and SALIC are organized.

18. The Stalking Horse SPA contemplates that, if HSCM is the Winning Bidder, upon closing of the Stalking Horse SPA and the effective date of the Plan (anticipated to occur simultaneously), HSCM will acquire effective ownership of reorganized SALIC and its subsidiaries other than Scottish Financial (Luxembourg) S.á.r.l., a private limited liability

The RIA contains, among other things, undertakings by SRGL and the Joint Liquidators to seek authorization from the Cayman Islands Court to surrender the existing ordinary shares of SALIC held by SRGL so that new shares can be issued to the Stalking Horse, all in accordance with the terms of the Stalking Horse SPA. The requirements of the law of the Cayman Islands, where SALIC is organized, make this an essential step for the Debtors to consummate the Stalking Horse SPA. Furthermore, the RIA addresses the reconciliation of intercompany obligations between SRGL and SALIC and its subsidiaries, which again is necessary to the Debtors' ability to reorganize pursuant to, and maximize value from, the currently contemplated restructuring transactions. By separate motion, the Debtors are requesting that the Court authorize them to assume the RIA and perform in accordance with its terms. Additionally, it is contemplated that promptly after the JPLs are appointed as joint official liquidators by the Cayman Islands Court, they will be requesting approval of the RIA from that court and authorization for SRGL to complete the steps required of it in connection with the contemplated restructuring transactions.

company organized under the laws of Luxembourg (“SFL”).⁸ Components of this transaction include (a) the pre-closing surrender to SALIC by SRGL, as SALIC’s sole shareholder, of all but one of SALIC’s issued and outstanding ordinary shares, (b) the issuance of new ordinary shares to HSCM at closing, and (c) immediately after closing, SRGL will surrender to SALIC its sole remaining SALIC ordinary share for cancellation.

19. The purchase price to be funded by HSCM under the Stalking Horse SPA has three principal segments. First, upon the effective date of the Plan and closing of the Stalking Horse SPA, HSCM will pay \$12.5 million (the “Plan Funding Payment”) (including a \$2.5 million Good Faith Deposit that HSCM will fund into escrow on the terms set forth in the Stalking Horse SPA) to fund (a) the unpaid costs of administration of the Debtors’ chapter 11 cases to the extent not otherwise paid with unrestricted cash of the Debtors, (b) the costs of implementation of the Plan to the extent not otherwise paid with unrestricted cash of the Debtors, and (c) distributions to the holders of claims allowed in the Debtors’ chapter 11 cases, all in accordance with the terms of the Plan. Any portion of the Plan Funding Payment that is not immediately disbursed to the Debtors’ creditors on account of their allowed claims on the Effective Date of the Plan will be transferred to a liquidating trust to be established pursuant to the Plan to fund trust reserves for costs of administration of the trust and future distributions to holders of allowed claims in accordance with the terms of the Plan, including allowed claims against either Debtor for the TruPS Obligations.⁹

⁸ SFL is a special purpose entity that has no ongoing operations and *de minimis* assets. The restructuring transactions with HSCM contemplate that all equity interests in SFL will be abandoned by SALIC or SALIC will otherwise cause the stock to no longer be held by SALIC on or before the Closing and Effective Date.

⁹ The Debtors currently expect there to be sufficient funds to cover costs of the administration of the Debtors’ estates incurred through the date of confirmation of the Plan without materially invading the Plan Funding Payment.

20. Second, HSCM will pay \$12.5 million (the “Recapitalization Funding Payment”) upon the effective date of the Plan and the closing of the Stalking Horse SPA to reorganized SALIC to recapitalize the business of SALIC and its operating subsidiaries going forward. The Recapitalization Funding Payment, while not consideration that will flow directly to the Debtors’ creditors, is critical to unlocking value for the Debtors’ creditors in these Chapter 11 Cases. Reorganized SALIC and its subsidiaries, including SRUS, must be recapitalized in order to remain viable and the Debtors lack the resources and access to capital necessary to accomplish such a recapitalization. The Recapitalization Funding Payment is intended to be used in part as a funding mechanism for cure payments discussed below as well as part of the capital necessary to ensure regulatory approval and feasibility.

21. Third, HSCM has agreed to bear the cost of cure obligations, up to \$100,000, incurred for any executory contracts or unexpired leases that are required to be assumed by the Debtors pursuant to the Stalking Horse SPA or that HSCM otherwise designates for the Debtors’ assumption pursuant to the terms thereof.

22. HSCM’s offer embodied in the Stalking Horse SPA will be subject to higher and better bids that will be solicited in these Chapter 11 Cases consistent with the Bidding Procedures to be approved by the Court (such purchaser who submits the highest and best Bid, the “Winning Bidder”). The Winning Bidder will serve as a sponsor of the Debtors’ Plan and will acquire the Debtors and their businesses free and clear of all liabilities (except assumed liabilities). The proceeds of the sale of the Debtors to the Winning Bidder will be used to fund distributions to the Debtors’ creditors in accordance with the Plan.

A. The Bidding Process and Auction

23. In exercising their business judgment, the Debtors believe that it is in the best interests of their respective estates to subject the sale of the Shares and the Plan Sponsorship to an open-market bidding process to ensure that maximum value is received for the Debtors' business. To that end, the Debtors seek authority to conduct the Auction, pursuant to the Bidding Procedures, to solicit competing offers (each a "Qualified Bid," made by a "Qualified Bidder") for Plan Sponsorship, through a Stock Purchase Agreement to be implemented pursuant to the Plan. If a Qualified Bidder prevails at the Auction, such bid will supplant the current offer by the Stalking Horse and become the Plan Sponsor. A Qualified Bidder can replace the Stalking Horse only if its Qualified Bid affords better terms and higher consideration as determined in the Debtors' business judgment pursuant to the Bidding Procedures.

24. The Bidding Procedures, including the Qualified Bid and Qualified Bidder requirements, are not intended to, and do not, foreclose bidders from making and the Debtors from accepting alternative bid structures to or for the benefit of the Debtors, such as bids contemplating asset sales or bids to provide the Debtors with debt financing.

25. The proposed bidding and auction process is advantageous to the Debtors' estates, as it will provide a market-based valuation of the Debtors, maximize recoveries to all creditor constituencies and provide the capital necessary to fund a plan. The Bidding Procedures have been agreed to by the Stalking Horse and were developed with the objective of promoting active bidding that should result in the highest and best plan proposal that the market can command. Further, the Bidding Procedures reflect the Debtors' goal of conducting the bidding process in a controlled, fair, and open manner that promotes and encourages interest in the

Debtors’ businesses from both financially capable and motivated Qualified Bidders who are capable of funding a plan of reorganization with terms that are superior to those embodied in the Stalking Horse SPA.

26. The Bidding Procedures benefit the Debtors’ estates by creating a bidding process that ensures, among other things: (a) structure and logistical integrity to the process; (b) the Debtors’ ability to compare the relative values of competing offers, if any; (c) that potential purchasers have the financial wherewithal to timely consummate a Competing SPA (as defined herein); and (d) competitive bidding.

27. The Bidding Procedures prescribe the requirements for prospective purchasers to participate in the bidding process, the availability and conduct of due diligence by prospective bidders, the deadline and requirements for submitting a bid, the method and criteria for bids to become “Qualified,” the manner in which qualified bids will be negotiated, clarified, and improved, and the criteria for selecting a Winning Bid (as defined below), including if necessary, through a public auction.

28. As summarized below and more fully set forth in the Bidding Procedures, only “Qualified Bidders” who timely submit “Qualified Bids” will be eligible to participate in the Auction. The following is a summary, pursuant to Local Rule 6004-1, of the Debtors’ proposed Bidding Procedures:¹⁰

SUMMARY OF BIDDING PROCEDURES	
Participation Requirements	An executed confidentiality agreement in form and substance satisfactory to the Debtors and their advisors (the “ <u>Confidentiality Agreement</u> ”).

¹⁰ This is a summary only and is not a full recitation of the Bidding Procedures. Interested parties are encouraged to read the Bidding Procedures in their entirety and not rely on this summary. To the extent that the Motion and Bidding Procedures are inconsistent, the Bidding Procedures shall control.

	<p>Written evidence that enables the Debtors and their advisors to reasonably determine, in their sole discretion, whether a Potential Bidder has the financial, regulatory, operational, and other ability to close the Proposed Transaction and, if applicable, provide adequate assurance of future performance under all contracts and leases to be assumed and assigned in connection therewith.</p>
Due Diligence	<p>The Debtors shall provide the Bidding Procedures, together with a WORD copy of the Stalking Horse SPA executed by and between the Debtors and HSCM and approved by the Court as the “stalking horse” bid.</p> <p>Potential Bidders wishing to conduct due diligence concerning the Proposed Transaction shall be granted (i) reasonable access to the Debtors’ management during normal business hours and (ii) access to all relevant information regarding the business of each of the Debtors reasonably necessary to enable a Potential Bidder to evaluate the Proposed Transaction.</p> <p>All due diligence must be completed before the Bid Deadline.</p>
Bid Deadline	<p>Any Potential Bidder interested in the Proposed Transaction must submit a Qualified Bid prior to 4:00 p.m. prevailing Eastern Time on April 11, 2018. The Debtors may in their reasonable business judgment extend the Bid Deadline.</p>
Qualified Bids	<p>In order for a Bid to be considered, it must be a “Qualified Bid.” A Potential Bidder will be deemed to be a “Qualified Bidder” if the Debtors in consultation with their advisors, in their sole discretion, determine that such Potential Bidder submitted a Qualified Bid.</p> <p>The Stalking Horse shall automatically be considered a Qualified Bidder and shall be entitled to participate in the Auction; and shall not be required to submit a further Deposit. The Stalking Horse SPA and related documents and agreements shall be automatically deemed a Qualified Bid.</p>
Qualified Bid Requirements; Deposit	<p>Subject to the Bidding Procedures Order, a Bid will be considered a “Qualified Bid” only if it, <i>inter alia</i> (as more fully described in, and qualified in its entirety by, the Bidding Procedures):</p> <ul style="list-style-type: none"> • is for the acquisition of 100% of the Shares of SALIC’s New Common Stock pursuant to a Stock Purchase Agreement in the form of the Stalking Horse SPA (each, together with its exhibits and schedules, a “<u>Competing SPA</u>”) that contains terms no less favorable to the Debtors’ estates than the Stalking Horse SPA; • provides evidence reasonably satisfactory to the Debtors that the Qualified Bidder is reasonably likely to obtain promptly all necessary regulatory approvals to consummate the Proposed

	<p>Transaction;</p> <ul style="list-style-type: none"> • contains express consent to Debtors’ ability to communicate with the Delaware Insurance Commissioner, CIMA, and other relevant regulatory authorities about the bid for purposes of evaluating the likelihood of the Bidder to obtain the necessary regulatory approval; • contains a representation that it has not engaged in any collusion with respect to the marketing process or the Proposed Transaction; • provides consent to the jurisdiction of the Court to determine matters concerning the Proposed Transaction and their bids, the Auction, or the marketing process generally and waives any right to any other venue; • is irrevocable until entry of the Winning Bidder Order, and if the bid is selected as the Winning Bid or the Backup Bid, until the earlier of (x) the Effective Date of the Plan implementing the Winning Bid (as defined below) or (y) one hundred and eighty (180) days after entry of the Winning Bidder Order (the “<u>Bid Expiration Date</u>”); • provides that the total consideration will be an amount in cash equal to or greater than the aggregate of (i) the Purchase Price (as defined in the Stalking Horse SPA), plus (ii) the Expense Reimbursement, plus (iii) the Breakup Fee, plus (iv) \$500,000 (the “<u>Initial Overbid Amount</u>”); • provides a Deposit by wire transfer of immediately available funds, in the form of cash or a letter of credit, to an escrow agent designated by the Debtors before the Bid Deadline of an earnest money cash deposit of not less than ten percent (10%) of the total value of the purchase price of the competing Qualified Bid; and • is submitted in the form of a legally binding Stock Purchase Agreement in substantially the form of the Stalking Horse SPA, fully executed by the Qualified Bidder in a clean copy and marked to show the proposed changes to the Stalking Horse SPA in a redlined copy, that further: <ul style="list-style-type: none"> a. Identifies the Qualified Bidder and any members of its investor group, if applicable; b. Is not subject to any conditions, representations, or terms that the Debtors determine to be unacceptable; c. Describes with specificity the total consideration proposed to be paid for the Shares; d. Is not conditioned upon the Court’s approval of any Bid
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	<p>protections, such as a break-up fee, termination fee, expense reimbursement, working fee or similar type of payment;</p> <p>e. Is not conditioned upon tax or other due diligence, or the receipt of financing;</p> <p>f. Does not contain any condition to closing of the Proposed Transaction relating to the receipt of any third party approvals (excluding required Court approval and any required governmental and/or regulatory approval or third party consents required under the Stalking Horse SPA);</p> <p>g. Expressly acknowledges and represents that the Qualified Bidder: (A) has had an opportunity to conduct any and all due diligence regarding the Proposed Transaction prior to making its bid, (B) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Bid or that of any of its legal, financial or other advisors, and (C) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the business of the Debtors or the Proposed Transaction, or the completeness or accuracy of any information provided in connection therewith, except as expressly stated in the representations and warranties continued in the Competing SPA ultimately accepted and executed by the Debtors;</p> <p>h. Identifies each and every executory contract and unexpired lease that the Qualified Bidder desires the Debtors to assume or reject under the Plan at the closing and provides evidence of such Qualified Bidder’s ability to provide adequate assurance of future performance of such contracts or leases to be assumed (as required by section 365(b)(1)(C) of the Bankruptcy Code) along with the Bid; and</p> <p>i. Contains other information reasonably requested by the Debtors and their advisors.</p>
<p>Auction</p>	<p>If one or more Qualified Bids has been submitted for the Shares in accordance with the Bidding Procedures, the Debtors will conduct an Auction on April 18, 2018, at 10:00 a.m. prevailing Eastern time at the offices of their counsel or such other location as may be announced prior to the Auction to the Auction Participants. The Auction will be recorded by stenographic means by an authorized court reporter.</p>

	<p>The first Qualified Bid at the Auction shall be deemed to have been made by the Initial Highest Bidder in the amount of the Initial Highest Bid. Additional Qualified Bids must be made in higher increments of at least \$375,000 in cash (the “<u>Minimum Bid Increment</u>”).</p> <p>Any Qualified Bids by the Stalking Horse during the Auction will be entitled to a credit equal to \$1,500,000 (the maximum amount of the expense reimbursement and break-up fee).</p> <p>The Debtors shall determine, subject to final determination by the Court, whether a Qualified Bid by a Qualified Bidder at the Auction matches or is higher and better than the prior Qualified Bid.</p>
Selection of the Successful Bid	<p>At the conclusion of the Auction, the Debtors may select the highest and best offer for the Shares (the “<u>Winning Bid</u>”) as well as the second highest and best offer for the Shares (the “<u>Backup Bid</u>”) subject only to Court approval and shall file a notice with the Court announcing the Winning Bidder and Backup Bidder and conduct a hearing for approval of same, which hearing may be the Disclosure Statement hearing. The Backup Bid shall remain irrevocable until the earlier of the Effective Date of the Plan under the Winning Bid or the Bid Expiration Date; provided, that if the Stalking Horse Bidder is the Backup Bidder, its offer will remain open on the terms set forth in the Stalking Horse SPA. The Debtors in their sole discretion may consummate the Sale Transaction with the Backup Bidder.</p>

29. The Debtors believe that the Bidding Procedures are fair and reasonable, will promote competitive bidding and are not likely to dissuade any serious potential alternative purchaser from bidding for Plan Sponsorship.

30. In the event that the Bidding Procedures yield one or more competing Qualified Bids, the Debtors also seek authority to conduct the Auction as contemplated by the Bidding Procedures at the offices of their counsel, Hogan Lovells US LLP, in New York, New York.

31. The Debtors, in their sole discretion and based on their business judgment, shall select the Winning Bid and a Backup Bid (if any).

32. The Debtors propose to serve the Bidding Procedures Order and the Procedures Notice within three (3) business days after entry of the Bidding Procedures Order to (a) the United States Trustee; (b) the Debtors' largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions; (c) counsel to any Official Committee of Unsecured Creditors appointed in these Chapter 11 Cases; (d) any party that expressed in writing to the Debtors or KBW an interest in acquiring the Shares; (e) the Delaware Department of Insurance; (f) the Joint Provisional Liquidators of SRGL; (g) the Delaware Secretary of State; (h) the Delaware State Treasury; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; (k) any party that has requested notice pursuant to Bankruptcy Rule 2002; and (l) any other party required to be provided notice under Local Rule 9013-1(m).

B. Proposed Stalking Horse Protections

33. The PSA contemplates the filing of a Plan on terms consistent with those identified in the Plan Term Sheet annexed to the PSA in parallel to the competitive bidding process for the right to serve as Plan Sponsor. Accordingly, the Debtors seek to have HSCM serve as the "stalking horse" bidder in connection with the solicitation of higher and better offers for the Shares and Plan Sponsorship.

34. To induce the Stalking Horse to expend the time, energy, and resources necessary to submit a stalking horse bid, and particularly through a plan rather than a section 363 sale, the Debtors have agreed to provide, and seek this Court's approval of, certain bid protections.

35. Specifically, subject to the terms and upon the conditions set forth in the SPA, the Stalking Horse will be entitled to (A) an expense reimbursement (the "Expense Reimbursement") of up to \$1,500,000, reduced by the amount, if any, of any break-up fee paid;

and (B) satisfactory provisions approving a break-up fee (the “Break-Up Fee”) equal to 2% of the Purchase Price, as defined in the Stalking Horse SPA, as such amount may be increased at the Auction. Any Break-Up Fee and Expense Reimbursement will be paid only upon the terms set forth in the Stalking Horse SPA.

36. The Initial Highest Bid must be equal to or greater than the Purchase Price (as defined in the Stalking Horse SPA) by at least the sum of (a) the Stalking Horse Protections and (b) \$500,000. Additionally, each subsequent bid at the Auction must be equal to or greater than the aggregate of the (x) the highest bid then in effect, plus (y) \$375,000. As a result, once a Qualified Bid is submitted the estate will have recovered the cost of the Break-Up Fee and Expense Reimbursement. Every Qualified Bid thereafter will redound exclusively to the benefit of the Debtors’ estates.

37. The aforementioned Stalking Horse Protections are material inducements for, and an absolute condition to, the Stalking Horse’s agreement to enter into the Stalking Horse SPA and serve as the “floor” bid for the acquisition of the Shares and Plan Sponsorship. The Debtors believe that the Break-Up Fee and the Expense Reimbursement are fair and reasonable in view of (a) the intensive analysis, extensive due diligence investigation, and significant negotiation and documentation undertaken by the Stalking Horse in connection with the Proposed Transaction embodied in the Plan Sponsorship Agreement and (b) the fact that, if the Break-Up Fee is triggered, the Stalking Horse’s efforts will have enhanced the estates and afforded the Debtors an opportunity to receive the highest or otherwise best offer for the Shares.

BASIS FOR RELIEF

A. Approval of the Bidding Procedures Is Appropriate and in the Best Interests of the Debtors' Estates and Their Creditors.

38. Section 363(b)(1) of the Bankruptcy Code provides that “The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate. . . .” 11 U.S.C. § 363(b)(1). Bankruptcy Code section 105(a) further provides, in relevant part, that “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105.

39. Indeed, the paramount goal of a chapter 11 process is to maximize the proceeds received by the estate. *See Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 564-65 (8th Cir. 1997) (“[A] primary objective of the [Bankruptcy] Code [is] to enhance the value of the estate at hand.”); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 149 (3d Cir. 1986) (noting the fairness and reasonableness of prices); *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 659 (S.D.N.Y. 1992) (“It is a well-established principle of bankruptcy law that the ...debtor’s duty...is to obtain the highest price or greatest overall benefit possible for the estate.”) (quoting *Cello Bag Co. v. Champion Intl Corp. (In re Atlanta Packaging Prods., Inc.)*, 99 B.R. 124, 131 (Bankr. N.D. Ga. 1988)); *In re Summit Global Logistics, Inc.*, No. 08-11566, 2008 WL 819934, at *14 (Bankr. D.N.J. Mar. 26, 2008) (describing a proposed transaction as one that “maximize[d] value and return to interested parties”). To that end, courts have recognized that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate of a debtor and therefore are appropriate. *See Integrated*, 147 B.R. at 659 (such procedures “encourage bidding and to maximize the value of the debtor’s assets”); *In re Fin. News Network Inc.*, 126 B.R. 152, 156 (S.D.N.Y. 1991)

("[C]ourt-imposed rules for the disposition of assets [should] provide an adequate basis for comparison of offers, and [should] provide for a fair and efficient resolution of bankrupt estate.").

40. With this in mind, courts have deferred to a debtor's business judgment in the context of bidding and auction procedures. *See In re Trans World Airlines Inc.*, No. 01-0056, 2001 WL 1820326, at *10 (Bankr. D. Del. Apr. 2, 2001) ("It is not the function of a bankruptcy court to independently exercise a business judgment as to which proposal among competing proposals should be adopted by the debtor in effecting a § 363(b) sale.").

41. Here, the purchase offer embodied in the Stalking Horse SPA, establishes a bidding floor for the Debtors' estates. In exercising their fiduciary duties, the Debtors have determined that the Bidding Procedures are the most appropriate method for encouraging competing Bids—offers that can only increase creditor recoveries and that will ensure the value received for the Shares is the highest and best the market can generate.

42. The Bidding Procedures provide a framework to facilitate and entertain bids for the sale of the Shares and, if such bids are received, to conduct an auction in an orderly yet competitive fashion, thereby encouraging bids that maximize the net value realized from Plan Sponsorship. In particular, the Bidding Procedures contemplate an open and fair auction process with minimum barriers to entry and provide potential bidding parties with sufficient time to perform due diligence, many of whom will have likely performed due diligence in the very recent past, and acquire the information necessary to submit a timely and well-informed bid. The extensive prepetition marketing campaign conducted by the Debtors and their advisors since April 2017, over several months immediately preceding the bankruptcy filing, during which

time the Debtors and their advisors solicited at least thirty five financial and strategic prospects, will streamline the process of providing adequate information to potential bidders.

43. The Bidding Procedures provide the Debtors with an adequate opportunity to consider competing Bids and select the highest and best offer for the Shares. The Debtors therefore believe that submitting Plan Sponsorship to a market-based test will ensure their restructuring maximizes the recovery for all stakeholders. Accordingly, the Debtors and their stakeholders can be assured that the consideration obtained will be fair and reasonable and at or above market.

44. Similar procedures for plan sponsorship or acquisition of the Debtors' stock have been previously approved by this Court. *See, e.g., In re KaloBios Pharmaceuticals, Inc.*, Case No. 15-12628 (LSS) (March 23, 2016) (order approving stalking horse bid and procedures for bid and auction to serve as plan sponsor and acquire majority of the debtor's stock); *In re Brookstone Holdings Corp.*, Case No. 14-10752 (BLS) (Bankr. D. Del. Apr. 25, 2014) (order approving bidding procedures for plan sponsorship); *In re Tuscany Int'l Holdings (U.S.A.) LTD.*, Case No. 14-10193 (KG) (Bankr. D. Del. Mar. 26, 2014) (order approving procedures for purchase stock or assets of the debtors through a chapter 11 plan); *In re Oncure Holdings, Inc.*, Case No. 13-11540 (KG) (Bankr. D. Del. Jul. 24, 2013) (same).

45. In sum, the Debtors believe that the proposed Bidding Procedures create an appropriate framework for expeditiously establishing that the Debtors are receiving the best and highest offer for Plan Sponsorship. Accordingly, the proposed Bidding Procedures are reasonable, appropriate, and within the Debtors' sound business judgment under the circumstances.

B. The Stalking Horse Protections Are Reasonable and Necessary.

46. As stated above, in consideration for and as an inducement to the Stalking Horse to set the floor price for the purchase of the Shares and to serve as Plan Sponsor, the Debtors seek to provide the Stalking Horse with the Stalking Horse Protections in the form of the Break-Up Fee and Expense Reimbursement. Break-up fees and other termination fees are a reasonable, normal and, in many cases, necessary component of significant transactions under the Bankruptcy Code:

Break-up fees are important tools to encourage bidding and to maximize the value of the debtor’s assets. . . . In fact, because the . . . corporation ha[s] a duty to encourage bidding, break-up fees can be necessary to discharge [such] duties to maximize values.

Integrated, 147 B.R. at 659–60 (emphasis in original). Specifically, “[b]reakup fees and other strategies may be legitimately necessary to convince a ‘white knight’ to enter the bidding by providing some form of compensation for the risks it is undertaking.” *In re 995 Fifth Ave. Assocs. L.P.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (internal quotations omitted); *see also Integrated*, 147 B.R. at 660–61 (noting that break-up fees can prompt bidders to commence negotiations and “ensure that a bidder does not retract its bid”); *In re Hupp Indus., Inc.*, 140 B.R. 191, 194 (Bankr. N.D. Ohio 1992) (“without such fees, bidders would be reluctant to make an initial bid for fear that their first bid will be shopped around for a higher bid from another bidder who would capitalize on the initial bidder’s. . . . due diligence”).

47. Break-up fees are appropriate where they “provide some benefit to the debtor’s estate,” including (a) “induc[ing] a bidder to research the value of the debtor and convert that value to a dollar figure on which other bidders can rely” and (b) promoting more competitive bidding “by inducing a bid that otherwise would not have been made and without which bidding would have been limited.” *Calpine Corp. v. O’Brien Envt’l. Energy. Inc. (In re*

O'Brien Env'tl Energy, Inc.), 181 F.3d 527, 536–37 (3d Cir. 1999). In connection therewith, “the bidder may have provided a benefit to the estate by increasing the likelihood that the price at which the debtor is sold will reflect its true worth.” *Id.* at 537.

48. Historically, bankruptcy courts have approved bidding incentives similar to the Break-Up Fee and Expense Reimbursement, under the “business judgment rule,” which proscribes judicial second-guessing of the actions of a corporation’s board of directors taken in good faith and in the exercise of business judgment. *See O’Brien*, 181 F.3d at 534-35; *Integrated*, 147 B.R. at 657 (“break-up fee arrangements outside bankruptcy are presumptively valid under the business judgment rule”); *995 Fifth Ave.*, 96 B.R. at 28.

49. In addition to the traditional business judgment rule, the Third Circuit established standards for determining the appropriateness of bidding incentives in the bankruptcy context. The Third Circuit has held that even though bidding incentives are measured against a business judgment standard in non-bankruptcy transactions, the administrative expense provisions of section 503(b) of the Bankruptcy Code govern in the bankruptcy context. *See O’Brien*, 181 F.3d at 535 (“We . . . conclude that the determination whether break-up fees or expenses are allowable under § 503(b) must be made in reference to general administrative expense jurisprudence. In other words, the allowability of break-up fees, like that of other administrative expenses, depends upon the requesting party’s ability to show that the fees were actually necessary to preserve the value of the estate. Therefore, we conclude that the business judgment rule should not be applied as such in the bankruptcy context. Nonetheless, the considerations that underlie the debtor’s judgment may be relevant to the Bankruptcy Court’s determination on a request for break-up fees and expenses.”).

50. Evaluated under the Third Circuit's more rigorous "administrative expense" standard, the Break-Up Fee and Expense Reimbursement proposed herein passes muster and should be approved. The Bidding Procedures are the product of good faith, arm's-length negotiations among the Debtors and the Stalking Horse. The Debtors believe the Break-Up Fee and Expense Reimbursement are fair and reasonable in amount, and reasonably compensate for the risk to the Stalking Horse of serving as a stalking horse here.

51. The Stalking Horse would not have entered into the Stalking Horse SPA without the Break-Up Fee and Expense Reimbursement. Indeed, the Stalking Horse Protections were used by the Debtors to induce the Stalking Horse to both research the value of the Debtors' business and convert that value to a dollar figure on which other bidders could rely, and submit a bid (the Stalking Horse SPA) without which bidding for the Shares might be more limited. *See, e.g., Integrated*, 147 B.R. 650; *995 Fifth Ave.*, 96 B.R. at 28. The Stalking Horse Protections will compensate the Stalking Horse for the benefit it provides to the Debtors' estates in the event the Stalking Horse SPA promotes one or more Qualified Bids thereby triggering the auction. The Debtors believe that such fees are reasonable, given the benefits to the estates of having a floor for the creditors recoveries, a definitive agreement with the Stalking Horse and the corresponding risk to the Stalking Horse that a Qualified Bidders' overbid ultimately may be accepted, and that the Break-Up Fee and Expense Reimbursement are necessary to preserve and enhance the value of their estates. Comparable break-up fees and expense reimbursements, as a percentage of the stalking horse purchase price (5-6%), have been approved in this district, especially in complex and smaller-sized transactions such as this. *See, e.g., In re ATopTech, Inc.*, Case No. 17-10111 (MFW) (Bankr. D. Del. Apr. 21, 2017) (approving break-up fee and expense reimbursement totaling 5.6% of the \$8 million purchase price); *In re Samson Resources Corp.*,

Case No. 15-11934 (CSS) (Bankr. D. Del. Sept. 30, 2016) (approving break-up fee and expense reimbursement aggregating to approximately 5.4%); *In re Nortel Networks, Inc.*, Case No. 09-10266 (KG) (Bankr. D. Del. Feb. 27, 2009) (approving \$650,000 break-up fee and up to \$450,000 expense reimbursement, totaling to 6.2% of the \$17.65 million purchase price). For the reasons set forth above, the Debtors respectfully request approval of the proposed Break-Up Fee and Expense Reimbursement.

52. Finally, the Break-Up Fee and Expense Reimbursement will permit the Debtors to insist that competing Bids for the Shares and Plan Sponsorship be materially higher or otherwise better than the Stalking Horse's bid, to the benefit of the Debtors' estates. Such measures will "increas[e] the likelihood that the price at which the Shares will be sold will reflect [their] true worth." *O'Brien*, 181 F.3d at 537. The Debtors believe that all of the Bidding Procedures proposed herein, including the Stalking Horse Protections, will increase the likelihood that the Debtors will receive the greatest possible consideration for the Shares because they will ensure a competitive and fair bidding process. Moreover, the Bidding Procedures will allow for an orderly and expeditious Auction process, thereby maximizing the value of to the Debtors' estates by avoiding a prolonged stay in bankruptcy.

53. The Debtors submit that the proposed Bidding Procedures are reasonable under the facts and circumstances of these cases, especially in light of the extensive marketing that the Debtors' and their professionals have conducted before the Petition Date.

C. The Proposed Notice is Appropriate Under Bankruptcy Rule 2002

54. The Procedures Notice gives notice of the proposed sale including a disclosure of the time and place of an auction, the terms and conditions of the sale, and the deadline for filing any objections. The Debtors submit that the Procedures Notice fully complies

with Bankruptcy Rule 2002 and includes information regarding the Bidding Procedures necessary to enable interested parties to participate in the Auction.

55. The Debtors further submit that the notice to be provided through the Procedures Notice of the Bidding Procedures and the method of service proposed herein constitutes good and adequate notice of the Bidding Procedures and the other components of the Auction. Therefore, the Debtors respectfully request this Court approve the foregoing notice procedures.

NOTICE

56. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) the Debtors' largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions; (c) counsel to the Stalking Horse; (d) the Securities and Exchange Commission; (e) the Internal Revenue Service; (f) the Delaware Department of Insurance; (f) the Joint Provisional Liquidators of SRGL; (g) the Delaware Secretary of State; (h) the Delaware State Treasury; and (i) all parties who have requested notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

January 31, 2018
Wilmington, Delaware

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Proposed Counsel for Debtors and Debtors in Possession

EXHIBIT A

[Proposed Order]

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

In re

SCOTTISH HOLDINGS, INC., et al.,

Debtors.¹¹

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

Re: D.I. _____

**ORDER (A) APPROVING BIDDING PROCEDURES IN CONNECTION WITH
AN AUCTION FOR PLAN SPONSORSHIP; (B) APPROVING CERTAIN STALKING
HORSE PROTECTIONS; AND (C) AUTHORIZING AND SCHEDULING A DATE AND
TIME FOR AN AUCTION PURSUANT TO SUCH PROCEDURES**

Upon the Motion of the Debtors for Entry of Order (A) Approving Bidding Procedures in Connection with an Auction for Plan Sponsorship; (B) Approving Certain Stalking Horse Protections; and (C) Authorizing and Scheduling a Date and Time for an Auction Pursuant to Such Procedures (the “Motion”);¹² and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and the Court may enter an order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409;

IT IS HEREBY FURTHER FOUND AND DETERMINED THAT:

¹¹ 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.

¹² Capitalized terms used but not defined herein shall have the meanings given to them in the Motion.

A. Under the circumstances, due, proper, requisite, and sufficient notice of the Motion was provided, and no other or further notice need be provided, except as set forth herein.

B. A reasonable opportunity to be heard regarding the relief provided herein has been afforded to all interested parties.

C. HSCM Bermuda Fund Ltd. ("HSCM") under the Stalking Horse SPA is the "stalking horse," and the Stalking Horse SPA reflects the "stalking horse" bid, for purposes of the Bid Procedures.

D. The Debtors have demonstrated that, under the circumstances of these Chapter 11 Cases, the Bidding Procedures attached as Annex 1 hereto, (a) are fair, reasonable, and provide an appropriate process and timetable for the Debtors to utilize for the solicitation and consideration of competing offers for the purchase of the Shares of reorganized Scottish Annuity & Life Insurance Company (Cayman) Ltd ("SALIC") to be transferred under the Debtors' plan of reorganization (the "Plan") and for the rights to sponsor the Plan (the "Plan Sponsorship"), (b) are reasonably designed to maximize the value to be obtained from a sale of the Shares, (c) will promote the Debtors' efforts to maximize their enterprise value, and (d) are in the best interests of the Debtors' and their estates, creditors, and other stakeholders.

E. The Debtors have demonstrated a compelling and sound business justification for approving payment of the Break-Up Fee and the Expense Reimbursement (collectively, the "Stalking Horse Protections") under the circumstances of this case.

F. The Debtors' granting and payment of the Stalking Horse Protections, both under this Order and upon the conditions set forth in the Stalking Horse SPA and PSA, (a) are actual and necessary costs and expenses of preserving the Debtors' estates within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code, (b) are of substantial benefit to the Debtors'

estates and creditors and all parties in interest herein, (c) are fair, reasonable, and appropriate, including in light of the size and nature of the proposed transactions, including the sale of the Shares and the Plan Sponsorship, and the substantial efforts that have been and will be expended by the Stalking Horse in connection with the Stalking Horse SPA and the Plan, (d) have been negotiated by the parties and their respective advisors at arm's-length and in good faith, and (e) are a material inducement for the Stalking Horse to pursue, and a condition necessary to ensure that the Stalking Horse pursues, the purchase of the Shares and the Plan Sponsorship.

G. The Debtors have articulated good and sufficient reasons for, and the best interests of their estates will be served by, this Court granting the relief requested in the Motion, including authorization and approval of (a) the Bidding Procedures and (b) the Stalking Horse Protections.

H. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the findings of fact in this Order constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is granted.
2. All objections filed, if any, to the Motion or the relief requested herein that have not been withdrawn, waived, settled, or specifically addressed in this Order, and all reservations of rights included in such objections, are specifically overruled in all respects on the merits.
3. The Debtors are hereby authorized and empowered to take all actions necessary to implement the relief granted in this Order.

I. Approval of the Bidding Procedures

4. The Bidding Procedures in Annex 1, attached hereto and incorporated herein, are hereby approved in their entirety and shall govern all bids and other activities relating to the sale of the Shares. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures. The failure to specifically include or reference any particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Bidding Procedures be authorized and approved in their entirety.

5. As further described in the Bidding Procedures, the deadline for submitting a Qualified Bid (as such term is defined in the Bidding Procedures) shall be April 11, 2018 at 4:00 p.m., prevailing Eastern time (the "Bid Deadline").

6. If one or more Qualified Bids has been submitted for the Shares in accordance with the Bidding Procedures, the Debtors will conduct an Auction.

7. The Auction shall be organized and conducted by the Debtors on April 18, 2018 at 10:00 a.m., prevailing Eastern time, at the office of Hogan Lovells US LLP, 875 Third Avenue, New York, NY 10022 or such other location as may be announced prior to the Auction to the Auction Participants. Only the Debtors, any creditor, the Stalking Horse, and any other Qualified Bidder, along with their representatives and counsel, may attend the Auction, and only the Stalking Horse and such other Qualified Bidders will be entitled to make any Bids at the Auction.

8. Each Qualified Bidder participating in the Auction must confirm that it (1) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein, (2) has reviewed, understands, and accepts the Bidding Procedures, and (3) has consented to the core jurisdiction of the Court.

9. The first Qualified Bid at the Auction shall be deemed to have been made by the Initial Highest Bidder in the amount of the Initial Highest Bid. Thereafter, the Auction will continue in the manner determined by the Debtors; provided, however, (i) additional Bids must be Qualified Bids (except that subsequent Qualified Bids made at the Auction, although received from a Qualified Bidder prior to the Bid Deadline, need not be received by the Bid Deadline) and (ii) additional Qualified Bids must be made in higher increments of at least \$375,000. Any Qualified Bids by the Stalking Horse during the Auction will be entitled to a credit equal to \$1,500,000, the maximum amount of the sum of (i) the Break-Up Fee, and (ii) the Expense Reimbursement.

10. The Debtors shall determine based on their business judgment, subject to final determination by the Court, whether a Qualified Bid by a Qualified Bidder at the Auction matches or is higher and better than the prior Qualified Bid. The Debtors, in their sole discretion and based on their business judgment, shall select the Winning Bid and a Backup Bid (if any) subject only to Court approval and shall file a notice with the Court announcing the Winning Bidder and Backup Bidder and conduct a hearing for approval of same, which hearing may be the Disclosure Statement hearing.

11. The Bidding Procedures, including the Qualified Bid and Qualified Bidder requirements, are not intended to, and do not, foreclose bidders from making and the Debtors from accepting alternative bid structures to or for the benefit of the Debtors, such as bids contemplating asset sales or bids to provide the Debtors with debt financing.

II. Approval of the Stalking Horse Protections

12. The Stalking Horse Protections in the Motion are hereby approved.

13. Without limiting the immediately preceding paragraph, the Debtors may pay the Break-Up Fee and the Expense Reimbursement, as the case may be, without further application

to or order from the Court. The Break-Up Fee shall be in an amount equal to 2% of the Purchase Price (as defined in the Stalking Horse SPA), as such amount may be increased at the Auction; and the Expense Reimbursement shall be in an amount up to \$1,500,000, reduced by the amount, if any, of any Break-Up Fee paid. The Break-Up Fee and the Expense Reimbursement shall constitute superpriority administrative expenses of the Debtors with priority over any and all administrative expenses of any kind, including those specified in sections 503(b) and 507(a) of the Bankruptcy Code.

14. The Debtors' obligations to pay the Break-Up Fee and the Expense Reimbursement shall survive termination of the Stalking Horse SPA.

15. Except for the Stalking Horse, no other party submitting an offer or a competing Qualified Bid for the Shares shall be entitled to any expense reimbursement, break-up, termination, or similar fee or payment.

16. The Stalking Horse Protections are necessary to maximize the value of the Debtors' estates. Without the Stalking Horse Protections, the Stalking Horse would not pursue the purchase of the Shares and Plan Sponsorship, likely resulting in the Debtors realizing a lower price in any Proposed Transaction.

III. Approval of the Procedures and Possible Assumption Notices

17. The form of the Procedures Notice attached hereto as **Annex 2** is hereby approved in all respects. All parties in interest shall receive or be deemed to have received good and sufficient notice of the solicitation of offers for the purchase of the Shares and the Auction if the Debtors serve the Procedures Notice and this Order by first class mail, postage prepaid, within three (3) business days after entry of this Order upon: (a) the United States Trustee; (b) the Debtors' largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions; (c) counsel to any Official Committee of Unsecured Creditors appointed in these

Chapter 11 Cases; (d) any party that expressed in writing to the Debtors or KBW an interest in acquiring the Shares; (e) the Delaware Department of Insurance; (f) the Joint Provisional Liquidators of SRGL; (g) the Delaware Secretary of State; (h) the Delaware State Treasury; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; (k) any party that has requested notice pursuant to Bankruptcy Rule 2002; and (l) any other party required to be provided notice under Local Rule 9013-1(m).

18. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

19. To the extent that any chapter 11 plan confirmed in these Chapter 11 Cases or any order confirming any such plan or any other order in these Cases (including any order entered after any conversion of these Cases to cases under chapter 7 of the Bankruptcy Code) alters, conflicts with, or derogates from the provisions of this Bidding Procedures Order, the provisions of this Order shall control. The Debtors' obligations under this Order, the provisions of this Order, and the portions of the PSA and Stalking Horse SPA pertaining to the Bidding Procedures shall survive confirmation of any plan of reorganization or discharge of claims thereunder and shall be binding upon the Debtors, and the reorganized or reconstituted Debtors, as the case may be after the effective date of a confirmed plan or plans in the Debtors' cases (including any order entered after any conversion of these Cases to cases under chapter 7 of the Bankruptcy Code).

20. This Order shall be binding on all successors and assigns, including any trustee appointed in these Chapter 11 Cases, and on any liquidating or distribution trustee appointed pursuant to the Plan (but, with respect to such trustee, not as a successor to the Debtors).

21. The stay provided for in Bankruptcy Rule 6006(d) is waived and this Order shall be effective immediately upon its entry.

22. The Court shall retain jurisdiction over any matter or disputes arising from or relating to the interpretation, implementation or enforcement of this Order.

Dated: _____, 2018
Wilmington, Delaware

The Honorable Laurie S. Silverstein
United States Bankruptcy Judge

ANNEX 1

[Bidding Procedures]

Annex 1
Bidding Procedures

Participation Requirements and Due Diligence

(a) Notwithstanding anything to the contrary contained herein, the Debtors' marketing and solicitation process regarding the Proposed Transaction (as defined below) shall not commence until after the Bankruptcy Court shall have entered the Bidding Procedures Order.

(b) In order to participate in the bidding process, the Auction (as defined below), or otherwise be considered for any purpose hereunder, a person or entity interested in acquiring the new capital stock (the "Shares") of reorganized Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC") (each, a "Potential Bidder") must first deliver the following materials to the Debtors and their advisors:

(i) An executed confidentiality agreement in form and substance satisfactory to the Debtors and their advisors (the "Confidentiality Agreement"). Without limiting the foregoing sentence, the Confidentiality Agreement will provide that all non-public information about the Debtors received by a Potential Bidder will be kept strictly confidential in accordance therewith and used only in connection with analyzing a proposed transaction (a "Proposed Transaction") for the purchase of the Shares (a "Proposed Sale Transaction") and restructuring of the Debtors pursuant to a plan of reorganization;

(ii) Written evidence that enables the Debtors and their advisors to reasonably determine whether a Potential Bidder has the financial, regulatory, operational, and other ability to close the Proposed Transaction and, with respect to a Proposed Transaction, provides adequate assurance of future performance under all contracts and leases to be assumed in connection therewith.

(c) The Debtors or their advisors shall post in the Debtors' data room these Bidding Procedures, together with a WORD copy of the Stock Purchase Agreement (the "Stalking Horse SPA") executed by and between the Debtors and the Stalking Horse and approved by the Bankruptcy Court as the "stalking horse" bid. All Potential Bidders, whether deemed Qualified Bidders (as defined below) or not, consent to the jurisdiction of the Bankruptcy Court to determine matters concerning the Proposed Transaction and their bids (each, a "Bid") (whether or not one is made), the Auction, or the marketing process generally and waive any right to any other venue.

(d) Any Potential Bidder wishing to conduct due diligence concerning the Proposed Transaction shall be granted (i) reasonable access to the Debtors' management during normal business hours and (ii) access to all relevant information regarding the business of each of the Debtors reasonably necessary to enable a Potential Bidder to evaluate the Proposed Transaction. The Debtors shall make access available to Potential Bidders through an electronic dataroom as soon as reasonably practicable following execution of the Confidentiality Agreement. Potential Bidders interested in conducting due diligence should contact Keefe Bruyette & Woods, Inc. ("KBW") at Keefe, Bruyette & Woods, Insurance Investment Banking

Group, 787 Seventh Avenue, 4th Floor, New York, NY 10019 (Joe Beebe, Managing Director, jbeebe@kbw.com, 212-887-7752; Peter Houston, Vice President, phouston@kbw.com; 212-887-6798). Notwithstanding the foregoing, KBW is not required to provide confidential, business-sensitive or proprietary information to any person if the Debtors reasonably believe that such disclosure would be detrimental to the interests of the Debtors' estates. All due diligence must be completed before the Bid Deadline (defined below). No condition(s) allowing or regarding further due diligence will be accepted after the Bid Deadline. Potential Bidders are required to exercise their own discretion before relying on any information provided by the Debtors regarding the Proposed Transaction. Neither the Debtors nor their representatives or advisors are responsible for, and will bear no liability with respect to, any information obtained by Potential Bidders pursuant hereto.

(e) The Debtors and their advisors shall: (i) receive and evaluate any Bids from Potential Bidders; (ii) negotiate offers for Proposed Transactions; (iii) request information from Potential Bidders, engage in discussions with Potential Bidders, and take such other actions to determine whether any Bid constitutes or could lead to a Qualified Bid (as defined below); and (iv) take any other actions contemplated under these Bidding Procedures.

Submission of Bids

(a) Any Potential Bidder interested in submitting a Proposed Transaction must submit a Bid **prior to 4:00 p.m. prevailing Eastern Time on April 11, 2018 (the "Bid Deadline")**. In order for a Bid to be considered, it must be a "**Qualified Bid**." A Potential Bidder will be deemed to be a "Qualified Bidder" if the Debtors in consultation with their advisors, in their sole discretion, determine that such Potential Bidder submitted a Qualified Bid. For the avoidance of doubt the Stalking Horse shall be automatically deemed a Qualified Bidder and be entitled to participate in the Auction. The Bidding Procedures Order will find that HSCM Bermuda Fund Ltd.'s bid is the Stalking Horse.

(b) Subject to the Bidding Procedures Order, with respect to a Proposed Transaction, a Bid will be considered a "**Qualified Bid**" only if the Bid is for the acquisition of 100% of the Shares of SALIC's New Common Stock pursuant to a Stock Purchase Agreement in the form of the Stalking Horse SPA that contains terms no less favorable to the Debtors' estates than the Stalking Horse SPA, as determined by the Debtors, and fulfills, *inter alia*, at a minimum the following requirements prior to the Bid Deadline (capitalized terms used in this section are defined later in the Bidding Procedures):

(i) Provides that the Bid shall remain irrevocable until entry of the Winning Bidder Order, and if the bid is selected as the Winning Bid or the Backup Bid, until the earlier of (x) the Effective Date of the Plan implementing the Winning Bid (as defined below) or (y) one hundred and eighty (180) days after entry of the Winning Bidder Order (the "**Bid Expiration Date**");

(ii) Is made by a person or entity that reasonably demonstrates evidence of fully committed and firm financing for each component of debt or equity in support of such Bid and other ability to consummate the Proposed Transaction, in each case solely acceptable to the Debtors;

(iii) Provides written evidence that the Qualified Bidder has obtained authorization and approval from its board of directors (or comparable governing body) with respect to the submission of its Bid and the execution of the agreements associated therewith, or a representation that no such authorization or approval is required;

(iv) Provides that the total consideration will be an amount in cash equal to or greater than the aggregate of (i) the Purchase Price (as defined in the Stalking Horse SPA), plus (ii) the Expense Reimbursement, plus (iii) the Break-Up Fee, plus (iv) \$500,000 (the "Initial Overbid Amount");

(v) Provides that any cash portion of the purchase price will be paid in cash, cash equivalents, or such other consideration acceptable to the Debtors;

(vi) Provides by wire transfer of immediately available funds, in the form of cash or a letter of credit, to an escrow agent designated by the Debtors before the Bid Deadline of an earnest money cash deposit of not less than ten percent (10%) of the total value of the purchase price of the competing Qualified Bid, but in no event less than ten percent (10%) of the Initial Overbid Amount (the "Deposit");

(vii) Provides evidence reasonably satisfactory to the Debtors that the Qualified Bidder is reasonably likely to obtain promptly all necessary regulatory approvals to consummate the Proposed Transaction;

(viii) Provides express consent to Debtors' ability to communicate with Delaware Insurance Commissioner and CIMA about the bid for purposes of evaluating the likelihood of the Bidder to obtain the necessary regulatory approval;

(ix) Is submitted in the form of a legally binding Stock Purchase Agreement in substantially the form of the Stalking Horse SPA, fully executed by the Qualified Bidder in a clean copy and marked to show the proposed changes to the Stalking Horse SPA in a redlined copy, that further:

(1) Identifies the Qualified Bidder and any members of its investor group, if applicable;

(2) Is not subject to any conditions, representations, or terms that the Debtors determine to be unacceptable;

(3) Describes with specificity the total consideration proposed to be paid for the Shares;

(4) Is not conditioned upon the Bankruptcy Court's approval of any bid protections, such as a break-up fee, termination fee, expense reimbursement, working fee or similar type of payment;

(5) Is not conditioned upon tax or other due diligence, or receipt of financing;

(6) Does not contain any condition to closing of the Proposed Transaction relating to the receipt of any third party approvals (excluding required Bankruptcy Court approval and any required governmental and/or regulatory approval or third party consents required under the Stalking Horse SPA);

(7) Expressly acknowledges and represents that the Qualified Bidder: (A) has had an opportunity to conduct any and all due diligence regarding the Proposed Transaction prior to making its Bid, (B) has relied solely upon its own independent review, investigation and/or inspection of any documents in making its Bid or that of any of its legal, financial or other advisors, and (C) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the business of the Debtors or the Proposed Transaction, or the completeness or accuracy of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Stock Purchase Agreement ultimately accepted and executed by the Debtors;

(8) Identifies each and every executory contract and unexpired lease that the Qualified Bidder desires the Debtors to assume or reject under the Plan at the closing and provides evidence of such Qualified Bidder's ability to provide adequate assurance of future performance of such contracts or leases to be assumed (as required by section 365(b)(1)(C) of the Bankruptcy Code) along with the Bid; and

(9) Contains other information reasonably requested by the Debtors and their advisors.

(c) A Qualified Bidder that desires to make a Bid must deliver written electronic copies of its Bid prior to the Bid Deadline to KBW through jbeebe@kbw.com, and phouston@kbw.com, and the following representatives of the Debtors: (i) Hogan Lovells US LLP, peter.ivanick@hoganlovells.com and john.beck@hoganlovells.com and (ii) Morris, Nichols, Arsht & Tunnell LLP, eschwartz@mnat.com, gwerkheiser@mnat.com, and mharvey@mnat.com. The Debtors shall deliver copies of any such Bids to the Office of the U.S. Trustee, and any official committee of unsecured creditors appointed in these chapter 11 cases.

(d) After the Bid Deadline, the Debtors shall determine which Qualified Bid represents the then-highest or otherwise best bid (the "Initial Highest Bid" and the entity submitting such Bid, the "Initial Highest Bidder"). At least one business day prior to the Auction, each Qualified Bidder that timely submitted a Qualified Bid will be advised of such Initial Highest Bid and the Debtors shall distribute copies of such Initial Highest Bid to other Qualified Bidders.

Due Diligence From Potential Bidders or Qualified Bidders

(a) Each Potential Bidder shall comply with all reasonable requests for additional information by the Debtors or their advisors regarding such Potential Bidder's financial wherewithal to consummate and perform obligations in connection with the Proposed Transaction. Failure by a Potential Bidder to comply with requests for additional information may be a basis for the Debtors and their advisors to determine that a Potential Bidder is not a Qualified Bidder. Similarly, each Qualified Bidder shall comply with all reasonable requests for additional information by the Debtors or their advisors regarding such Qualified Bidder's financial wherewithal to consummate and perform obligations in connection with the Proposed Transaction as the Auction progresses. Failure by a Qualified Bidder to comply with requests for additional information may be a basis for the Debtors and their advisors to determine that the Qualified Bidder may no longer participate in the Auction. The Debtors may disqualify any Qualified Bidder and Qualified Bid from participation in the Auction in the Debtors' discretion.

"As Is, Where Is"

(a) With respect to a Proposed Transaction, the sale of the Shares shall be without representations or warranties of any kind, nature or description by the Debtors, their advisors, agents or estates or any other party, except to the extent set forth in the Stock Purchase Agreement between the Debtors and the Winning Bidder (as defined below). Except as otherwise provided in the Winning Bidder's Stock Purchase Agreement, the Shares shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests therein (collectively, the "Claims") pursuant to section 363(f) of the Bankruptcy Code, such Claims to attach to the net proceeds of the sale of the Shares, with the same validity and priority as existed immediately prior to such sale.

The Auction

(a) If one or more Qualified Bids has been submitted in accordance with these Bidding Procedures, the Debtors will conduct an **Auction on April 18, 2018, at 10:00 a.m. prevailing Eastern time**, with respect to such Qualified Bids in order to determine the highest and best Bid (the "Winning Bid"). The Auction shall be organized and conducted by the Debtors at the offices of their counsel, Hogan Lovells US LLP, 875 Third Avenue, New York, NY 10022 or such other location as may be announced prior to the Auction to the Auction Participants. The Auction will be recorded by stenographic means by an authorized court reporter.

(b) The only persons or entities who will be permitted to Bid at the Auction are the authorized representatives of each Qualified Bidder (the "Auction Participants"). While only the Auction Participants may make Qualified Bids at the Auction, the Auction may be attended and viewed also by the Debtors or any creditor, and their respective advisors and/or other authorized representatives.

(c) Each Qualified Bidder shall be required to represent that it has not engaged in any collusion with respect to the marketing process or the Proposed Transaction.

(d) The Auction shall be conducted by the Debtors in accordance with such procedures and requirements as may be established at the discretion of the Debtors and their advisors to result in the highest and best offer as determined by the Debtors, which rules shall be announced prior to commencement of the Auction and may include the determination of the amount of time between Qualified Bids, the conducting of multiple rounds of open bidding, and to declare that the Auction has ended when no further Bids are timely made or otherwise. The Debtors may waive and/or employ and announce at the Auction additional rules that are reasonable under the circumstances for conducting the Auction provided that such rules are (i) not inconsistent with the Bidding Procedures Order, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules of the Bankruptcy Court, or any order of the Bankruptcy Court entered in connection with the Chapter 11 cases and (ii) disclosed to each Qualified Bidder.

(e) The first Qualified Bid at the Auction shall be deemed to have been made by the Initial Highest Bidder in the amount of the Initial Highest Bid. Thereafter, the Auction will continue in the manner determined by the Debtors above; provided, however, (i) additional Bids must be Qualified Bids (except that subsequent Qualified Bids made at the Auction, although received from a Qualified Bidder prior to the Bid Deadline, need not be received by the Bid Deadline) and (ii) with respect to a Proposed Transaction, additional Qualified Bids must be made in higher increments of at least \$375,000 in cash (the "Minimum Bid Increment"). Any Qualified Bids by the Stalking Horse during the Auction will be entitled to a credit equal to \$1,500,000 (the maximum amount of the Expense Reimbursement and Break-Up Fee).

(f) The Debtors shall determine, subject to final determination by the Bankruptcy Court, whether a Qualified Bid by a Qualified Bidder at the Auction matches or is higher and better than the prior Qualified Bid.

(g) At the conclusion of the Auction, the Debtors may, in their sole discretion: (i) select the Winning Bid and second highest and best Bid (the "Backup Bid"); (ii) notify the person that made the Winning Bid (the "Winning Bidder") that such person's offer has been determined by the Debtors to be the Winning Bid, subject only to Bankruptcy Court approval; (iii) notify the person that made the Backup Bid (the "Backup Bidder") that such person's offer has been determined by the Debtors to be the Backup Bid, subject only to Bankruptcy Court approval; and (iv) file a notice with the Bankruptcy Court announcing the Winning Bidder and Backup Bidder and conduct a hearing for approval of same, which hearing may be the Disclosure Statement hearing (such order approving the Winning Bidder, the "Winning Bidder Order"). Prior to the commencement of the hearing, the Winning Bidder shall complete and sign all agreements and documents as necessary to bind the Winning Bidder to all of the terms and conditions contemplated by the Winning Bid. In the event the Stalking Horse is not selected as the Winning Bidder at the conclusion of the Auction, its Deposit shall be returned in accordance with the terms of the Stalking Horse SPA.

(h) The Backup Bid shall remain irrevocable until the Effective Date of the Plan or the Bid Expiration Date; provided, that if the Stalking Horse Bidder is the Backup Bidder, its offer will remain open on the terms set forth in the Stalking Horse SPA. The Debtors in their sole discretion may consummate the Proposed Transaction with the Backup Bidder.

(i) If no Qualified Bids other than the Stalking Horse SPA are received by the Debtors by the Bid Deadline, the Debtors shall not hold an Auction and the Stalking Horse SPA shall be the Winning Bid.

(j) The Deposit of the Winning Bidder shall be applied by the Debtors against the purchase price to be paid by the Winning Bidder or held by the Debtors and forfeited, as the case may be, in accordance with the terms of the Stock Purchase Agreement associated with the Winning Bid.

Deposits

(a) No later than three (3) business days after the Auction, the Debtors (or escrow agent) shall return to each Qualified Bidder(s) other than the Winning Bidder their respective Deposit(s).

ANNEX 2

[Procedures Notice]

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

In re

SCOTTISH HOLDINGS, INC., et al.,

Debtors.¹³

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

**NOTICE OF BIDDING PROCEDURES AND AUCTION
IN CONNECTION WITH SALE OF THE REORGANIZED
DEBTORS' STOCK PURSUANT TO A CHAPTER 11 PLAN**

PLEASE TAKE NOTICE THAT on January 31, 2018, Scottish Holdings, Inc. and Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC") as debtors and debtors in possession (collectively, the "Debtors"), in the above-captioned chapter 11 cases (the "Chapter 11 Cases") under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq* (the "Bankruptcy Code"), filed a motion (D.I. __, the "Motion")¹⁴ with the United States Bankruptcy Court for the District of Delaware (the "Court") for an order pursuant to sections 105 and 363 of the Bankruptcy Code and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules") and Rules 2002-1 and 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"): (a) establishing the form of bidding procedures for the solicitation and consideration of competing offers for the purchase of all of the capital stock (the "Shares") of reorganized SALIC to be issued under the Debtors' plan of reorganization (the "Plan"); (b) approving a break-up fee and expense reimbursement (collectively, the "Stalking Horse Protections") for the Stalking Horse; (c) authorizing the Debtors to conduct an auction for Plan Sponsorship (the "Auction"); and (d) certain related relief.

PLEASE TAKE FURTHER NOTICE THAT on _____, 2018, the Court entered an order (D.I. __, the "Bidding Procedures Order") approving the form of the Bidding Procedures.

PLEASE TAKE FURTHER NOTICE THAT, pursuant to the Bidding Procedures Order, if the Debtors receive one or more Qualified Bids (other than the bid by the Stalking Horse) by the Bid Deadline (defined below), the Debtors shall conduct the Auction on _____ commencing at **10:00 a.m. (Eastern Time)** at the offices of Hogan Lovells US LLP, 875 Third Avenue, New York, NY 10022 or such other location as may be announced prior to the Auction to the Auction

¹³The 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.

¹⁴ All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed

Participants. If no Qualified Bids other than the Stalking Horse Bid are received by the Debtors by the Bid Deadline, the Debtors shall not hold an Auction and the Stalking Horse Bid shall be the Winning Bid.

PLEASE TAKE FURTHER NOTICE THAT the “Bid Deadline” is **April 11, 2018**, at **4:00 p.m. (Eastern Time)**. A potential bidder that desires to make a bid for the Shares shall deliver its Bid along with written electronic copies of all materials comprising or supporting its Bid to the following representatives of the Debtors: (i) Keefe Bruyette & Woods, Inc. (“KBW”) at [jbeebe@kbw.com and phouston@kbw.com] (ii) Hogan Lovells US LLP, peter.ivanick@hoganlovells.com and john.beck@hoganlovells.com and (iii) Morris, Nichols, Arsht & Tunnell LLP, eschwartz@mnat.com, gwerkheiser@mnat.com, and mharvey@mnat.com. The Debtors shall deliver copies of any such Bids to the Office of the U.S. Trustee and any official committee of unsecured creditors appointed in these Chapter 11 Cases. **Any person or entity that does not submit a bid by the Bid Deadline shall not be permitted to participate in the Auction.**

PLEASE TAKE FURTHER NOTICE THAT any person or entity wishing to submit a Bid for the Shares is urged to review the Bidding Procedures, the Bidding Procedures Order, and the Motion. Copies of the Motion and the exhibits thereto, and the Bidding Procedures Order (including the Bidding Procedures attached as Annex 1 to the Bidding Procedures Order) may be (a) reviewed during regular Court hours at the United States Bankruptcy Court, 824 North Market Street, Wilmington, Delaware 19801, (b) reviewed electronically on www.deb.uscourts.gov, the official website for the Court, or (c) upon reasonable written request to the Debtors’ counsel.

_____, 2018
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

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Proposed Counsel for Debtors and Debtors in Possession

EXHIBIT B

[Stock Purchase Agreement]

STOCK PURCHASE AGREEMENT

BY AND AMONG

SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD.,

SCOTTISH HOLDINGS, INC.

AND

HSCM BERMUDA FUND LTD.

DATED AS OF JANUARY 28, 2018

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Exhibits

Exhibit A	Bidding Procedures
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Schedules

SALIC Disclosure Schedule
Purchaser Disclosure Schedule

This STOCK PURCHASE AGREEMENT (this “Agreement”) is dated as of January 28, 2018 (the “Agreement Date”), by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd., an exempted company limited by shares organized and existing under the laws of the Cayman Islands (“SALIC”), Scottish Holdings, Inc., a corporation organized and existing under the laws of the state of Delaware (“SHI”), and HSCM Bermuda Fund Ltd., a Bermuda limited company (“Purchaser”).

RECITALS

WHEREAS, SALIC is engaged, through itself and the Insurance Company Subsidiaries, in the reinsurance of, among other products, accident and health insurance, disability insurance, life insurance, annuities and annuity-type products (the “SALIC Group Business”);

WHEREAS, SALIC is a wholly owned direct subsidiary of Scottish Re Group Limited (“SRGL”), an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands;

WHEREAS, on January 28, 2018, SALIC and SHI intend to file voluntary petitions for relief (each a “Chapter 11 Case,” and collectively, the “Chapter 11 Cases”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”);

WHEREAS, on May 17, 2017, SRGL (a) commenced a winding up proceeding (the “Bermuda Winding Up Proceeding”) before the Supreme Court of Bermuda (the “Bermuda Court”) by filing a petition (the “Bermuda Winding Up Petition”) for its winding up pursuant to Part XIII of the Bermuda Companies Act 1981 (the “Bermuda Act”) and (b) commenced a parallel winding up proceeding (the “Cayman Islands Winding Up Proceeding,” and together with the Bermuda Winding Up Proceeding, the “Winding Up Proceedings”) before the Grand Court of the Cayman Islands, Financial Services Division (the “Cayman Islands Court”) by filing a petition (the “Cayman Islands Winding Up Petition,” and together with the Bermuda Winding Up Petition, the “Winding Up Petitions”) for its winding up under Cayman Islands law;

WHEREAS, simultaneous with SRGL’s filing of the Bermuda Winding Up Petition, SRGL filed an application to the Bermuda Court for the appointment of joint provisional liquidators in connection with the Bermuda Winding Up Proceeding;

WHEREAS, on May 18, 2017, the Bermuda Court appointed John C. McKenna of Finance & Risk Services Ltd. and Eleanor Fisher of Kalo (Cayman) Limited as joint provisional liquidators (with limited powers) for SRGL in connection with the Bermuda Winding Up Proceeding (the “Joint Provisional Liquidators”);

WHEREAS, it is anticipated by the parties hereto that, following the execution of this Agreement, (a) the Bermuda Court will make a winding up Order for SRGL and will expand the powers of the Joint Provisional Liquidators under the Bermuda Act such that they will become full powers liquidators in the Bermuda Winding Up Proceeding (the “Bermuda Full Powers Liquidators”), and (b) the Cayman Islands Court will make a winding up Order and appoint Mr. McKenna and Ms. Fisher as full powers liquidators in the Cayman Islands Winding Up

Proceeding (the “Cayman Islands Full Power Liquidators,” and together with the Bermuda Full Powers Liquidators, the “Full Powers Liquidators”);

WHEREAS, SALIC is authorized to issue 20,000,000,000 ordinary shares, par value \$0.001 (the “Ordinary Shares”), of which 20,000,000,000 Ordinary Shares are outstanding;

WHEREAS, the Board of Directors of SALIC has approved the execution of this Agreement and the consummation of the Transactions;

WHEREAS, SRGL, SHI and SALIC have executed, on the date hereof, a Restructuring Implementation Agreement, pursuant to which, among other things, the parties thereto have agreed, subject in all respects to the terms and conditions set forth in the Restructuring Implementation Agreement, (a) that SRGL will provide SALIC with an irrevocable letter of surrender for all but one of the Ordinary Shares held by SRGL and (b) consent to the issuance of the Purchaser Shares to Purchaser upon the terms and subject to the conditions set forth in the Restructuring Implementation Agreement and this Agreement will be granted, and the Joint Provisional Liquidators have reviewed the unsigned final draft of the Restructuring Implementation Agreement and in all the circumstances known to them as of the Agreement Date support the actions thereunder as representing the best plan available in the best interests of SRGL's general body of unsecured creditors;

WHEREAS, Purchaser wishes to purchase, and SALIC wishes to issue and sell, 19,999,999,999 Ordinary Shares (the “Purchaser Shares”), upon the terms and conditions stated herein, in the Plan Sponsorship Agreement and the Chapter 11 Plan (as defined below); and

WHEREAS, in connection with the issuance and sale to Purchaser of the Purchaser Shares, SRGL will surrender to SALIC for cancellation the SRGL Shares (as defined below) as described, and on the terms and conditions set forth, in this Agreement, the Plan Sponsorship Agreement and the Chapter 11 Plan.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and upon the terms and subject to the conditions set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth or as referenced below:

“Abandonment Order” has the meaning set forth in Section 5.10.

“Action” means any claim, action, suit, litigation, audit, assessment, arbitration, investigation, inquiry, hearing, investigation, charge, complaint, demand, notice or proceeding of any nature, whether civil, criminal, administrative, regulatory, investigative or otherwise, in law or in equity.

“Administrative Expense Claim” means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases as it relates to the Debtors under Sections 503(b) and 507(a)(2) of the Bankruptcy Code including, claims under Section 503(b)(9) of the Bankruptcy Code, any actual and necessary costs and expenses of preserving the Debtors’ estates, any actual and necessary costs and expenses of operating either Debtor’s business, any indebtedness or obligations incurred by either Debtor after the Petition Date in connection with the conduct of their businesses, all compensation and reimbursement of expenses awarded or otherwise approved for payment by Final Order of the Bankruptcy Court under Section 330, 503(b) or 1129(a)(4) of the Bankruptcy Code, any fees or charges assessed against either Debtor’s estate under Section 1930 of chapter 123 of title 28 of the United States Code, all wages, salaries and health and other benefits on account of services rendered after the Petition Date, all post-Petition Date taxes, and all other claims entitled to administrative expense status pursuant to a Final Order of the Bankruptcy Court, in each case relating to the period from the Petition Date to the Effective Date but not beyond (but excluding the Break-Up Fee, Expense Reimbursement Amount and any Intercompany Claims).

“Affiliate” means, with respect to any specified Person, any other Person that, at the time of determination, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

“Agreement” has the meaning set forth in the Preamble.

“Agreement Date” has the meaning set forth in the Preamble.

“Allowed” means, in reference to a Claim against a Debtor, a Claim that is an “Allowed Claim” pursuant to the terms of the Chapter 11 Plan or that otherwise has been allowed against such Debtor by a Final Order of the Bankruptcy Court.

“Alternative Transaction” mean any transaction or transactions pursuant to which any Person or group of Persons other than Purchaser and its Affiliates acquire, directly or indirectly, all or any part (directly or through a proposed investment in equity securities, debt securities or claims of creditors) of the business, assets or properties, capital stock or capital stock equivalents of SRGL or any SALIC Group Company, whether by merger, recapitalization, reinsurance, share exchange, stock purchase (including a rights offering with respect to such entity’s securities), purchase of assets, tender offer, debt-for-equity exchange, distribution of securities for the benefit of the stockholders of such entity, consolidation or similar transaction, or Debt Financing; provided, however, that in no event shall an “Alternative Transaction” include any transaction (including any reinsurance or retrocession transaction) undertaken by any SALIC Group Company in the Ordinary Course of Business.

“Ancillary Agreements” means the other agreements and instruments executed and delivered in connection with this Agreement.

“Applicable Bermuda Law” means all statutes, uncodified laws, regulations and rules of Bermuda (including the Bermuda Act and Orders of the Bermuda Court) that may be applicable to any SRGL Group Company or SALIC Group Company.

“Applicable Cayman Islands Law” means all statutes, uncodified laws, regulations and rules of the Cayman Islands (including the Companies Winding Up Rules, the Insolvency Practitioners’ Regulations, the Foreign Bankruptcy Proceedings Rules (International Cooperation Rules), CIMA regulations and agency rulings and Orders of the Cayman Islands Court) that may be applicable to any SRGL Group Company or SALIC Group Company.

“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 Authority.

“Assumed Contracts” means all Contracts (a) that are Executory Contracts, (b) to which one or both of SALIC or SHI is party, and (c) that are to be assumed by the applicable Debtor pursuant to section 365 or 1123 of the Bankruptcy Code (i) by reason of their inclusion as Material Contracts on Section 3.16(a) of the SALIC Disclosure Schedule, but subject to Purchaser’s rights under Section 2.3(c) and Section 2.3(f), (ii) by reason of Purchaser’s inclusion of such Contracts on the schedule described in Section 2.3(a), (iii) by other agreement in writing of either Debtor (as applicable) and Purchaser, or (iv) otherwise in accordance with the Chapter 11 Plan, the Confirmation Order or another Final Order of the Bankruptcy Court. For the avoidance of doubt, the Assumed Contracts shall include all Reinsurance Contracts that are Executory Contracts and to which SALIC is a party.

“Auction” has the meaning set forth in the Bidding Procedures.

“Back-Up Bidder” has the meaning set forth in the Bidding Procedures.

“Bankruptcy and Equity Exceptions” has the meaning set forth in Section 3.2.

“Bankruptcy Code” has the meaning set forth in the Recitals.

“Bankruptcy Court” has the meaning set forth in the Recitals.

“Bankruptcy Court Approvals” means the Bidding Procedures Order, the RIA Order, the PSA Order, the Winning Bidder Order, the Disclosure Statement Order, the Sale Order and the Confirmation Order.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure.

“Benefit Plans” has the meaning set forth in Section 3.11(a).

“Bermuda Act” has the meaning set forth in the Recitals.

“Bermuda Court” has the meaning set forth in the Recitals.

“Bermuda Full Powers Liquidators” has the meaning set forth in the Recitals.

“Bermuda Winding Up Petition” has the meaning set forth in the Recitals.

“Bermuda Winding Up Proceeding” has the meaning set forth in the Recitals.

“Bidding Procedures” means the Bidding Procedures annexed as Exhibit A to the Bidding Procedures Order.

“Bidding Procedures Motion” means the motion (together with all exhibits thereto) to be filed by the Debtors with the Bankruptcy Court within two (2) Business Days following the Petition Date, seeking (a) the approval and assumption of the Restructuring Implementation Agreement pursuant to Section 365 of the Bankruptcy Code; (b) the approval and assumption of the Plan Sponsorship Agreement pursuant to Section 365 of the Bankruptcy Code; (c) the approval of the Bidding Procedures (including the Break-Up Fee and Expense Reimbursement Amount) and scheduling certain dates, deadlines and forms of notice in connection therewith; and (d) the grant of other related relief. The Bidding Procedures Motion shall be in form and substance reasonably acceptable to the SALIC Parties and Purchaser.

“Bidding Procedures Order” means an Order of the Bankruptcy Court (a) approving the Bidding Procedures (including the Break-Up Fee and the Expense Reimbursement Amount) and (b) granting related relief. The Bidding Procedures Order shall be in form and substance acceptable to the SALIC Parties and Purchaser. The SALIC Parties and Purchaser acknowledge and agree that an Order substantially in the form attached as Exhibit B hereto is an acceptable Bidding Procedures Order.

“Books and Records” means originals or copies of all books, documents, accounts, ledgers and records (including computer generated, recorded or stored records) of, maintained by, or relating to the business of the SALIC Group Companies, including contract forms, policy information, policyholder information, claim records, underwriting records, administrative, pricing, underwriting, claims handling and reserving records and manuals, corporate and accounting and other records (including the books of account and other records), Tax records (including Tax Returns), disclosure and other documents and filings required under Applicable Law, financial records, and compliance records relating to the business of the SALIC Group Companies, including any database, magnetic or optical media and any other form of recorded, computer generated or stored information or process relating to the operations of the SALIC Group Companies.

“Break-Up Fee” has the meaning set forth in Section 8.3(a).

“Burdensome Condition” has the meaning set forth in Section 5.3.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or obligated by Applicable Law to close.

“Cayman Islands Court” has the meaning set forth in the Recitals.

“Cayman Islands Full Powers Liquidators” has the meaning set forth in the Recitals.

“Cayman Islands Winding Up Petition” has the meaning set forth in the Recitals.

“Cayman Islands Winding Up Proceeding” has the meaning set forth in the Recitals.

“Chapter 11 Case” has the meaning set forth in the Recitals.

“Chapter 11 Plan” means the pre-arranged plan of reorganization under Chapter 11 of the Bankruptcy Code, either in the form as contemplated by the Plan Term Sheet as of the Agreement Date or as it may be altered, amended, modified, or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or the terms of the Plan Sponsorship Agreement, as the case may be, and the Plan Supplement, including, all exhibits and schedules thereto. Unless otherwise agreed in writing by the parties hereto, the Chapter 11 Plan shall be consistent in all material respects with this Agreement, the Plan Sponsorship Agreement and the Plan Term Sheet and otherwise in form and substance reasonably acceptable to the SALIC Parties and Purchaser. For the avoidance of doubt, the Chapter 11 Plan shall include provisions providing for, among other things, (a) the establishment of the Distribution Trust, (b) the funding of the Distribution Trust Reserve to the Distribution Trust, (c) the contribution and transfer of all SALIC/SRGL Claims to the Distribution Trust, and (d) the contribution and transfer of all DT Post-Closing Rights to the Distribution Trust.

“Claim” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Claims Bar Date” means the date by which a proof of Claim is required to be filed with respect to a Claim against a Debtor pursuant to an Order of the Bankruptcy Court entered in the Chapter 11 Cases.

“Closing” means the closing of the purchase and sale of the Purchaser Shares.

“Closing Cash Payment” has the meaning set forth in Section 2.2(b).

“Closing Date” has the meaning set forth in Section 2.4(a).

“Closing Date Cure Amounts” means all pre- and post-petition amounts payable pursuant to Section 365(b)(1)(A) or (B) of the Bankruptcy Code in order to effectuate the Debtors’ assumption of Assumed Contracts pursuant to the Chapter 11 Plan, either (a) as determined by an Order of the Bankruptcy Court entered prior to the Closing Date or (b) agreed to between the applicable parties as of a date prior to the Closing Date.

“Closing Date Plan Distributions” means cash in an amount equal to the aggregate face amount of Allowed Other Secured Claims, Allowed Administrative Expense Claims, Allowed Priority Claims and Allowed Priority Tax Claims for which distributions will be made on the Effective Date in accordance with the terms of the Chapter 11 Plan; provided that in no event shall the Closing Date Plan Distributions exceed the Plan Funding Payment.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

“Company Group” means any “affiliated group” (as defined in Section 1504(a) of the Code without regard to the limitations contained in Section 1504(b) of the Code) that, at any time on or before the Closing Date, included or has included any SALIC Group Company or any direct or indirect predecessor of any SALIC Group Company, or any other group of corporations filing Tax Returns on a combined, consolidated, unitary or similar basis that, at any time on or

before the Closing Date, includes or has included any SALIC Group Company or any direct or indirect predecessor of any SALIC Group Company.

“Condition Satisfaction” has the meaning set forth in Section 2.4(a).

“Confidentiality Agreement” means the Confidentiality Agreement, dated May 10, 2017, by and between SALIC and Purchaser or an Affiliate of Purchaser.

“Confirmation Hearing” means the hearing held by the Bankruptcy Court pursuant to Section 1128 of the Bankruptcy Code for the purpose of confirming the Chapter 11 Plan.

“Confirmation Order” means the Order of the Bankruptcy Court confirming the Chapter 11 Plan pursuant to section 1129 of the Bankruptcy Code, which Order (and any exhibits, appendices and related documents) shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties. For the avoidance of doubt, the Confirmation Order may include findings and conclusions approving and authorizing this Agreement and the Transactions on a final basis, in which case entry of the Confirmation Order shall also constitute entry of the Sale Order.

“Contract” means, with respect to any Person, any agreement, contract, lease, license, indenture, commitment, instrument or other legally binding obligation to which such Person is a party or is otherwise subject or bound.

“Control,” “Controlled” or “Controlling” means, as to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise. The terms “Controlled by” and “under common Control with” shall have correlative meanings.

“Cure Amounts” means all Closing Date Cure Amounts and Post-Closing Cure Amounts.

“DDOI Proceeding” means a proceeding commenced by the Delaware Insurance Commissioner or another Governmental Authority with jurisdiction over SRUS or its assets that constitutes a “Delinquency proceeding” within the meaning of such term as used in 18 Del. C. § 5901(3).

“Debt Financing” means any transaction or transactions pursuant to which any Person or group of Persons other than Purchaser and its Affiliates provides SRGL and/or any SALIC Group Company with financing sufficient to stabilize the financial condition of the SALIC Group Business.

“Debtors” means, collectively, SALIC and SHI, each in their respective capacities as debtors in the Chapter 11 Case.

“Deposit Escrow Agent” means The Bank of New York Mellon.

“Deposit Escrow Agreement” means the agreement pursuant to which the Deposit Escrow Amount is escrowed, executed by and among Purchaser, SALIC and the Deposit Escrow Agent on or prior to the Agreement Date.

“Deposit Escrow Amount” has the meaning set forth in Section 2.1.

“Disclosure Schedule” means the Purchaser Disclosure Schedule and/or the SALIC Disclosure Schedule, as applicable.

“Disclosure Statement” means the Debtors’ disclosure statement, including any exhibits, appendices, related documents, ballots and procedures related to the solicitation of votes on the Chapter 11 Plan, in each case, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, in respect of the Chapter 11 Plan and that is prepared and distributed in accordance with, among other things, Sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Bankruptcy Rule 3018 and other Applicable Law, and which shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties.

“Disclosure Statement Motion” means the motion to be filed by the Debtors with the Bankruptcy Court seeking entry of the Disclosure Statement Order, which motion (including any exhibits, appendices or related documents) shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties.

“Disclosure Statement Order” means an Order of the Bankruptcy Court (a) approving the Disclosure Statement as containing “adequate information” under Section 1125 of the Bankruptcy Code, (b) approving the solicitation of votes on the Chapter 11 Plan, including procedures relating thereto and (c) granting related relief (including any exhibits, appendices or related documents), which Order shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties. For the avoidance of doubt, the Disclosure Statement Order may include findings and conclusions establishing Purchaser as the Winning Bidder and Purchaser’s bid as the Winning Bid, in which case entry of the Disclosure Statement Order also shall constitute entry of the Winning Bidder Order.

“Distribution Trust” means the trust to be established pursuant to the Chapter 11 Plan on the Effective Date into which: (a) the Distribution Trust Reserves shall be funded; and (b) to which the following shall be contributed and transferred, among other things, as described in the Chapter 11 Plan and the Distribution Trust Agreement: (i) all SALIC/SRGL Claims; and (ii) all DT Post-Closing Rights. The Distribution Trust shall have the rights, duties and obligations, through a Distribution Trustee, as set forth in the Distribution Trust Agreement and in the Chapter 11 Plan, which shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties.

“Distribution Trust Agreement” means the agreement establishing the Distribution Trust, appointing the Distribution Trustee, establishing the rights and obligations of the Distribution Trustee, and governing the administration of the Distribution Trust.

“Distribution Trust Reserves” means the reserves to be established for the Distribution Trust and funded at Closing in accordance with Section 2.4(g) of this Agreement, the Chapter 11 Plan, the Confirmation Order and the Distribution Trust Agreement.

“Distribution Trustee” means the Person appointed under the Chapter 11 Plan and Distribution Trust Agreement to administer the Distribution Trust. The Distribution Trustee shall be a representative of each SALIC Party’s bankruptcy estate in accordance with section 1123(b)(3)(B) of the Bankruptcy Code for the purposes of the DT Post-Closing Rights.

“DT Post-Closing Rights” means: (a) all rights, remedies, privileges, Claims, counterclaims and defenses of the SALIC Parties arising under or in connection with this Agreement with respect to (i) the Post-Closing Cure Estimate, the Post-Closing Cure Reserve and the payment of Post-Closing Cure Amounts, including Purchaser’s obligations in connection with any of the foregoing items pursuant to Section 2.3(f) and Section 2.4(d), (ii) the Indemnified D&O Parties, including Purchaser’s obligations pursuant to Section 5.8, (iii) Books and Records, including Purchaser’s obligations pursuant to Section 5.1(c) of this Agreement, (iv) employee matters set forth in Section 5.4 and (v) the covenants and agreements of Purchaser under Section 5.1(b) and the Confidentiality Agreement; (b) all rights, Claims, counterclaims and defenses based on setoff, recoupment or similar doctrines under Applicable Law that either SALIC Party had at any time prior to the Closing in connection with any Claim of any Person asserted or capable of being asserted against a SALIC Part in its capacity as a Debtor in its Chapter 11 Case or against the bankruptcy estate of either Debtor; and (c) with respect to any Action brought after the Closing by, for or on behalf of Purchaser, Reorganized SALIC, Reorganized SHI or any assignee of or successor to any of the foregoing Persons, by merger, consolidation, or otherwise, all counterclaims or defenses that would otherwise be available to either SALIC Party arising under or in connection with this Agreement. For the avoidance of doubt, the Distribution Trustee retains and may assert, and by virtue of this Agreement, the Ancillary Agreements and the Transactions there shall be no waiver of, attorney-client privilege, work product or any other evidentiary privilege, as applicable, with respect to matters within the scope of any of the foregoing DT Post-Closing Rights.

“Effective Date” means the date on which the Chapter 11 Plan becomes effective in accordance with its terms, which date shall be the Closing Date.

“Electronic Data Rooms” means, collectively, (i) the electronic data room established by or on behalf of SALIC with respect to the SALIC Group Companies, and (ii) the electronic data room established by or on behalf of SALIC with respect to the Reinsurance Contracts and Reserve Financing Contracts to which the Scottish Insurance Companies are a party, in each case maintained by ShareFile.

“Employees” means each individual who immediately prior to the Closing is employed by one or more of the SALIC Group Companies (including those individuals on approved leaves of absence at such time).

“Employment Agreements” has the meaning set forth in Section 2.4(b)(v).

“Encumbrance” means any security interest, pledge, mortgage, lien, equitable interest, easement, lease, sublease, covenant, right of first refusal, hypothecation, option, restriction (including any restriction on use, voting, transfer, alienation, receipt of income or exercise of any other attribute of ownership), encumbrance, deed of trust, hypothecation or charge of any kind.

“Environmental Law” means any Applicable Law relating to pollution or protection of the environment, including the use, handling, transportation, treatment, storage, disposal, release or discharge of hazardous chemicals, materials or substances.

“ERISA” means the Employee Retirement Income Security Act of 1974, or any successor statute.

“ERISA Affiliate” means any entity which is considered a single employer with a SALIC Group Company under Section 414(b) or (c) of the Code.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Executory Contract” means any Contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

“Expense Reimbursement Amount” has the meaning set forth in Section 8.3(b).

“Final Order” means an Order that has not been reversed, stayed, modified, vacated or amended and as to which the time to appeal or seek certiorari or move for a new trial, reargument, or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing has been denied or resulted in no modification of such order or judgment; 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 Federal Rules of Bankruptcy Procedure or rules of procedure applicable in the court that made or issued the Order or that may review such Order, may be filed with respect to such Order, shall not cause such Order not to be a Final Order.

“Foreign Court Approvals” means (a) if required under law applicable to the Bermuda Winding Up Proceedings, the Order or Orders by the Bermuda Court sanctioning entry into and performance under the Restructuring Implementation Agreement and the actions by SRGL set forth in Section 7.2(c) of this Agreement, and (b) if required under law applicable to the Cayman Islands Winding Up Proceedings, the Order or Orders by the Cayman Islands Court sanctioning entry into and performance under the Restructuring Implementation Agreement and the actions by SRGL set forth in Section 7.2(c) of this Agreement.

“FRS 101” means the applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 101 Reduced Disclosure Framework (Generally Accepted Accounting Practice in Ireland) and Irish statute comprising the Companies Act 2014, including the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

“Full Powers Liquidators” has the meaning set forth in the Recitals.

“GAAP” means generally accepted accounting principles and practices in the United States.

“Governmental Authority” means any foreign, domestic, national, federal, state, regional, municipal or local governmental, legislative, judicial, administrative, regulatory, quasi-governmental or self-regulatory authority, agency, commission, body or court or any arbitral body or other similar entity, including the Bankruptcy Court, the Bermuda Court and the Cayman Islands Court.

“Governmental Authorizations” means all licenses, permits (including insurance permits), variances, waivers, Orders, registrations, consents, certificates, qualifications and other authorizations, actions and approvals of or by a Governmental Authority required (a) with respect to SALIC or Purchaser, to perform their respective obligations hereunder and (b) with respect to the SALIC Group Companies, to carry on their business and operations substantially as currently conducted under Applicable Law.

“IFRS” means the International Financial Reporting Standards as set forth by the International Accounting Standards Board.

“Indemnified D&O Parties” has the meaning set forth in Section 5.8(a).

“Information Technology” means Software and any tangible or digital computer systems (including computers, servers, workstations, routers, hubs, switches, networks, data communications lines and hardware), data or information subscription or access agreements, Internet-related information technology infrastructure, telecommunications systems and other hardware, owned or leased by, or licensed to, any of the SALIC Group Companies.

“Insurance Company Subsidiary” means each of SRUS, SRD and SRLB.

“Insurance Laws” means the Applicable Law relating to or regulating the business and products of insurance, including all applicable Orders and directives of Insurance Regulatory Authorities.

“Insurance Regulatory Authority” means, with respect to any jurisdiction, the Governmental Authority responsible for administering the Insurance Laws of such jurisdiction and regulating insurance companies domiciled or doing business in such jurisdiction.

“Intellectual Property” means, collectively, all United States and foreign registered and unregistered (a) patents and pending patent applications, (b) Trademarks, (c) copyrights, (d) trade secrets and (e) tangible embodiments of any of the foregoing.

“Investment Assets” means any investment assets (whether or not required by GAAP or SAP to be reflected on a balance sheet) beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by any SALIC Group Company, including bonds, notes, debentures, mortgage loans, real estate and all other instruments of indebtedness, stocks, partnership or joint venture interests and all other equity interests, certificates issued by or interests in trusts, derivatives and all other assets acquired for investment purposes.

“Investment Guidelines and Policies” has the meaning set forth in Section 3.19(d).

“IRS” means the United States Internal Revenue Service.

“Joint Provisional Liquidators” has the meaning set forth in the Recitals.

“Key Employee” means an individual who is employed by SALIC and holds the position of Vice President or higher.

“Knowledge” means with respect to: (a) SALIC as it relates to any fact or other matter, the actual knowledge of the natural Persons listed in Section 1.1(a) of the SALIC Disclosure Schedule of such fact or matter and (b) Purchaser as it relates to any fact or other matter, the actual knowledge of the natural Persons listed in Section 1.1(b) of the Purchaser Disclosure Schedule of such fact or matter and, in each case, the knowledge that such Persons would have if such Persons had conducted a reasonable inquiry of the Persons having primary responsibility of such fact or matter.

“Malware” means any virus, Trojan horse, time bomb, key-lock, spyware, worm, malicious code or other software program designed to or able to, without the knowledge and authorization of the SALIC Group Companies, disrupt, disable, harm, interfere with the operation of or install itself within or on any Software, computer data, network memory or hardware.

“Material Contract” has the meaning set forth in Section 3.16(a).

“Outside Closing Date” has the meaning set forth in Section 8.1(b).

“Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, whether interlocutory or final, that has not been reversed, stayed, modified, or amended and, in the case of any order of the Bankruptcy Court, as entered on the docket of the Bankruptcy Court.

“Ordinary Course of Business” with respect to a Person means the ordinary course of business of such Person, consistent with past practice, subject to such changes by such Person and/or its Affiliates as are reasonably necessary or appropriate in light of the Bankruptcy Proceedings or Winding Up Proceedings.

“Ordinary Shares” has the meaning set forth in the Recitals.

“Orkney Re II” means Orkney Re II plc, a public limited company incorporated under the laws of Ireland.

“Other Secured Claims” means any prepetition secured Claims against a Debtor.

“Permitted Encumbrances” means (a) liens for Taxes, assessments and other governmental charges not yet due and payable or due and being contested in good faith and for which accruals or reserves have been established against the full amount of such liability in accordance with GAAP, SAP, IFRS or FRS 101, as applicable, (b) mechanics’, workmen’s, repairmen’s, warehousemen’s, carriers’ or other like liens arising or incurred in the Ordinary Course of Business or pursuant to original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business, (c) pledges or deposits made to comply with workers’ compensation, unemployment insurance or other

social security laws or regulations, (d) Encumbrances related to deposits to secure policyholders' obligations as required by the Insurance Regulatory Authorities, (e) Encumbrances described in Section 3.17(b) recorded against the leases described in Section 3.17(b), (f) statutory landlords' or lessors' liens under the leases, (g) any other imperfection of title or encumbrance that does not materially detract from the current value or materially interfere with the current use by the SALIC Group Companies of the assets, properties or rights affected thereby and (h) any Encumbrance set forth on Section 1.2 of the SALIC Disclosure Schedule.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a joint venture, a trust or other entity or organization, including a Governmental Authority.

“Petition Date” means the date of the filing of the Chapter 11 petitions of the Debtors.

“Plan Funding Payment” means the Closing Cash Payment and the Deposit Escrow Amount.

“Plan Sponsorship Agreement” means the Plan Sponsorship Agreement, dated as of January 28, 2018, by and among Purchaser and the SALIC Parties.

“Plan Supplement” means the compilation of documents and forms of documents, schedules, and exhibits to be filed in the Chapter 11 Cases pursuant to and as contemplated in the Chapter 11 Plan, as amended, modified or supplemented from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and the Bankruptcy Rules, which shall be in form and substance reasonably acceptable to Purchaser and the SALIC Parties.

“Plan Term Sheet” means the SALIC and SHI Term Sheet for the Chapter 11 Plan, dated as of January 28, 2018, and attached hereto as Exhibit C.

“Post-Closing Cure Amounts” means all pre- and post-petition amounts payable pursuant to Section 365(b)(1)(A) or (B) of the Bankruptcy Code in order to effectuate the Debtors' assumption of Assumed Contracts pursuant to the Chapter 11 Plan, either (a) as determined by an Order of the Bankruptcy Court entered on or after the Closing Date or (b) agreed to between the applicable parties as of a date occurring on or after the Closing Date.

“Post-Closing Cure Estimate” means the aggregate amount, as estimated by the applicable Debtor as of the Closing Date in consultation with Purchaser, of the cure obligations under Sections 365(b) and 1123(b)(2) of the Bankruptcy Code that will be owed to counterparties of Assumed Contracts as Post-Closing Cure Amounts.

“Post-Closing Cure Reserve” means an account to be established for the Distribution Trust and funded by Purchaser at Closing with cash in the amount of the Post-Closing Cure Estimate.

“Priority Claims” means any Claims entitled to priority in right of payment under Section 507(a) of the Bankruptcy Code, other than Priority Tax Claims.

“Priority Tax Claims” means any Claims entitled to priority in right of payment under Section 507(a)(8) of the Bankruptcy Code.

“PSA Order” means an Order of the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser granting the RIA/PSA Assumption Motion with respect to the Plan Sponsorship Agreement and authorizing the Debtors’ assumption of the Restructuring Implementation Agreement on terms consistent with those requested in the RIA/PSA Assumption Motion.

“Purchaser” has the meaning set forth in the Preamble.

“Purchaser Disclosure Schedule” means the disclosure schedule delivered by Purchaser to SALIC in connection with the execution and delivery of this Agreement.

“Purchaser Fundamental Reps” has the meaning set forth in Section 7.3(a).

“Purchaser Material Adverse Effect” means a material adverse effect on the ability of Purchaser to consummate the Transactions.

“Purchaser Rejection Schedule” has the meaning set forth in Section 2.3(c).

“Purchase Price” has the meaning set forth in Section 2.2(b).

“Purchaser Shares” has the meaning set forth in the Recitals.

“Qualified Bid” has the meaning set forth in the Bidding Procedures.

“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 the Closing, as such amount is reduced on a dollar for dollar basis by any Cure Amounts paid by the SALIC Parties on behalf of Purchaser in excess of \$100,000 in accordance with Section 2.2(b).

“Reinsurance Contracts” has the meaning set forth in Section 3.21(a).

“Remaining SRGL Share” has the meaning set forth in Section 7.2(c).

“Reorganized SALIC” shall mean SALIC, as reorganized pursuant to and under the Chapter 11 Plan, or any successor thereto, by merger, consolidation, or otherwise, on or after the effective date of such Chapter 11 Plan.

“Reorganized SHI” shall mean SHI, as reorganized pursuant to and under the Chapter 11 Plan, or any successor thereto, by merger, consolidation, or otherwise, on or after the effective date of such Chapter 11 Plan.

“Representatives” means, with respect to any Person, the officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives of such Person.

“Required Approvals” means the consents, approvals, waivers, authorizations, notices and filings relating to any Governmental Authority referred to in Sections 3.5, 4.3 and 5.3(b), including the Bankruptcy Court Approvals and Foreign Court Approvals.

“Reserve Financing Contracts” has the meaning set forth in Section 3.21.

“Resignations” has the meaning set forth in Section 5.6.

“Restructuring Implementation Agreement” means an agreement, dated as of the date hereof, by and among SALIC, SRGL and SHI, in form and substance reasonably acceptable to Purchaser.

“RIA Order” means an Order of the Bankruptcy Court in form and substance reasonably acceptable to the SALIC Parties and Purchaser granting the RIA/PSA Assumption Motion with respect to the Restructuring Implementation Agreement and authorizing the Debtors’ assumption of the Restructuring Implementation Agreement on terms consistent with those requested in the RIA/PSA Assumption Motion.

“RIA/PSA Assumption Motion” means the motion to be filed by the Debtors with the Bankruptcy Court within two (2) Business Days following the Petition Date seeking the assumption of the Restructuring Implementation Agreement and the Plan Sponsorship Agreement pursuant to Section 365 of the Bankruptcy Code.

“Sale Order” means an Order of the Bankruptcy Court approving the Transactions and this Agreement, and authorizing the Debtors to consummate the Transactions and this Agreement in accordance with the terms thereof. For the avoidance of doubt, the inclusion of findings and conclusions granting the foregoing relief in the Confirmation Order as entered by the Bankruptcy Court shall satisfy any requirement in this Agreement for entry of the Sale Order

“SALIC” has the meaning set forth in the Preamble. For the avoidance of doubt, the term “SALIC” also includes “SALIC” in its capacity as a debtor in its Chapter 11 Case.

“SALIC Audited Financial Statements” has the meaning set forth in Section 3.7(a).

“SALIC Disclosure Schedule” means the disclosure schedule delivered by SALIC to Purchaser in connection with the execution and delivery of this Agreement.

“SALIC Financial Statements” has the meaning set forth in Section 3.7(a).

“SALIC Fundamental Reps” has the meaning set forth in Section 7.2(a).

“SALIC Group” means, collectively, SALIC and the SALIC Subsidiaries.

“SALIC Group Business” has the meaning set forth in the Recitals.

“SALIC Group Company” means SALIC or a SALIC Subsidiary, and “SALIC Group Companies” means all of them.

“SALIC Intercompany Agreements” has the meaning set forth in Section 3.22.

“SALIC Material Adverse Effect” means a material adverse effect (i) on the business, operations, assets, liabilities, results of operations or condition (financial or otherwise) of the SALIC Group Companies (taken as a whole), or (ii) on the ability of SALIC and SHI to consummate the Transactions; provided, however, that with respect to the preceding clause (i) none of the following, and with respect to the preceding clause (ii) nothing in the following clause (h), shall constitute or be deemed to constitute a SALIC Material Adverse Effect, and otherwise shall not be taken into account in determining whether a SALIC Material Adverse Effect has occurred or would reasonably be likely to occur: any adverse effect arising out of, resulting from or attributable to (a) any changes or proposed changes in Applicable Laws, GAAP, IFRS, FRS 101 or SAP or in the interpretation or enforcement thereof; (b) changes occurring after the date of this Agreement in economic conditions in the United States generally affecting participants in the industries in which the SALIC Group Companies operate; (c) changes in United States or global financial or securities markets or conditions, including changes in prevailing interest rates, currency exchange rates or price levels or trading volumes in the United States or foreign securities markets; (d) any changes in global or national political conditions (including, arising out of any election or the outbreak or escalation of war, military action, sabotage or acts of terrorism) or changes due to any pandemic natural disaster or other act of nature; (e) the effects of the actions or omissions of SALIC under this Agreement which actions or omissions to act are expressly requested or consented to in writing by Purchaser; (f) the effects of any breach, violation or non-performance of any provision of this Agreement by Purchaser or any of its Affiliates; (g) the announcement to the public of this Agreement and the Transactions or the identity of or facts relating to Purchaser or its Affiliates or the effects of any action taken by Purchaser or its Affiliates, to the extent directly attributable thereto; (h) any reasonably anticipated effects of the filing, commencement, pendency or prosecution of the Chapter 11 Cases and/or the Winding Up Proceedings; (i) any increases in claims or reserves of the SALIC Group Companies following the date of this Agreement; or (j) any failure (in and of itself) of the SALIC Group Companies to meet any projections or forecasts of earnings, claims paid or loss reserves; provided, further, that (x) clauses (i) and (j) in the preceding proviso shall not by themselves exclude the underlying causes of any such change, and (y) with respect to clauses (a), (b), (c) and (d) in the preceding proviso, such change will be taken into account in determining whether a SALIC Material Adverse Effect has occurred or would reasonably be expected to occur to the extent such change disproportionately affects the SALIC Group Companies relative to other Persons engaged in the industries in which the SALIC Group Companies operate.

“SALIC Parties” means, collectively, SALIC and SHI, including, as appropriate to context, as debtors in their respective Chapter 11 Cases.

“SALIC Subsidiary” means each of (i) SHI, (ii) SRD, (iii) SRUS, and (iv) SRLB.

“SALIC Unaudited Financial Statements” has the meaning set forth in Section 3.7(a).

“SALIC/SRGL Claims” means all Claims that SALIC holds against SRGL, including all Claims that SALIC holds against SRGL under or in connection with the SRGL Revolver Facility or the SRGL Revolver Facility Documents for principal, interest, charges, fees and expenses of

attorneys and other professionals, and any other obligations arising thereunder or in connection therewith. The “SALIC/SRGL Claims” further include all rights, claims, counterclaims and defenses SALIC may have against SRGL based on setoff, recoupment or similar doctrines under Applicable Law.

“SAP” means, with respect to SRUS, the statutory accounting principles and practices prescribed or permitted by the Insurance Regulatory Authority in the jurisdiction in which SRUS is domiciled, consistently applied.

“Scottish Insurance Company” means each of (i) SALIC, (ii) SRUS, (iii) SRLB and (iv) SRD.

“Securities Act” means the Securities Act of 1933.

“SFL” means Scottish Financial (Luxembourg) S.á.r.l., a private limited liability company organized under the laws of Luxembourg.

“SHI” has the meaning set forth in the Preamble. For the avoidance of doubt, the term “SHI” also includes SHI in its capacity as a debtor in its Chapter 11 Case.

“Software” means all computer software, including assemblers, applets, compilers, source code, object code, binary libraries, development tools, design tools and user interfaces, in any form or format, however fixed, and all associated documentation.

“SRD” means Scottish Re (Dublin) DAC, an Ireland insurance company.

“SRGL” has the meaning set forth in the Recitals.

“SRGL Debt Financing” has the meaning set forth in Section 6.1(i).

“SRGL Group Company” means SRGL and each Affiliate of SRGL other than any SALIC Group Company.

“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.

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

“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.

“SRGL Shares” has the meaning set forth in Section 3.4(a).

“SRLB” means Scottish Re Life (Bermuda) Limited, a Bermuda insurance company.

“SRUS” means Scottish Re (U.S.), Inc., a Delaware insurance company.

“Statutory Statements” has the meaning set forth in Section 3.7(b).

“Subsequent Audited GAAP Financial Statements” has the meaning set forth in Section 5.12(a).

“Subsequent GAAP Financial Statements” has the meaning set forth in Section 5.12(a).

“Subsidiary” means with respect to any entity, any other entity as to which it owns, directly or indirectly, or otherwise controls, directly or indirectly, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body or more than fifty percent (50%) of the voting shares or other similar interests.

“Tax” or “Taxes” means (i) any and all taxes, including any interest, penalties or other additions to tax that may become payable in respect thereof, imposed by any Governmental Authority, which taxes shall include all income, profits, alternative minimum, estimated, payroll, withholding, social security, sales, use, ad valorem, value added, excise, escheat, unclaimed property, franchise, premium, gross receipts, stamp, transfer, net worth, and other taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges of the same or of a similar nature to any of the foregoing, and (ii) any liability for the payment of amounts determined by reference to amounts described in clause (i) as a result of being or having been a member of any group of corporations that files, will file, or has filed Tax Returns on a combined, consolidated, unitary or similar basis, as a result of any obligation under any agreement or arrangement (including any Tax Sharing Arrangement), as a result of being a transferee or successor, or by contract or otherwise.

“Tax Returns” means any and all returns (including information returns), reports, statements, certificates, schedules or claims for refund of or with respect to any Tax, including any and all attachments, amendments and supplements thereto.

“Tax Sharing Arrangement” means any written or unwritten agreement or arrangement providing for the allocation or payment of Tax liabilities or for Tax benefits between or among members of any group of corporations that file, or has filed, Tax Returns on a combined, consolidated or unitary basis.

“Terminating Intercompany Agreements” has the meaning set forth in Section 3.22.

“Termination Date” has the meaning set forth in Section 8.1.

“Third Party Consent Contracts” has the meaning set forth in Section 5.3(a).

“Trademarks” means all trademarks, trade names, trade dress, service marks, assumed names, business names and logos, slogans and Internet domain names, together with all goodwill of the businesses symbolized thereby, and all current registrations and applications for any of the foregoing.

“Transactions” means the transactions between SALIC and Purchaser, as contemplated by this Agreement, the Plan Sponsorship Agreement, the Restructuring Implementation Agreement, and all other Ancillary Agreements, including the surrender by SRGL of the SRGL Shares to SALIC, SALIC’s cancellation of the SRGL Shares and Purchaser’s acquisition of the Purchaser Shares.

“Winding Up Petitions” has the meaning set forth in the Recitals.

“Winding Up Proceedings” has the meaning set forth in the Recitals.

“Winning Bid” has the meaning set forth in the Bidding Procedures.

“Winning Bidder” has the meaning set forth in the Bidding Procedures.

“Winning Bidder Order” means an Order of the Bankruptcy Court declaring the Winning Bidder and the Winning Bid in accordance with the Bidding Procedures. For the avoidance of doubt, the inclusion of findings and conclusions granting the foregoing relief in the Disclosure Statement Order as entered by the Bankruptcy Court shall satisfy any requirement in this Agreement for entry of the Winning Bidder Order.

“Wire Transfer” means a payment in immediately available funds by wire transfer in lawful money of the United States of America to such account or accounts as shall have been designated by notice from or on behalf of the receiving party to the paying party not less than two (2) Business Days prior to the scheduled date of payment.

“10/3/2017 Letter” means that certain preliminary bid letter, dated October 3, 2017, executed by SALIC and Hudson Structured Capital Management Ltd.

Section 1.2 Interpretation.

(a) As used in this Agreement, references to the following terms have the meanings indicated:

(i) To the Preamble or to the Recitals, Sections, Articles or Schedules are to the Preamble or a Recital, Section or Article of, or a Schedule to, this Agreement unless otherwise clearly indicated to the contrary.

(ii) To any agreement or other document are to such agreement or other document (together with the schedules, exhibits and other attachments thereto) as it may have been or may hereafter be amended, modified, supplemented, waived or restated from time to time in accordance with its terms and the terms hereof (if applicable thereto), except with respect to any disclosure made in the SALIC Disclosure Schedule or the Purchaser Disclosure Schedule.

(iii) To any “statute” or “regulation” are to the statute or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any “section of any statute or regulation” include any successor to the section.

(iv) To any Governmental Authority include any successor to the Governmental Authority and to any Affiliate include any successor to the Affiliate.

(v) To any “copy” of any Contract or other document or instrument are to a true and complete copy.

(vi) To “hereof,” “herein,” “hereunder,” “hereby,” “herewith” and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or clause of this Agreement, unless otherwise clearly indicated to the contrary.

(vii) To the “date of this Agreement,” “the date hereof” and words of similar import refer to January 28, 2018.

(viii) To “this Agreement” includes the Schedules (including the Purchaser Disclosure Schedule and the SALIC Disclosure Schedule) to this Agreement.

(b) Whenever the words “include,” “includes” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation.” The word “or” shall not be exclusive. Any singular term in this Agreement will be deemed to include the plural, and any plural term the singular. All pronouns and variations of pronouns will be deemed to refer to the feminine, masculine or neuter, singular or plural, as the identity of the Person referred to may require. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(c) Whenever the last day for the exercise of any right or the discharge of any duty under this Agreement falls on other than a Business Day, the party hereto having such right or duty shall have until the next Business Day to exercise such right or discharge such duty. Unless otherwise indicated, the word “day” shall be interpreted as a calendar day.

(d) The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

(e) References to “party” or “parties” hereto mean the parties to this Agreement.

(f) References to “dollars” or “\$” mean United States dollars, unless otherwise clearly indicated to the contrary.

(g) The parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as having been jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provision of this Agreement.

(h) No summary of this Agreement prepared by or on behalf of any party hereto shall affect the meaning or interpretation of this Agreement.

(i) Any document, list or other item shall be deemed to have been “made available” to Purchaser for all purposes of this Agreement only if such document, list or other item was

posted before the date hereof in the Electronic Data Rooms or was delivered in writing (including electronic mail) to Purchaser or an Affiliate thereof in response to Purchaser's due diligence requests.

(j) All capitalized terms used without definition in the Schedules (including the Purchaser Disclosure Schedule and the SALIC Disclosure Schedule) to this Agreement shall have the meanings ascribed to such terms in this Agreement.

ARTICLE II

ISSUANCE AND PURCHASE OF ORDINARY SHARES

Section 2.1 Deposit. Purchaser and SALIC shall work in good faith and use commercially reasonable efforts to enter into a Deposit Escrow Agreement with the Deposit Escrow Agent in a form reasonably acceptable to the parties as promptly as practical following the Petition Date, and in no event later than ten (10) Business Days following the Petition Date; provided, however, that neither party shall be in breach of this Section 2.1 if as a result of the delay on the part of the Deposit Escrow Agent, the parties fail to enter into the Deposit Escrow Agreement within such ten (10) Business Day period (in which case the parties shall continue to work in good faith and use commercially reasonable efforts to enter into a Deposit Escrow Agreement as promptly as possible). Upon execution of the Deposit Escrow Agreement, Purchaser shall deposit with the Deposit Escrow Agent an amount equal to two million five hundred thousand dollars (\$2,500,000) as an earnest money deposit (together with all interest earned thereon but net of any fees, costs or other charges of the Deposit Escrow Agent, the "Deposit Escrow Amount"). The Deposit Escrow Amount shall be held and disbursed by the Deposit Escrow Agent pursuant to the terms of the Deposit Escrow Agreement. Purchaser represents and warrants that it has available sufficient funds as of the Agreement Date to deposit the Deposit Escrow Amount with the Deposit Escrow Agent. SALIC shall be responsible for any fees due and payable to the Deposit Escrow Agent under the Deposit Escrow Agreement.

Section 2.2 Purchase of Ordinary Shares.

(a) Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, SALIC shall issue and sell to Purchaser and Purchaser shall purchase from SALIC, the Purchaser Shares in exchange for the consideration set forth in Section 2.2(b).

(b) The purchase price to be paid or made available by Purchaser to SALIC at the Closing as consideration for the Purchaser Shares shall be: (i) cash equal to ten million dollars (\$10,000,000) (the "Closing Cash Payment"); (ii) Deposit Escrow Amount; (iii) the Recapitalization Funding Payment; and (iv) all Cure Amounts (collectively with the Closing Cash Payment, the Deposit Escrow Amount and the Recapitalization Funding Payment, the "Purchase Price"), provided, however, that the amount contributed by Purchaser for payment of the Cure Amounts shall not exceed \$100,000 and the Recapitalization Funding Payment shall be used by Reorganized SALIC and Reorganized SHI on behalf of Purchaser to pay any amounts required to be paid by Purchaser pursuant to this Agreement in respect of the Cure Amounts in excess of \$100,000.

Section 2.3 Assumption of Contracts.

(a) Within ten (10) Business Days after the Petition Date, the Debtors shall deliver to Purchaser a schedule setting forth for each Executory Contract the amount the Debtors reasonably believe will be required to be paid in order to cure any defaults under such Executory Contract pursuant to section 365(b)(1)(A) or (B) of the Bankruptcy Code in order to assist Purchaser in making determinations as to assumption or rejection of such Executory Contracts.

(b) The applicable Debtor shall assume all Material Contracts identified on Section 3.16(a) of the SALIC Disclosure Schedule that are Executory Contracts to which one or both of the Debtors is a party, and any other Executory Contracts designated by Purchaser for assumption by the applicable Debtor pursuant to the Chapter 11 Plan, but excluding (i) any Contracts that are Terminating Intercompany Agreements, and (ii) any Executory Contracts identified on the Purchaser Rejection Schedule and any Contracts subject to Section 2.3(f). The Confirmation Order or Sale Order, as applicable, shall approve, among other things, the applicable Debtor's (i) assumption as of the Effective Date of the Assumed Contracts and (ii) rejection as of the Effective Date of the Executory Contracts that are not designated by Purchaser to be assumed pursuant to this Agreement or the Chapter 11 Plan, to the extent not previously rejected by an Order of the Bankruptcy Court at Purchaser's direction. The Debtors' obligations set forth in this Section 2.3(b) are subject to: (x) Purchaser's right to deliver a schedule (which schedule shall set forth any additional Assumed Contracts designated by Purchaser) on or before the date that Qualified Bids are due in accordance with the Bidding Procedures; and (y) Debtors' obligation to reject any Executory Contracts identified on the Purchaser Rejection Schedule.

(c) On or before the date that Qualified Bids are due in accordance with the Bidding Procedures, Purchaser shall deliver a schedule (the "Purchaser Rejection Schedule"), which shall be a schedule of the Executory Contracts to be rejected on the Effective Date. The Purchaser Rejection Schedule shall not include (i) any Reinsurance Contract or Reserve Financing Contract to which SALIC is a party, or (ii) any other material Contract comprising part of an excess reserve financing arrangement to which SHI is a party.

(d) The Debtors shall provide sufficient notice under the Bankruptcy Rules and local rules of the Bankruptcy Court to all counterparties to the Executory Contracts of their potential assumption or rejection and, with respect to the Executory Contracts to be assumed, also provide a schedule of Cure Amounts.

(e) In the event a Debtor is unable to assume any Material Contract that is an Executory Contract because any required consent is not obviated by an Order of the Bankruptcy Court, then such Debtor (as applicable), on the one hand, and Purchaser, on the other hand, shall use their commercially reasonable efforts to obtain, and to cooperate in obtaining, all Bankruptcy Court Approvals and all other Required Approvals from any third parties or Governmental Authorities necessary to assume such Material Contracts.

(f) On the Effective Date or as soon thereafter as is practicable, Purchaser shall pay, or Reorganized SALIC or Reorganized SHI shall pay on behalf of Purchaser in accordance with Section 2.2(b), all Closing Date Cure Amounts to the applicable counterparty. Purchaser shall pay, or Reorganized SALIC or Reorganized SHI shall pay on behalf of Purchaser in accordance

with Section 2.2(b), such Post-Closing Cure Amounts to the applicable counterparty promptly after such Post-Closing Cure Amount has been (i) determined by an Order of the Bankruptcy Court, or (ii) agreed to between Purchaser and the applicable counterparty. With respect to any cure obligations under Sections 365(b) or 1123(b)(2) of the Bankruptcy Code, as applicable, that are disputed by a Debtor, the Distribution Trustee or Purchaser, such Debtor or the Distribution Trustee, as applicable, and Purchaser shall reasonably cooperate and diligently pursue resolution of such disputes through the Effective Date. From and after the Effective Date, the Distribution Trustee shall reasonably cooperate with Purchaser and diligently pursue, at Purchaser's cost, resolution and, to the extent necessary, adjudication by the Bankruptcy Court of any then-outstanding disputes of such cure obligations, and upon resolution of any such dispute pay the Cure Amount payable to any counterparty in accordance with this Section 2.3(f). Any Executory Contract proposed to be assumed hereunder that is the subject of a dispute over the amount or manner of cure (other than (A) any Reinsurance Contract or Reserve Financing Contract to which SALIC is a party, and (B) any other material Contract comprising part of an excess reserve financing arrangement to which SHI is a party) may be rejected upon a motion made by the Debtors, at the direction of Purchaser, or, after the Effective Date, by Reorganized SALIC or Reorganized SHI. Any order entered after the Confirmation Date by the Court, after notice and a hearing, authorizing the rejection of an Executory Contract or unexpired lease shall cause such rejection to be a prepetition breach under Sections 365(g) and 502(g) of the Bankruptcy Code, as if such relief had been granted and such order entered prior to the Confirmation Date. Upon payment by Purchaser, or the Reorganized SALIC or Reorganized SHI on behalf of Purchaser, of the aforesaid Cure Amounts, all defaults under the Assumed Contracts (monetary or otherwise) and all actual or pecuniary losses that have or may have resulted from such defaults shall be deemed cured, whether or not such obligation became due, or accrued, after the effective date of the assignment of such Assumed Contract, and Purchaser shall have no further liability thereunder relating to the Cure Amounts.

Section 2.4 Closing.

(a) Unless another date, time or place is mutually agreed to in writing by the parties hereto, the Closing shall take place at the offices of Mayer Brown LLP, 1221 Avenue of the Americas, New York, New York 10020 at 10:00 a.m., New York City time, on a Business Day to be specified by the parties, which shall be no later than the tenth (10th) Business Day following the date upon which the satisfaction or waiver (to the extent permitted by Applicable Law) of the last of the conditions set forth in Article VII (other than conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver (to the extent permitted by Applicable Law) at or prior to the Closing of all such conditions) in accordance with this Agreement (the "Condition Satisfaction") or at such other time, date and place as the parties may mutually agree in writing; provided, however, that the parties will work together to close on or about the first Business Day of the first calendar month following the calendar month in which the Condition Satisfaction occurs, including, to the extent possible, by Purchaser waiving the ten (10) Business Day requirement above. The date on which the Closing occurs is referred to herein as the "Closing Date". The parties agree that effectiveness of the Closing shall be as of 12:01 a.m., New York City time, on the Closing Date.

(b) At the Closing, SALIC shall deliver or cause to be delivered to Purchaser the following:

- (i) the executed certificate(s) described in Sections 7.2(a), (b) and (e);
 - (ii) a certificate representing the Purchaser Shares to be issued by SALIC, duly endorsed in blank, or accompanied by stock powers duly executed in blank, in proper form for transfer on the stock transfer books of SALIC;
 - (iii) an executed cross-receipt for the Purchase Price paid by Purchaser at the Closing;
 - (iv) the duly tendered Resignations;
 - (v) employment agreements executed by each of Gregg Klingenberg and Thomas J. Keller and any other individual agreed upon by the parties (the "Employment Agreements"), in form and substance reasonably satisfactory to Purchaser and containing terms no less favorable to the employee than the terms of his or her employment package (including base salary, bonus potential, benefits and severance) in effect as of the date hereof;
 - (vi) certified copies of the Sale Order and the Confirmation Order; and
 - (vii) a certificate executed by a duly authorized officer of SALIC certifying that any required Foreign Court Approvals have been obtained and that the Orders granting the Foreign Court Approvals as of the Closing Date have not been modified, stayed, reversed, revoked or vacated.
- (c) At the Closing, Purchaser shall deliver or cause to be delivered to SALIC the following:
- (i) the executed certificate(s) described in Sections 7.3(a), (b) and (c);
 - (ii) the Closing Cash Payment by Wire Transfer;
 - (iii) the Deposit Escrow Amount by Wire Transfer from the Escrow Agent;
 - (iv) the Recapitalization Funding Payment by Wire Transfer; and
 - (v) an executed cross-receipt for the Purchaser Shares to be delivered at the Closing by SALIC.
- (d) At the Closing, Purchaser shall deliver or cause to be delivered to the counter-parties of Assumed Contracts for which Closing Date Cure Amounts then exist, by Wire Transfer (or by check if Wire Transfer is not feasible), the Closing Date Cure Amounts.
- (e) At the Closing, Purchaser shall deliver or cause to be delivered to the Post-Closing Cure Reserve, cash in an amount equal to the Post-Closing Cure Estimate.
- (f) At the Closing, from the Plan Funding Payment, SALIC shall make the Closing Date Plan Distributions to the holders of Allowed Other Secured Claims, Allowed

Administrative Expense Claims, Allowed Priority Claims and Allowed Priority Tax Claims entitled to receive such Closing Date Plan Distributions on the Effective Date in accordance with the terms of the Chapter 11 Plan.

(g) At the Closing, the remaining Plan Funding Payment, net of the Closing Date Plan Distributions that are completed at Closing, shall be deposited by SALIC into the Distribution Trust and thereafter utilized or disbursed in accordance with the terms of the Chapter 11 Plan, the Confirmation Order and the Distribution Trust Agreement.

(h) At the Closing, the following shall be contributed and transferred to the Distribution Trust: (i) to the extent contemplated by the Confirmation Order, all capital stock or share capital of SFL held by any SALIC Group Company; (ii) all SALIC/SRGL Claims; and (iii) all DT Post-Closing Rights.

(i) At the Closing, each party hereto shall deliver to the other party hereto copies (or other evidence) of all of its Required Approvals (other than the Foreign Court Approvals) as evidence of the satisfaction of the condition set forth in Section 7.1(j).

(j) For the avoidance of doubt, the Recapitalization Funding Payment shall be retained by Reorganized SALIC and held or used in its operation of the SALIC Group Business and for other permissible business purposes after the Closing.

(k) Immediately following the Closing, SALIC shall deliver to Purchaser evidence satisfactory to Purchaser of the cancellation of the Remaining SRGL Share.

Section 2.5 Withholding. Purchaser and its Affiliates shall be entitled to deduct and withhold from any amount otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign law. If any amount is so withheld, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction or withholding was imposed.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SALIC

SALIC represents and warrants to Purchaser, as of the date hereof and as of the Closing Date, as follows. Each such representation and warranty is qualified by and includes the disclosure set forth in the numbered or lettered sections or subsections of the SALIC Disclosure Schedule that correspond to such representation and warranty and shall be deemed to be qualified by and include any disclosure in any other section or subsection of the SALIC Disclosure Schedule to which the relevance of such disclosure to such representation and warranty is readily apparent.

Section 3.1 Organization and Authority of SALIC. SALIC is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. SALIC has all requisite corporate power and authority to execute and deliver this Agreement, and, subject to obtaining the Required Approvals as contemplated by this

Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution, delivery and performance of this Agreement by SALIC and the consummation by SALIC of the Transactions have been duly authorized by all necessary corporate action on the part of SALIC and no additional corporate proceedings on the part of SALIC are necessary to approve or authorize this Agreement, the consummation by SALIC of the Transactions or the performance by SALIC of its obligations under this Agreement or the Transactions. SALIC (i) has all requisite corporate power and authority to own, lease, or otherwise hold its assets and to carry on its business as currently conducted and (ii) is qualified to do business in each jurisdiction where the ownership or operation of its assets or the conduct of its business requires such qualification, except where the failure to be so qualified would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

Section 3.2 Binding Effect. Assuming the due authorization, execution and delivery by Purchaser, this Agreement constitutes the valid and binding obligation of SALIC, enforceable against SALIC in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, preference and other similar laws affecting creditors' rights generally, and by general principles of equity (regardless of whether enforcement is sought in equity or at law) (the "Bankruptcy and Equity Exceptions").

Section 3.3 Organization and Authority of the SALIC Subsidiaries.

(a) Each of the SALIC Subsidiaries is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Except as set forth in Section 3.3(a) of the SALIC Disclosure Schedule, each of the SALIC Subsidiaries (i) has all requisite corporate power and authority to own, lease or otherwise hold its assets and to carry on its business as currently conducted and (ii) is duly qualified to do business and is in good standing (if applicable) in each jurisdiction where the ownership or operation of its assets or the conduct of its business requires such qualification, except, in the cases of clauses (i) and (ii) above, where the failure to have such power and authority or to be so qualified would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

(b) SALIC has made available to Purchaser copies of the organizational documents of each of the SALIC Group Companies, in each case as amended to the date of this Agreement.

Section 3.4 Capital Structure; Ownership of the SALIC Group Subsidiaries.

(a) As of the Agreement Date, SALIC is authorized to issue 20,000,000,000 Ordinary Shares, of which 20,000,000,000 are issued and outstanding and held by SRGL (the "SRGL Shares"). Immediately prior to the Closing, after giving effect to the surrender and cancellation of all SRGL Shares other than the Remaining SRGL Share, SALIC will be authorized to issue 20,000,000,000 Ordinary Shares and the Remaining SRGL Share will be the only Ordinary Share issued and outstanding, and the Remaining SRGL Share will be held by SRGL. The authorized capital stock or share capital of each of the SALIC Group Companies, including the record owners of such capital stock or share capital, is set forth on Section 3.4(a) of SALIC Disclosure Schedule, and there are no other shares of capital stock or other equity securities of any of the SALIC Group Companies issued, reserved for issuance or outstanding. All of the outstanding shares of the SALIC Group Companies' capital stock or share capital have been duly

authorized and validly issued, and are fully paid and nonassessable. Except as set forth above or in Section 3.4(a) of the SALIC Disclosure Schedule, there are no options, puts, tag-alongs, drag-alongs, warrants, rights, convertible securities or other agreements or commitments obligating a SALIC Group Company to issue, transfer or sell, or cause the issuance, transfer or sale of, any shares of capital stock or share capital of such SALIC Group Company or to make any payments in respect of the value of any shares of such SALIC Group Company. There are no outstanding arrangements, agreements, obligations, commitments or other rights or obligations of any of the SALIC Group Companies to repurchase, redeem, or otherwise acquire any capital stock, membership interests, partnership interests, joint venture interests or other equity interests of any of the SALIC Group Companies. There are no bonds, debentures, notes or other indebtedness of the SALIC Group Companies having voting rights (or convertible into securities having voting rights). There are no voting trusts, stockholder agreements, proxies or other rights or agreements in effect with respect to the voting, transfer or dividend rights of the securities of the SALIC Group Companies. There are no capital appreciation rights, phantom stock plans, securities with participation rights or features or similar obligations or commitments of the SALIC Group Companies.

(b) SFL and the SALIC Subsidiaries are the only Subsidiaries of SALIC. Except as set forth on Section 3.4(b) of the SALIC Disclosure Schedule, SALIC owns all of the capital stock of each SALIC Subsidiary, in each case of record and beneficially, free and clear of all Encumbrances (other than restrictions on transfer imposed by any foreign, federal and state insurance and securities Applicable Laws).

Section 3.5 Governmental Filings and Consents. Except as may result from any facts or circumstances relating to the identity or regulatory status of Purchaser or its Affiliates, no consents or approvals of, waivers from or filings or registrations with, any Governmental Authority are or will be required to be made or obtained at or prior to the Closing by SRGL, SALIC or any SALIC Group Company in connection with the execution, delivery or performance by SALIC of this Agreement or to consummate the Transactions, except for (a) the approvals, filings and notices required under the Insurance Laws set forth in Section 3.5(a) of the SALIC Disclosure Schedule, (b) such other matters set forth on Section 3.5(b) of the SALIC Disclosure Schedule and (c) consents, approvals, waivers, filings or registrations, the failure of which to make with or obtain from the applicable Governmental Authorities would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

Section 3.6 No Violations. Subject to the making of the filings and registrations and receipt of the consents, approvals and waivers referred to in Section 3.5 and the expiration of related waiting periods, except as may result from any facts or circumstances relating to the identity or regulatory status of Purchaser or its Affiliates, the execution, delivery and performance of this Agreement by SALIC and the consummation of the Transactions do not and will not (a) conflict with, constitute a breach or violation of, or a default under, or give rise to any Encumbrance (other than Permitted Encumbrances) or any acceleration of remedies, penalty, increase in benefit payable or right of termination, impairment, alteration, suspension, revocation, cancellation or other change of any right or obligation or the loss of any benefit under, or forfeiture of any Benefit Plan or Contract to which any of the SALIC Group Companies are party or by which any of their assets, properties or rights is bound or subject, except as would not, individually or in the aggregate, reasonably be likely to have a SALIC

Material Adverse Effect, (b) conflict with or result in a breach or violation of any Applicable Law, or (c) conflict with, constitute a breach or violation of, or a default under, the organizational documents of any SALIC Group Company.

Section 3.7 Financial and Statutory Statements; No Undisclosed Liabilities.

(a) SALIC has made available to Purchaser in the Electronic Data Rooms as of the date hereof copies of (i) the audited consolidated balance sheets of SALIC and its Subsidiaries as of December 31, 2016 and December 31, 2015 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the fiscal years then ended, together with the report of SALIC's independent auditors thereon and all exhibits, schedules and notes thereto (collectively, the "SALIC Audited Financial Statements"), and (ii) the unaudited interim consolidated balance sheets of SALIC and its Subsidiaries as of March 31, 2017, June 30, 2017 and September 30, 2017 and the related consolidated statements of operations and changes in stockholders' equity for the periods then ended (the "SALIC Unaudited Financial Statements" and, collectively with the SALIC Audited Financial Statements, the "SALIC Financial Statements"). The SALIC Financial Statements (A) were derived from and are consistent with the Books and Records, (B) were prepared in accordance with GAAP consistently applied during the periods presented (except as may be indicated in the notes thereto) and (C) present fairly, in all material respects, the consolidated financial position, results of operations, cash flows and changes in stockholders' equity of SALIC and its Subsidiaries as of the respective dates and for the respective periods referred to in the SALIC Financial Statements, subject, in the case of the SALIC Unaudited Financial Statements, to normal year-end adjustment and to the absence of footnotes. The Subsequent GAAP Financial Statements required to be delivered after the date hereof pursuant to Section 5.12(a) will (1) be derived from and be consistent with the Books and Records, (2) be prepared in accordance with GAAP consistently applied during the periods presented (except as may be indicated in the notes thereto) and (3) present fairly, in all material respects, the consolidated financial position, results of operations, cash flows and changes in stockholders' equity of SALIC and its Subsidiaries at and for the respective periods indicated (subject, in the case of interim financial statements, to normal year-end adjustments, and to the absence of footnotes).

(b) SALIC has made available to Purchaser in the Electronic Data Rooms as of the date hereof copies of the following statements, in each case together with the exhibits, schedules and notes thereto (the "Statutory Statements"): (i) the annual statement of SRUS, as filed with the Delaware Department of Insurance, as of and for the years ended December 31, 2016 and 2015; (ii) the audited statutory financial statements of SRUS, as filed with the Delaware Department of Insurance, as of and for the years ended December 31, 2016 and 2015; (iii) the quarterly financial statements of SRUS, as filed with the Delaware Department of Insurance, for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017; (iv) the audited annual financial statements of SRD as of and for the years ended December 31, 2016 and 2015; and (v) the unaudited quarterly statements of SRD as of and for the quarterly periods ended March 31, 2017, June 30, 2017 and September 30, 2017. Such Statutory Statements (A) were derived from and consistent with the Books and Records, (B) were prepared, in all material respects, in accordance with all Applicable Laws and (x) in the case of the Statutory Statements of SRUS, SAP consistently applied during the periods presented and (y) in the case of the financial statements of SRD, FRS 101 consistently applied during the periods presented and (C)

present fairly, in all material respects, the statutory financial position and the statutory results of operations, capital and surplus of such Scottish Insurance Company as of the respective dates and for the respective periods referred to in the Statutory Statements, subject in the case of any interim financial statements included in the Statutory Statements, to normal year-end adjustments and to the absence of footnotes). No material weakness or deficiency has been asserted by any Governmental Authority with respect to any of the Statutory Statements and there are no permitted practices utilized in the preparation of the Statutory Statements. No Governmental Authority has requested the refiling or amendment of any Statutory Statement. The Statutory Statements required to be delivered after the date hereof pursuant to Section 5.12(b) will (1) be prepared from, and be consistent with, the Books and Records, (2) be prepared in accordance with all Applicable Laws and with SAP (in the case of SRUS) or FRS 101 (in the case of SRD), applied on a consistent basis during the periods presented and (3) present fairly, in all material respects, the respective statutory financial position of the Scottish Insurance Companies at the respective dates thereof, and the statutory results of their operations and cash flows for the periods then ended (subject, in the case of any interim financial statements included in such Statutory Statements, to normal year-end adjustments and to the absence of footnotes).

(c) SALIC and its Subsidiaries maintain a system of internal controls that provide reasonable assurance that: (i) records are maintained in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of SALIC and its Subsidiaries; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, SAP or FRS 101, as applicable, and that receipts and expenditures of SALIC and its Subsidiaries are being made only in accordance with authorizations of management and directors of SALIC or any of its Subsidiaries, as applicable; (iii) controls prevent or timely detect unauthorized acquisition, use or disposition of SALIC's or its Subsidiaries' assets, as applicable, that could have a material effect on the financial statements of SALIC or any of its Subsidiaries; and (iv) the recorded accountability for its assets is compared with its existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(d) The Books and Records (i) have been maintained in all material respects in accordance with industry customary business practices and in accordance with Applicable Law, (ii) accurately represent and reflect, in all material respects, the business of the SALIC and its Subsidiaries and all transactions and actions related thereto, (iii) are true, complete and correct in all material respects, and (iv) constitute all of the files and data necessary for the operation of the business of SALIC and its Subsidiaries.

(e) Except for those liabilities (i) that are reflected or reserved against in the SALIC Financial Statements, (ii) incurred in the Ordinary Course of Business since December 31, 2016, (iii) incurred by or on behalf of SALIC in connection with this Agreement or the Transactions or (iv) that would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect, as of the date hereof, the SALIC Group Companies have no liabilities that would be required by GAAP to be reflected on an unaudited balance sheet of SALIC (or disclosed in the notes thereto) (excluding any liabilities of the type covered by the representations and warranties set forth in this Agreement other than this Section 3.7(e)).

Section 3.8 Absence of Certain Changes. Except to the extent arising out of or relating to the Transactions, since December 31, 2016, (a) the business of the SALIC Group has

been operated in all material respects in the Ordinary Course of Business, (b) there has not occurred any event or events that, individually or in the aggregate, have had, or would reasonably be expected to have, a SALIC Material Adverse Effect, (c) other than as set forth in Section 3.8(c) of the SALIC Disclosure Schedule, there has not occurred any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of SALIC's outstanding capital stock or the outstanding capital stock of the SALIC Group Companies other than regular dividend payments and (d) there has not occurred any change in accounting methods, principles or practices by any SALIC Group Company materially affecting its assets or liabilities, except insofar as may have been required by Applicable Law or required or permitted by a change in applicable GAAP or SAP. Except with regard to Material Contracts (which are addressed in Section 3.16) and Reinsurance Contracts and Reserve Financing Contracts (which are addressed in Section 3.21), other than as set forth in Section 3.8(e) of the SALIC Disclosure Schedule, since December 31, 2016 to the date hereof, no SALIC Group Company has taken any action or omitted to take any action, which action or omission, if occurring after the date hereof without the consent of Purchaser, had Section 5.2 been in effect from December 31, 2016 to the date hereof, would constitute (x) a breach of clause (i) through (iv), (vii), (viii), (ix), (x), (xi), (xiii), (xv), (xvi), (xviii), (xix), (xx) or (xxi) (or clause (xxii) with respect to the foregoing clauses) of Section 5.2; or (y) a breach in any material respect of clause (v), (xii), (xiv), or (xvii) (or clause (xxii) thereof with respect to such other clauses) of Section 5.2.

Section 3.9 Litigation; Orders.

(a) Other than as set forth in Section 3.9(a) of the SALIC Disclosure Schedule, as of the date hereof, there is no material Action pending or, to the Knowledge of SALIC, threatened against any SALIC Group Company or its business or any of its properties or assets.

(b) Other than as set forth in Section 3.9(b) of the SALIC Disclosure Schedule, as of the date hereof, none of the SALIC Group Companies is a party or subject to any material Order applicable to that SALIC Group Company, its business or any of its properties or assets other than any Order that is generally applicable to all Persons in businesses similar to that of the SALIC Group.

(c) There are no Actions pending or, to the Knowledge of SALIC, threatened against any SALIC Group Company or its business or any of its properties or assets that question the validity of, or seek injunctive relief with respect to, this Agreement or the right of any of the SALIC Group Companies to enter into, or consummate the Transactions.

Section 3.10 Taxes.

(a) Other than as set forth in Section 3.10(a) of the SALIC Disclosure Schedule, (i) all Tax Returns required to be filed by or with respect to the SALIC Group Companies have been timely filed and no extension of time within which to file any such Tax Return is in effect, (ii) all such Tax Returns were true, complete, and correct in all respects and disclose all Taxes required to be paid by or with respect to the SALIC Group Companies for the periods covered thereby and (iii) all Taxes (whether or not shown as due on any such Tax Returns) for which any of the SALIC Group Companies may be liable have been timely paid.

(b) Other than as set forth in Section 3.10(b) of the SALIC Disclosure Schedule, (i) there are no audits, claims, actions or assessments regarding Taxes pending or proposed or threatened in writing with respect to Taxes for which any of the SALIC Group Companies may be liable, and (ii) all deficiencies asserted or assessments made as a result of any examination of the Tax Returns described in Section 3.10(a) have been paid in full or otherwise finally resolved.

(c) No waiver of any statute of limitations relating to Taxes for which any of the SALIC Group Companies may be liable is in effect, and no written request for such a waiver is outstanding.

(d) There are no Tax rulings, requests for rulings, or closing agreements relating to Taxes for which any of the SALIC Group Companies may be liable that could affect the SALIC Group Companies' liability for Taxes for any taxable period ending after the Closing Date. None of the SALIC Group Companies will be required to include or accelerate the recognition of any item in income, or exclude or defer any deduction or other tax benefit, in each case in any taxable period (or portion thereof) after Closing, as a result of any change in method of accounting, closing agreement, intercompany transaction, installment sale, or the receipt of any prepaid amount, in each case prior to Closing.

(e) No Encumbrances (other than Permitted Encumbrances) for Taxes exist with respect to any of the assets or properties of the SALIC Group Companies.

(f) All Taxes that any of the SALIC Group Companies is required by law to withhold or to collect for payment have been duly withheld and collected and have been paid to the appropriate Governmental Authority.

(g) No SALIC Group Company is a party to or bound by any Tax allocation, sharing, indemnity (entered into in connection with a material transaction with a third party) or similar agreement. Except as set forth in Section 3.10(g) of the SALIC Disclosure Schedule, no SALIC Group Company has been a member of any Company Group other than each Company Group of which it is presently a member, and no SALIC Group Company presently has or has had any direct or indirect ownership interest in any corporation, partnership, joint venture or other entity (other than the SALIC Subsidiaries). None of the SALIC Group Companies has any liability for Taxes of another Person under Treasury Regulation § 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, or otherwise.

(h) None of the SALIC Group Companies has participated in any "listed transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(2) and, with respect to each transaction in which any SALIC Group Company has participated that is a "reportable transaction" within the meaning of Treasury Regulation § 1.6011-4(b)(1), such participation has been properly disclosed on IRS Form 8886 (Reportable Transaction Disclosure Statement) and on any corresponding form required under state, local or other law.

(i) During the last three years, no SALIC Group Company has been a party to any transaction treated by the parties thereto as one to which Section 355 of the Code (or any similar provision of state, local or foreign law) applied.

(j) None of the SALIC Group Companies (other than SRLB) has made an election under Section 953(d) of the Code to be treated as a domestic corporation.

(k) Other than as set forth on Section 3.10(k) of the SALIC Disclosure Schedule, (i) none of the SALIC Group Companies has unutilized net operating losses the use of which to offset U.S. federal income tax liability would be restricted or prohibited under Section 1503 of the Code or Treasury Regulations thereunder, (ii) each Company Group of which any of the SALIC Group Companies is a member does not have and will not have on the Closing Date a consolidated Section 382 limitation (as determined under Treasury Regulation § 1.1502-93) and (iii) other than as a consequence of the Transactions, immediately after the Closing Date no limitation under Section 382 of the Code will apply to the utilization of any net operating loss (or alternative minimum tax net operating loss) carryover or capital loss carryover of any of the SALIC Group Companies carried from a period ending on or prior to the Closing Date.

(l) None of the Transactions are subject to withholding under Section 1445 of the Code or similar provision of state, local or foreign law.

Section 3.11 Employee Benefits.

(a) Section 3.11(a) of the SALIC Disclosure Schedule sets forth a true, complete, and correct list of each material employee benefit plan (as such term is defined in Section 3(3) of ERISA, whether or not such plans are subject to ERISA) and each other material plan, program or policy providing for equity-based compensation, bonuses, incentive compensation, retention, severance, change in control or fringe benefits, (i) that is sponsored, maintained or contributed to by any of the SALIC Group Companies or any of the ERISA Affiliates immediately prior to the Closing for the benefit of any Employee or (ii) with respect to which Purchaser may have any liability or contingent liability on account of the execution of this Agreement or any Transactions (collectively, the “Benefit Plans”). SALIC has made available to Purchaser prior to the date hereof copies of each Benefit Plan.

(b) Except as would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect, all Benefit Plans comply in form with all requirements of Applicable Law and have been operated and administered in all material respects in accordance with their terms and with all requirements of Applicable Law.

(c) Each Benefit Plan that is an “employee pension benefit plan” within the meaning of Section 3(2) of ERISA that is intended to be qualified under Section 401(a) of the Code, has received a favorable determination or opinion letter from the IRS or has applied to the IRS for a favorable determination letter, and there are no circumstances reasonably likely to result in the loss of the qualification of such plan under Section 401(a) of the Code.

(d) No Benefit Plan is (i) subject to Section 412 or 430 of the Code or Title IV of ERISA, or (ii) a multiemployer plan as defined in Section 3(37) of ERISA.

(e) Other than as set forth in Section 3.11(e) of the SALIC Disclosure Schedule, there are no Actions pending or, to the Knowledge of SALIC, threatened involving any Benefit Plan (other than with respect to routine claims for benefits), by any Person covered thereby or

otherwise, which would, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect.

(f) Other than as set forth in Section 3.11(f) of the SALIC Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Transactions, either alone or together with subsequent events, will (i) entitle any Employee, director or independent contractor to any payments or benefits (including severance pay or any increase in severance pay or other compensation or benefits upon any termination of employment or service after the date hereof); (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans; or (iii) result in payments or benefits under any of the Benefit Plans that would not be deductible under Section 280G of the Code, in each case, for which any SALIC Group Company or Purchaser would reasonably be expected to have any liability.

Section 3.12 Compliance with Applicable Laws; Governmental Authorizations; Regulatory Filings.

(a) Since January 1, 2014, each of the SALIC Group Companies has been, and the SALIC Group Business has been conducted, in compliance with all Applicable Law in all material respects. Since January 1, 2014, none of the SALIC Group Companies (i) has received any written or, to the Knowledge of SALIC, oral notice from any Governmental Authority regarding any actual or alleged violation of, or failure on the part of such SALIC Group Company to comply with, any Applicable Law that has not been remedied or (ii) to the Knowledge of SALIC, has been placed under investigation with respect to any material violation of or non-compliance with any Applicable Law. None of the SALIC Group Companies is a party to, or bound by, any material Governmental Order applicable to it or its assets, properties, rights or business.

(b) Other than as set forth on Section 3.12(b) of the SALIC Disclosure Schedule, (i) each SALIC Group Company holds all material Governmental Authorizations required to conduct its business in the manner and in all such jurisdictions as it is currently conducted and all such Governmental Authorizations are valid and in full force and effect, (ii) each SALIC Group Company is in compliance in all material respects with all such Governmental Authorizations, (iii) none of the SALIC Group Companies has received, at any time since January 1, 2014, any written notice from any Governmental Authority regarding any actual or alleged violation of, or failure on the part of such SALIC Group Company to comply with, any term or requirement of any such Governmental Authorization that has not been remedied, (iv) no such Governmental Authorization will be terminated as a result of the Transaction, and (v) no SALIC Group Company is the subject of any pending or, to the Knowledge of SALIC, threatened Action seeking the revocation, suspension, termination, modification or impairment of any such Governmental Authorization. Section 3.12(b) of the SALIC Disclosure Schedule sets forth a true, complete and correct list of all licenses and permits to conduct the business of insurance or reinsurance held by any SALIC Group Company. None of the SALIC Group Companies has received any written notice, or to the Knowledge of SALIC, oral or any other communication from any Governmental Authority regarding any material violation of any Governmental Authorization by any SALIC Group Company.

(c) No director or officer of any of the SALIC Group Companies, and to SALIC's Knowledge, no Employee or other employee or Representative of the SALIC Group Companies or any of their Affiliates acting for or on behalf of any SALIC Group Company has, directly or indirectly (i) used any funds for contributions, gifts, gratuities, entertainment or other expenses related to political activity, in each case in violation of any Applicable Laws, (ii) made any payment in violation of any Applicable Laws or offered, promised or authorized the payment of anything of value, regardless of form, whether in money, property or services, to or for the benefit of any U.S. or non-U.S. government official or employee, any official or employee of a public international organization, or any political party or candidate for political office, in each case in violation of any Applicable Laws and for the purpose of influencing any act or decision of such individual or of any governmental body or public international organization, or securing any improper advantage, in order to obtain or retain business or direct business to any Person in violation of any Applicable Laws, (iii) made any other payment, regardless of form, whether in money, property or services which constitutes criminal bribery under any Applicable Laws, or (iv) violated any applicable export control, money laundering or anti-terrorism law or regulation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-bribery law or regulation, of any applicable jurisdiction, or any Applicable Laws of similar effect.

(d) Since January 1, 2014, the SALIC Group Companies have filed all material reports, statements, documents, registrations, filings and submissions required to be filed with any Governmental Authority, and all such reports, statements, documents, registrations, filings and submissions complied in all material respects with Applicable Law in effect when filed and no material deficiencies have been asserted by, nor any material penalties imposed by, any such Governmental Authorities with respect to such reports, statements, documents, registrations, filings or submissions.

(e) SALIC has made available to Purchaser (i) any material reports of examination (including financial, market conduct and similar examinations) of any Scottish Insurance Company issued by any Insurance Regulatory Authority, in any case, since January 1, 2014, (ii) all material Insurance Holding Company System Act filings or submissions made by any Scottish Insurance Company with any Insurance Regulatory Authority since January 1, 2014 through the date hereof and (iii) all analyses and reports submitted by any Scottish Insurance Company to the Insurance Regulatory Authority in its state or jurisdiction of domicile since January 1, 2014 relating to its risk-based capital calculations. As of the date hereof, all material deficiencies or violations noted in the examination reports described in clause (i) above have been resolved to the reasonable satisfaction of the Insurance Regulatory Authority that noted such deficiencies or violations.

(f) Except for the Scottish Insurance Companies, no Subsidiary of SALIC is a regulated insurance company. None of the Scottish Insurance Companies is "commercially domiciled" under the Applicable Laws of any jurisdiction or is otherwise treated as domiciled in a jurisdiction other than its jurisdiction of organization.

Section 3.13 Intellectual Property.

(a) Section 3.13(a) of the SALIC Disclosure Schedule sets forth, as of the date hereof, a list of issued or registered Intellectual Property owned by the SALIC Group

Companies, including all Trademarks, copyrights and patents owned by any SALIC Group Company that is the subject of a registration or pending application.

(b) Each SALIC Group Company owns or has rights or licenses to use, the Intellectual Property used in the business of such SALIC Group Company as currently conducted, free and clear of all Encumbrances, other than Permitted Encumbrances. Such Intellectual Property is subsisting and, to the Knowledge of SALIC, valid and enforceable. None of the SALIC Group Companies has conducted or is conducting its business in a manner that would reasonably be expected to result in the cancellation or unenforceability of such Intellectual Property.

(c) To the Knowledge of SALIC, the conduct of the business of each SALIC Group Company as currently conducted does not infringe upon, misappropriate, dilute or otherwise violate the Intellectual Property rights of any third party, and none of the SALIC Group Companies has received any written notice of any alleged breach, infringement, misappropriation or dilution or other violation by any SALIC Group Company of the Intellectual Property rights of any third party, in each case where such breach, infringement, misappropriation or dilution is pending and not resolved and except as would not, individually or in the aggregate, reasonably be likely to have a SALIC Material Adverse Effect. To the Knowledge of SALIC, as of the date hereof, no third party is breaching, infringing upon, misappropriating or otherwise violating any material Intellectual Property owned by any SALIC Group Company and no such claims have been made or threatened by any SALIC Group Company.

Section 3.14 Actuarial Reports; Reserves.

(a) Section 3.14(a) of the SALIC Disclosure Schedule lists (and SALIC has made available to Purchaser true, complete and correct copies of) all material actuarial reports prepared by opining actuaries, independent or otherwise, from and after January 1, 2017, with respect to the business of any Scottish Insurance Company (including all material attachments, addenda, supplements and modifications thereto). There have been no actuarial reports of a similar nature covering any Scottish Insurance Company in respect of any period subsequent to the latest period covered in such actuarial reports. The information and data furnished by Scottish Insurance Companies to their respective independent actuaries in connection with the preparation of any such actuarial reports were compiled from the Books and Records and as of the dates so furnished were true, complete and correct in all material respects for the periods covered in such reports, in each case subject to any limitations and qualifications contained in such actuarial reports. To the Knowledge of SALIC, no data provided in connection with the preparation of such actuarial reports was materially inaccurate.

(b) The policy reserves of the Scottish Insurance Companies recorded in the SALIC Financial Statements and the Statutory Statements, as of the date thereof: (a) have been computed in all material respects in accordance with presently accepted actuarial standards consistently applied and prepared in accordance with SAP (in the case of SRUS) and GAAP (in the case of SALIC and SRLB) and FRS 101 (in the case of SRD), consistently applied; (b) have been based on actuarial assumptions that are consistent in all material respects with applicable contract provisions; and (c) meet the requirements of applicable Insurance Laws and SAP in all

material respects. Notwithstanding the foregoing provisions of this Section 3.14, SALIC is not making any representations, express or implied, in or pursuant to this Agreement concerning the adequacy or sufficiency of reserves.

Section 3.15 Insurance. Section 3.15 of the SALIC Disclosure Schedule contains a true, complete and correct list of all currently in effect and most recently expired liability, property and casualty, employee liability, directors and officers liability, surety bonds, key man life insurance and other similar insurance contracts of the SALIC Group Companies that insure the business, properties, operations or affairs of the SALIC Group Companies or affect or relate to the ownership, use or operations of the SALIC Group Companies' assets or properties, and the amount of coverage, insurance carrier, policy number and deductible or self-insured retention under each such insurance contract. To the Knowledge of SALIC, no event has occurred that, with notice or the lapse of time or both, would constitute a breach or default under, or permit termination of, any insurance policy of SALIC, and except as set forth on Section 3.15 of the SALIC Disclosure Schedule, there has been no threatened termination or non-renewal of, or material premium increase with respect to, any insurance policy of SALIC. All premiums due thereunder have been paid when due in all material respects and all such policies are in full force and effect.

Section 3.16 Material Contracts.

(a) Section 3.16(a) of the SALIC Disclosure Schedule contains a true, complete and correct list of each Contract in force as of the date hereof (other than and excluding any Reinsurance Contract or Reserve Financing Contract (which are addressed in Section 3.21)) to which any SALIC Group Company is a party or under which any of the SALIC Group Companies has material continuing obligations as of the date hereof that meets any of the following criteria (each, a "Material Contract"):

(i) requires expenditures by a SALIC Group Company involving consideration in excess of One Hundred Thousand Dollars (\$100,000) in any twelve (12)-month period or the delivery by the SALIC Group Company or their Affiliates of goods or services with a fair market value in excess of One Hundred Thousand Dollars (\$100,000);

(ii) provides for payments or goods or services to be received by a SALIC Group Company in excess of One Hundred Thousand Dollars (\$100,000) in any twelve (12)-month period;

(iii) relates to the incurrence by a SALIC Group Company of any indebtedness, other than such Contracts entailing past or reasonably expected future amounts less than One Hundred Thousand Dollars (\$100,000) in the aggregate;

(iv) relates to the acquisition or disposition by a SALIC Group Company outside the Ordinary Course of Business of any material assets or any material business (whether by merger, sale or purchase of stock, sale or purchase of assets or otherwise) to the extent any actual or contingent material obligations of the SALIC Group Company thereunder remain in effect, other than transactions involving Investment Assets;

(v) grants a right of first refusal or first offer or similar right or materially restricts or limits a SALIC Group Company's ability to freely engage in any business, compete with other entities, market any product or solicit employees or customers, or provides for "exclusivity" or any similar requirement, in each case in favor of any Person other than the subject SALIC Group Company;

(vi) is a capital maintenance Contract, keepwell or similar agreement pursuant to which any Person has agreed to contribute capital or surplus to the SALIC Group Companies or any capital maintenance Contract or similar agreement pursuant to which the SALIC Group Companies have agreed to contribute capital or surplus to any Person or guarantee the obligations of any Person under any insurance Contract;

(vii) is a collective bargaining agreement or other Contract with any labor organization, union or association;

(viii) relates to the license or sublicense to a SALIC Group Company of any material Intellectual Property or the license from a SALIC Group Company of any material Intellectual Property, other than "shrink wrap" or "click through" licenses or licenses of generally-available "off the shelf" computer software or databases;

(ix) is a written Contract with any Employee related to such Employee's employment with any of the SALIC Group Companies;

(x) is a Contract for any joint venture, partnership or similar arrangement, or any Contract involving a sharing of profits, losses, costs or liabilities by the SALIC Group Companies with any other Person or relating to the formation, creation, operation, management or control of any partnership or joint venture in respect of the business of the SALIC Group Companies;

(xi) is an investment management agreement;

(xii) is a material indemnification agreement or guarantee in respect of the business of the SALIC Group Companies;

(xiii) is entered into with any Governmental Authority;

(xiv) provides for exclusivity or any similar requirement or includes a "most favored nation" provision;

(xv) contains change of control provisions;

(xvi) contains notification or termination provisions related to the insolvency of a Debtor, other than to the extent such provision would be unenforceable pursuant to Section 365(e)(1) of the Bankruptcy Code;

(xvii) requires any of the SALIC Group Companies to maintain a minimum rating or has a ratings trigger;

(xviii) provides for any obligation to loan or contribute funds to, or make investments in, another Person;

(xix) is a SALIC Intercompany Agreement or a Terminating Intercompany Agreement;

(xx) is a mortgage, indenture, loan or credit agreement, security agreement or other agreement or instrument relating to the borrowing of money or extension of credit or the direct or indirect guarantee of any obligation for borrowed money of any Person or any other liability in respect of indebtedness for borrowed money of any Person, in each case, involving liabilities in excess of One Hundred Thousand Dollars (\$100,000) or any direct or indirect guarantee of any obligation or liability in respect of a Benefit Plan;

(xxi) provides for a material operation or function of the business of the SALIC Group Companies to be outsourced to, or otherwise performed by, a third Person; or

(xxii) is an obligation to enter into any of the foregoing.

(b) With respect to each Material Contract, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, (i) each Material Contract is a valid and binding obligation of the applicable SALIC Group Company and, to the Knowledge of SALIC, as of the date hereof, each other party or parties thereto, in accordance with its terms and is in full force and effect, subject to the Bankruptcy and Equity Exceptions, and is enforceable against the applicable SALIC Group Company and, to the Knowledge of SALIC, each other party thereto in accordance with its terms, subject to the Bankruptcy and Equity Exceptions, (ii) the applicable SALIC Group Company is not, and, to the Knowledge of SALIC, no other party thereto is, in default or breach in any material respect in the performance, observance or fulfillment of any obligation, covenant or condition contained in each of the Material Contracts, and (iii) to the Knowledge of SALIC, there does not exist any event, condition or omission that would constitute such a default or breach (with or without lapse of time or notice or both); provided, however, that this Section 3.16(b) does not apply to any Terminating Intercompany Agreement or any other Material Contract to be rejected or terminated pursuant to this Agreement.

(c) Prior to the date of this Agreement, copies of each Material Contract have been made available to Purchaser.

Section 3.17 Assets; Real Property.

(a) Except as disclosed in Section 3.17(a) of the SALIC Disclosure Schedule, each of SALIC and the SALIC Subsidiaries has good title to, or a valid leasehold interest in, each of its material assets reflected in the SALIC Financial Statements and the Statutory Statements, as applicable, free and clear of any Encumbrance, except for Permitted Encumbrances.

(b) Section 3.17(b) of the SALIC Disclosure Schedule contains a true, complete and correct list of all leases pursuant to which any SALIC Group Company leases real property as tenant.

(c) Section 3.17(c) of the SALIC Disclosure Schedule contains a true, complete and correct list of all subleases pursuant to which any SALIC Group Company subleases real property as subtenant.

Section 3.18 Finders' Fees. Except as set forth on Section 3.18 of the SALIC Disclosure Schedule, there is no investment banker, broker, financial adviser, finder or other intermediary who is or might be entitled to any fee or commission in connection with the Transactions, based on arrangements made by or on behalf of any SALIC Group Company or any of their respective Affiliates.

Section 3.19 Investment Assets.

(a) SALIC has provided to Purchaser a true, complete and correct list of the Investment Assets as of December 31, 2017. The SALIC Group Companies hold valid title to all Investment Assets free and clear of all Encumbrances other than Permitted Encumbrances.

(b) Except as set forth on Section 3.19(b) of the SALIC Disclosure Schedule, to the Knowledge of SALIC, none of the SALIC Group Companies or any of their Affiliates (i) has received written notice that any of the Investment Assets is in default in any payment of principal, distributions, interest, dividends or any other material payment or performance obligation thereunder or (ii) is aware of any breach of, or default under, any covenants of any of the Investment Assets.

(c) Except as set forth on Section 3.19(c) of the SALIC Disclosure Schedule, none of the SALIC Group Companies has any material funding obligations of any kind, or material obligation to make any additional advances or investments (including any obligation relating to any currency or interest rate swap, hedge or similar arrangement), in respect of any of the Investment Assets. There are no material outstanding commitments, options, put agreements or other arrangements relating to the Investment Assets to which any of the SALIC Group Companies may be subject upon or after the Closing.

(d) SALIC has made available to Purchaser true, complete and correct copies of the investment guidelines and policies applicable to the SALIC Group Companies in effect as of the date hereof (the "Investment Guidelines and Policies"). No material changes have been made to such Investment Guidelines and Policies since December 31, 2016.

Section 3.20 Labor Matters.

(a) None of the SALIC Group Companies is a party to, or bound by, any agreement with respect to the Employees with any labor union or any other employee organization, group or association organized for purposes of collective bargaining. To the Knowledge of SALIC, there are, and since January 1, 2014 there have been, (i) no activities or proceedings of any labor union to organize any Employees or employees of SALIC dedicated to the business of the SALIC Group Companies.

(b) Section 3.20(b) of the SALIC Disclosure Schedule sets forth a true, complete, and correct list of each employee of the SALIC Group Companies and in the case of each such employee, the following information, if applicable, as of the date hereof: (i) title or position; (ii)

date of hire; (iii) whether full-time or part-time and whether exempt or non-exempt; and (iv) whether absent from active employment or service and if so, the date such absence commenced, and the anticipated date of return to active employment or active service.

Section 3.21 Reinsurance. SALIC has provided or otherwise made available to Purchaser true, complete and correct copies of (a) each material reinsurance or retrocessional treaty, coinsurance, yearly or monthly renewable term, modified coinsurance, excess insurance, ceding of insurance, assumption of reinsurance or similar arrangements, placements or Contracts (together with all amendments, extensions, renewals, guaranties, modifications, waivers, supplements and other agreements, if any, related thereto) to which any Scottish Insurance Company are parties, whether as ceding company, retrocedent, reinsurer or retrocessionaire (the "Reinsurance Contracts") and (b) each material Contract, other than a Reinsurance Contract, comprising an excess reserve financing arrangement to which any of the Scottish Insurance Companies are parties (the "Reserve Financing Contracts"). Each of the Reinsurance Contracts and the Reserve Financing Contracts constitutes a valid and binding obligation of the Scottish Insurance Companies and, to the Knowledge of SALIC, each other party thereto, is enforceable against the Scottish Insurance Companies and, to the Knowledge of SALIC, each other party thereto in accordance with its terms (subject to the Bankruptcy and Equity Exceptions), and is in full force and effect, except for such failures to be valid and binding as are not, individually or in the aggregate, reasonably likely to result in a SALIC Material Adverse Effect. None of the applicable Scottish Insurance Companies or, to the Knowledge of SALIC, any counterparty to any Reinsurance Contract or Reserve Financing Contract is (with or without notice or lapse of time or both) in default or breach under the terms of such Reinsurance Contract or Reserve Financing Contract in any material respect. Except as set forth on Section 3.21(a) of the SALIC Disclosure Schedule, there are no pending or, to the Knowledge of SALIC, threatened Actions with respect to any Reinsurance Contract or Reserve Financing Contract. Except as set forth on Section 3.21(b) of the SALIC Disclosure Schedule, as of the date hereof, no party to any Reinsurance Contract or Reserve Financing Contract has given notice of termination (provisional or otherwise) in respect of any such Contract. Except as set forth on Section 3.21(c) of the SALIC Disclosure Schedule, since January 1, 2014, there has not been any dispute with respect to any material amounts recoverable or payable by any of the Scottish Insurance Companies pursuant to any Reinsurance Contract or Reserve Financing Contract and no reinsurer or ceding party has sought to deny or limit coverage or revoke, terminate, rescind or change, in accordance with the terms of any Reinsurance Contract, reinsurance premiums or expense allowances. Except as set forth on Section 3.21(d) of the SALIC Disclosure Schedule, no Reinsurance Contract or Reserve Financing Contract contains any provision providing that the other party thereto may terminate or otherwise modify such Reinsurance Contract or Reserve Financing Contract by reason of the Transactions. No Reinsurance Contract or Reserve Financing Contract contains any provision which by its own terms would result in a modification in the operation of such Reinsurance Contract or Reserve Financing Contract by reason of the Transactions.

Section 3.22 Affiliate Transactions. Section 3.22 of the SALIC Disclosure Schedule sets forth a true, complete, and correct list, as of the date hereof, of all Contracts, agreements, leases, licenses and other instruments (whether or not reduced to writing) (i) between any of the SALIC Group Companies, on the one hand, and any other SALIC Group Companies, on the other hand (the "SALIC Intercompany Agreements") and (ii) between any SALIC Group

Company, on the one hand, and any Affiliate thereof that is not a SALIC Group Company, on the other hand (the “Terminating Intercompany Agreements”) and, with respect to such Terminating Intercompany Agreements, Section 3.22 of the SALIC Disclosure Schedule shall also set forth SALIC’s good faith estimate of the settlement or termination amounts due and payable in connection with the termination thereof in accordance with Section 5.13.

Section 3.23 Environmental Matters. None of the SALIC Group Companies has received a written notice, request for information, claim or demand from any Governmental Authority or third party alleging liability in connection with the violation of any Environmental Law, there are no material judicial or administrative proceedings pending or threatened against the SALIC Group Companies arising under or relating to an Environmental Law, and each of the SALIC Group Companies is and has been in compliance in all material respects with any applicable Environmental Laws.

Section 3.24 Information Technology, Data Security and Privacy.

(a) The Information Technology (i) is in good repair and operating condition and is adequate and suitable (including with respect to working condition, security, performance and capacity) for the purposes for which it is being used or held for use and (ii) does not contain any Malware that would reasonably be expected to interfere with the conduct of the business of the SALIC Group Companies or present a material risk of unauthorized access, disclosure, use, corruption, destruction or loss of any personally identifiable information, data or non-public information.

(b) The SALIC Group Companies (i) have implemented, maintain, and comply with commercially reasonable written security, business continuity and backup and disaster recovery plans and procedures with respect to the Information Technology and (ii) have taken commercially reasonable steps to test such plans and procedures on no less than an annual basis, and such plans and procedures have been proven effective upon such testing in all material respects.

(c) The SALIC Group Companies have been and are in compliance with any such privacy statement (as applicable to any given set of personally identifiable information, data and non-public information collected by or on behalf of any of them) and with any and all Applicable Law, regulatory guidelines, PCI-DSS standards, contractual requirements and terms of use pertaining to such personally identifiable information, data and non-public information.

(d) Since January 1, 2014, the SALIC Group Companies have not, nor, to the Knowledge of SALIC or any of its Affiliates, has any third Person working on behalf of any of them, in each case with respect to the business of the SALIC Group Companies, received any written claims, notices or complaints regarding their information practices or the use of any personally identifiable information, data and non-public information of individuals, or alleging a violation of any individual’s privacy, personal or confidentiality rights under any applicable privacy statement or otherwise from any Person.

Section 3.25 Third-Party Administrators.

(a) To the Knowledge of SALIC, from January 1, 2014 to the date hereof, each third-party administrator that managed or administered insurance business for the SALIC Group Companies, at the time such Person managed or administered such business, was duly licensed or registered as required by Applicable Law (for the type of business managed or administered on behalf of the Scottish Insurance Companies), and to the Knowledge of SALIC, no such third-party administrator is in violation (or with or without notice or lapse of time or both, would be in violation) of any term or provision of any Applicable Law related to the administration or management of insurance business for the Scottish Insurance Companies, except for such failures to be licensed or such violations which have been cured, resolved or settled through agreements with applicable Governmental Authorities or are barred by an applicable statute of limitations or, individually or in the aggregate, are not material.

Section 3.26 NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE III AND IN ARTICLE VI, SALIC DOES NOT MAKE ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO SALIC, THE SALIC SUBSIDIARIES OR THE SALIC GROUP BUSINESS OR WITH RESPECT TO ANY OTHER MATTER OR ANY OTHER INFORMATION PROVIDED TO PURCHASER OR ITS REPRESENTATIVES OR AFFILIATES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to SALIC, as of the date hereof and as of the Closing Date, as follows. Each such representation and warranty is qualified by and includes the disclosure set forth in the numbered or lettered sections or subsections of the Purchaser Disclosure Schedule that correspond to such representation and warranty and shall be deemed to be qualified by and include any disclosure in any other section or subsection of the Purchaser Disclosure Schedule to which the relevance of such disclosure to such representation and warranty is readily apparent.

Section 4.1 Organization and Authority. Purchaser is a limited company duly organized, validly existing and in good standing under the laws of Bermuda. Purchaser has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

Section 4.2 Binding Effect. The execution and delivery of this Agreement by Purchaser, the performance of its obligations hereunder and the consummation of the Transactions have been duly and validly approved by all requisite corporate action on the part of Purchaser and no additional corporate proceedings on the part of Purchaser or any Affiliate thereof or any of their respective securityholders are necessary to approve or authorize, as applicable, this Agreement, the performance of Purchaser's obligations hereunder or the consummation of the Transactions. Assuming the due authorization, execution and delivery by SALIC, this Agreement constitutes the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to the Bankruptcy and Equity Exceptions.

Section 4.3 Governmental Filings and Consents. No consents or approvals of, waivers from, or filings or registrations with, any Governmental Authority are required to be made or obtained at or prior to the Closing by Purchaser or any of its Affiliates in connection with the execution, delivery or performance by Purchaser of this Agreement or to consummate the Transactions, except for the consents, approvals, waivers, filings and registrations described in Section 4.3 of the Purchaser Disclosure Schedule, except as would not, individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect.

Section 4.4 No Violations. Subject to the making of the filings and registrations and receipt of the consents, approvals and waivers referred to in Section 4.3 and the expiration of related waiting periods, the execution, delivery and performance of this Agreement by Purchaser and the consummation of the Transactions do not and will not (a) conflict with, constitute a breach or violation of, or a default under, or give rise to any Encumbrance (other than Permitted Encumbrances) or any acceleration of remedies, penalty, increase in benefit payable or right of termination, suspension, revocation or cancellation under, or forfeiture of, as applicable, any Applicable Law, Order or Governmental Authorization or Contract of Purchaser, except as would not, individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect or (b) constitute a breach or violation of, or a default under, the organizational documents of Purchaser.

Section 4.5 Purchaser Impediments. As of the date hereof, there is no Action pending or, to the Knowledge of Purchaser, threatened, or any outstanding Order against Purchaser or any of its Affiliates which (a) would affect in any material respect the validity or enforceability of this Agreement, (b) seeks to enjoin or prohibit the consummation of the Transactions or (c) would (i) materially impair or materially delay the ability of Purchaser to obtain Required Approvals (other than the Bankruptcy Court Approvals and Foreign Court Approvals) or (ii) individually or in the aggregate, reasonably be likely to have a Purchaser Material Adverse Effect. As of the date hereof, to the Knowledge of Purchaser, there are no facts or circumstances involving Purchaser or its Affiliates (or involving any permitted assignee of the rights of Purchaser hereunder pursuant to Section 9.4) that would reasonably be expected to prohibit or materially delay the granting of any Required Approval (other than the Bankruptcy Court Approvals and Foreign Court Approvals).

Section 4.6 Finders' Fees. There is no investment banker, broker, financial advisor, finder or other intermediary who is or might be entitled to any fee or commission in connection with the Transactions, based on arrangements made by or on behalf of Purchaser or its Affiliates.

Section 4.7 Financial Capability. Purchaser has sufficient capital commitments, and will have at the Closing, sufficient funds to complete the Transactions on the terms and subject to the conditions set forth in this Agreement.

Section 4.8 Purchase for Own Account.

(a) Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act.

(b) Purchaser is acquiring the Purchaser Shares for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the Purchaser Shares. Purchaser agrees that the Purchaser Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any applicable state securities laws, except pursuant to an exemption from such registration under such Applicable Laws.

(c) Purchaser is able to bear the economic risk of holding the Purchaser Shares for an indefinite period, including a complete loss of its investment in the Purchaser Shares, and has knowledge and experience in financial and business matters such that it is capable of evaluating the risks of an investment in the Purchaser Shares.

Section 4.9 NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SECTION 2.1 AND IN THIS ARTICLE IV, NEITHER PURCHASER NOR ANY OTHER PERSON MAKES ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO PURCHASER OR ANY OF ITS AFFILIATES OR WITH RESPECT TO ANY OTHER MATTER OR ANY OTHER INFORMATION PROVIDED TO SALIC OR THE SALIC GROUP COMPANIES OR THEIR REPRESENTATIVES OR AFFILIATES IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE V

COVENANTS

Section 5.1 Access; Confidentiality.

(a) Prior to the Closing, SALIC shall permit Purchaser and its representatives to have reasonable access, during regular business hours and upon reasonable advance notice to SALIC, to the Books and Records to the extent not prohibited by Applicable Law, for any reasonable business purpose relating to this Agreement, except that SALIC shall use reasonable best efforts to provide access to Books and Records maintained by any Person acting as a third party administrator for any SALIC Group Business; provided, that to the extent any Books and Records or other information that is subject to an attorney-client or other legal privilege or obligation of confidentiality or non-disclosure, it shall not be made so accessible, it being understood that SALIC shall use its reasonable best efforts to make other arrangements (including redacting information or entering into joint defense agreements), in each case, that would enable any otherwise required disclosure to Purchaser to occur without so jeopardizing privilege or contravening such privilege or obligation. Such access shall be at Purchaser's sole cost and expense and may not unreasonably interfere with the conduct of the SALIC Group's or its Affiliates' businesses.

(b) Purchaser acknowledges that the information and access provided to it pursuant to Section 5.1(a) shall be subject to the terms and conditions of the Confidentiality Agreement.

(c) Following the Closing Date, to the extent not prohibited by Applicable Law, Purchaser shall (i) (A) permit the SRGL Group Companies, the Distribution Trustee and their

respective Representatives, during regular business hours and upon reasonable advance notice to Purchaser, to examine and make copies of the Books and Records and (B) make the Employees available to the SRGL Group Companies and their respective representatives as the SRGL Companies and their representatives shall from time to time reasonably request, in each case, for any reasonable business purpose, including the preparing or examination of the SRGL Group Companies regulatory and Tax filings and financial statements and the conduct of any third party litigation or dispute resolution (not involving Purchaser or any of its Affiliates), or regulatory dispute, whether pending or threatened, concerning the business of the SALIC Group Companies prior to the Closing; and (ii) maintain the Books and Records for the foregoing examination and copying for a period of not less than six (6) years following the Closing Date or such longer period as may be required by Applicable Law. Such access to the Books and Records shall be at the sole cost and expense of the applicable SRGL Group Companies and may not unreasonably interfere with the conduct of Purchaser's or its Affiliates' businesses.

Section 5.2 Conduct of Business.

(a) Except (A) as required by the Bankruptcy Code, the Bankruptcy Rules, pursuant to an Order of the Bankruptcy Court, Applicable Bermuda Law or Applicable Cayman Islands Law, (B) as expressly required by this Agreement, (C) as set forth on Section 5.2(a) of the SALIC Disclosure Schedule or (D) with the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), from the date of this Agreement until the Closing Date, SALIC shall cause the SALIC Group to be operated in the Ordinary Course of Business, and to the extent consistent therewith, use reasonable best efforts to preserve intact its current business organization and its material relationships, including by (x) preserving relationships with third parties (including agents, brokers, producers, Governmental Authorities, reinsurance and retrocession counterparties, suppliers and others having business dealings with them) and employees, consultants and agents (including by keeping available the services of officers and key employees) (y) maintaining the Assumed Contracts and Governmental Authorizations, and (z) complying with all obligations under all Material Contracts, Reinsurance Contracts, Reserve Financing Contracts, including providing any required notifications under such Contracts as a result of the Transactions, Chapter 11 Cases or otherwise. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, SALIC shall not, and shall cause the SALIC Subsidiaries not to, except as permitted by the preceding sentence, take any of the following actions:

(i) (A) issue, sell, transfer, pledge, grant, dispose of, encumber or deliver any equity securities of any class or any securities convertible into or exercisable or exchangeable for voting or equity securities of any class of stock of the SALIC Group Companies or grant options, warrants, calls or other rights to purchase or otherwise acquire equity securities of any class of stock of the SALIC Group Companies, (B) adjust, split, combine, recapitalize or reclassify any of its equity securities, in each case of any of the SALIC Group Companies or (C) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) with respect to any outstanding capital stock;

(ii) acquire (by merger, consolidation, acquisition of stock or assets, bulk reinsurance or otherwise) any corporation, partnership, joint venture, association or other

business organization or division thereof, or substantially all of the assets of any of the foregoing except for acquisitions of investment assets in the Ordinary Course of Business, in accordance with the Investment Guidelines and Policies;

(iii) amend the organizational documents of any SALIC Group Company;

(iv) adopt a plan of complete or partial liquidation or rehabilitation or authorize or undertake a merger, dissolution, rehabilitation, consolidation, restructuring, recapitalization, or other reorganization;

(v) other than in the Ordinary Course of Business, sell, lease, transfer, assign or otherwise dispose of any material assets in any individual transaction in excess of One Hundred Thousand Dollars (\$100,000) or in the aggregate in excess of Two Hundred Thousand Dollars (\$200,000), or permit any such material assets to become subject to any Encumbrance other than Permitted Encumbrances;

(vi) amend (in any material respect), or terminate (other than at its stated expiry date) any Material Contract or Reinsurance Contract or commute or recapture any Reinsurance Contract or enter into any Contract which, if entered into prior to the date hereof, would have been a Material Contract or Reinsurance Contract;

(vii) except as required by GAAP, SAP, FRS 101 or by Applicable Law, change any of the accounting principles or practices used by any of the SALIC Group Companies;

(viii) prepare or file any income or other material Tax Return inconsistent with past practice, make, change or revoke any income or other material Tax election, change any annual Tax accounting period, adopt or change any accounting method with respect to income or other material Taxes, file any amended income or other material Tax Return, enter into any closing agreement with respect to income or other material Taxes, settle or compromise any proceeding with respect to any income or other material Tax claim or assessment relating to any of the SALIC Group Companies, surrender any right to claim a material refund of Taxes, consent to any extension or waiver of the limitation period applicable to any income or other material Tax claim or assessment relating to any of the SALIC Group Companies, or request any ruling or similar guidance with respect to Taxes;

(ix) institute or promise to institute any new Benefit Plan for any Employee or increase or grant, accelerate, or promise to increase the annual level of compensation of any Employee, increase the coverage or benefits available under any Benefit Plan or otherwise modify or amend or terminate any such Benefit Plan, in each case, in any material respect and other than in the Ordinary Course of Business (including any merit increases awarded in accordance with past practice), as required by Applicable Law, or pursuant to the terms of an existing Contract or Benefit Plan;

(x) (A) terminate the employment relationship with any Key Employee other than for cause, enter into or amend in any material respect any employment contracts with Key Employees, (B) hire any Employee or promote any Employee other than in the

Ordinary Course of Business, (C) increase or promise to increase the base salary or target bonus percentage or opportunity of any Employee except as required by the terms of any Benefit Plan as in effect on the date hereof, or in the Ordinary Course of Business;

(xi) subject any of the properties or assets (whether tangible or intangible) of the SALIC Group Companies to any Encumbrance (except for Permitted Encumbrances);

(xii) enter into any Contract for expenditures in excess of One Hundred Thousand Dollars (\$100,000) for any individual Contract or Two Hundred Thousand Dollars (\$200,000) for all Contracts and commitments in the aggregate;

(xiii) enter into any Contract or commitment which restrains, restricts, limits or impedes the ability of the SALIC Group Companies to compete with or conduct any business or line of business in any geographic area; and

(xiv) abandon, modify, waive, surrender, terminate or withdraw any Governmental Authorization, or change any Scottish Insurance Company's state of domicile;

(xv) make any material change to the Investment Guidelines and Policies or in the underwriting, claims administration, investment, reserving, hedging or financial accounting policies, practices or principles of the SALIC Group Companies, as applicable, in effect on the date hereof (other than any change required by GAAP, SAP or FRS 101), or fail to comply with the Investment Guidelines and Policies;

(xvi) incur any indebtedness to any Person for borrowed money (other than current trade accounts payable incurred in respect of property or services purchased in the Ordinary Course of Business) or assume, grant, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances (other than, in each case, in respect of transactions in the Investment Assets, in the Ordinary Course of Business and in accordance with the Investment Guidelines and Policies);

(xvii) settle any Action involving any SALIC Group Companies, other than any such settlement that is solely a monetary settlement that requires payment by any of the SALIC Group Companies of less than Two Hundred Thousand Dollars (\$200,000); provided that none of the SALIC Group Companies admits a breach or violation of Applicable Law or any contractual obligation;

(xviii) modify the terms of, or default under, any indebtedness or, other than in the Ordinary Course of Business, cancel or compromise any material indebtedness or waive any material rights without receiving a realizable benefit of similar or greater value;

(xix) fail to pay or satisfy when due any material liability of any of the SALIC Group Companies (other than any such liability that is being contested in good faith);

(xx) enter into any new line of business, introduce any new products, or change in any material respect existing products;

(xxi) fail to timely file with Governmental Authorities all required annual and quarterly statutory financial statements and other material insurance regulatory filings; or

(xxii) agree or commit to do, or resolve, authorize or approve any action to do, any of the foregoing.

(b) From the date hereof until the Closing, SALIC shall deliver to Purchaser copies of any material correspondence received by any of the SALIC Group Companies from any Governmental Authority (other than routine administrative matters), including any such correspondence that contains any assertion of any failure of any of the SALIC Group Companies to comply with Applicable Law in any material respect, notice of any pending audit, examination or investigation, or any findings or conclusions arising out of any such audit, examination or investigation, and copies of any material correspondence sent by any of the SALIC Group Companies to any Governmental Authority relating to any such matters; provided that all such correspondence provided to Purchaser pursuant to this Section 5.2(b) shall be subject to the terms and conditions of the Confidentiality Agreement.

Section 5.3 Reasonable Best Efforts; Regulatory Matters; Third-Party Consents.

(a) Subject to the terms and conditions of this Agreement, each party agrees to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective, as soon as practicable after the date of this Agreement, the Transactions, including using reasonable best efforts to (i) lift or rescind any injunction or restraining order or other Order adversely affecting the ability of the parties to consummate the Transactions, and (ii) prevent the initiation of any Action seeking to enjoin, prevent or delay the consummation of the Transactions. Each party shall use its reasonable best efforts, and shall cooperate fully with each other, (i) to comply as promptly as practicable with all requirements of Government Authorities applicable to the Transactions and (ii) to obtain as promptly as practicable all necessary permits, Orders or other consents, approvals or Governmental Authorizations and consents or waivers of all other third parties necessary in connection with the consummation of the Transactions (including those set forth in Section 3.5 of the SALIC Disclosure Schedule or Section 4.3 of the Purchaser Disclosure Schedule), subject, in the case of third party consents, to the last sentence of this Section 5.3(a). In connection therewith, subject to the terms and conditions of this Agreement, SALIC and Purchaser each shall make and shall cause its Affiliates to make all legally required filings as promptly as practicable in order to facilitate prompt consummation of the Transactions, shall provide and shall cause their respective Affiliates to provide such information and communications to Governmental Authorities as such Governmental Authorities may request to the extent permitted by Applicable Law, and shall consent to and comply with any condition imposed by any Governmental Authority on its grant of any such permit, Order, consent, approval or authorization. The SALIC Parties shall use commercially reasonable efforts (taking into account their status as Debtors) to obtain the consent or waiver of any Person that is a counter-party to any Material Contract, Reinsurance Contract or Reserve Financing Contract to extent such Contract contains an automatic termination or such Person has a right to take an

action adverse to any SALIC Group Company or Purchaser as a result of the Transactions or Chapter 11 Cases (“Third Party Consent Contracts”), it being understood that no such consent or waiver shall be a condition to the Closing. If the SALIC Parties fail to obtain the consent or waiver of any Person that is a counter-party to a Third Party Consent Contract, the SALIC Parties shall use commercially reasonable efforts and shall work with Purchaser in good faith to procure a replacement Contract having substantially equivalent terms and conditions.

(b) No later than five (5) Business Days after the issuance of the Winning Bidder Order (provided that Purchaser is the Winning Bidder therein) (or, if Purchaser is the Back-Up Bidder, no later than thirty (30) calendar days after receipt of notice by Purchaser that the definitive agreement for the Alternative Transaction between the SALIC Parties and the Winning Bidder has been terminated without the closing thereunder having occurred), each party shall, and shall cause its Affiliates to, make all filings and notifications with all Governmental Authorities that may be or may become reasonably necessary, proper or advisable under this Agreement and Applicable Law to consummate and make effective the Transactions, including: (i) Purchaser causing a “Form A” or a similar change of control application to be filed in each jurisdiction where required by applicable Insurance Laws with respect to the Transactions; (ii) Purchaser causing “Form E” or similar market share notifications to be filed in each jurisdiction where required by applicable Insurance Laws with respect to the Transactions; (iii) each party making any other filing that may be required under any other antitrust or competition laws or by any Governmental Authority with jurisdiction over enforcement of any applicable antitrust or competition laws; and (iv) each party making any other filing that may be required under any insurance, financial services or other Applicable Law or by any Governmental Authority with jurisdiction over enforcement of any such Applicable Law. Each party shall promptly supply any additional information and documentary material that may be requested by any Governmental Authority pursuant to Applicable Law. Notwithstanding anything to the contrary in this Agreement, Purchaser shall have responsibility for the filing and other fees associated with its “Form A” or similar change of control applications and its “Form E” or similar market share notifications, and SALIC and Purchaser shall have responsibility for their other respective filing fees associated with any other filings required to be made in connection with the Transactions.

(c) Subject to Applicable Law relating to the sharing of information, each party shall promptly notify the other parties of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement, and shall permit counsel for the other parties to review in advance, and consider in good faith the views of the other parties in connection with, any proposed written communication to any Governmental Authority relating to the Transactions, and provide each other party with copies of all correspondence, filings or communications between such party or any of its Representatives, on the one hand, and any Governmental Authority or members of the staff of any Governmental Authority, on the other hand, subject to Section 5.1; provided that no party shall be required to share with or disclose to the other any of its or its Affiliates’ confidential competitive information or any personal identifiable information of their respective officers, directors or other applicable individuals. Neither SALIC nor Purchaser may participate or agree to participate in any meeting with any Governmental Authority relating to the matters that are the subject of this Agreement (other than telephone calls initiated by such Governmental Authority and not scheduled in advance or ministerial telephone calls not expected to involve a substantive

discussion of the Transactions) unless it consults with the other party in advance and, to the extent permitted by such Governmental Authority, gives the other party a reasonable opportunity to attend and participate at such meeting. Subject to the Confidentiality Agreement and Section 5.1, each party shall coordinate and cooperate fully with each other party in exchanging such information and providing such assistance as such other party may reasonably request in connection with the foregoing; provided, however, that the foregoing shall not require either party or any of their Affiliates to (i) disclose any information that in the reasonable judgment of such party or its Affiliates, as the case may be, would result in the disclosure of any trade secrets of third parties or violate any of its contractual obligations or obligations with respect to confidentiality or (ii) disclose any privileged information or confidential competitive information of such party or its Affiliates, or personally identifiable information of their respective officers, directors or other applicable individuals. Further, no party shall be required to comply with any of the foregoing provisions of this Section 5.3(c) to the extent that such compliance would be prohibited by Applicable Law. The parties further covenant and agree not to extend any waiting period associated with any Governmental Authorization or enter into any agreement with any Governmental Authority not to consummate the Transactions, except with the prior written consent of the other party.

(d) Notwithstanding anything herein to the contrary, in connection with any Required Approval (other than the Bankruptcy Court Approvals and Foreign Court Approvals), Purchaser shall not be obligated to take or refrain from taking or to agree to it or its Affiliates taking or refraining from taking, any action or to permit or suffer to exist any restriction, condition, limitation or requirement imposed by a Governmental Authority that, individually or in the aggregate with any other actions, conditions, limitations, restrictions or requirements imposed by Governmental Authorities, would or would reasonably be likely to result in a Burdensome Condition. A “Burdensome Condition” means: (i) a material negative effect on the business or the assets, liabilities, properties, operations, results of operations or condition (financial or otherwise) of any of the SALIC Group Companies or Purchaser or any of its Affiliates; (ii) any requirement to sell, divest, operate in a specified manner, hold separate or discontinue or limit, before or after the Closing Date, any material assets, liabilities, businesses, operations, or interest in any assets or businesses of Purchaser, any SALIC Group Company or any of their respective Affiliates; or (iii) any requirement relating to contribution of capital, keep-well or capital maintenance arrangements or maintaining risk based capital level or any restrictions on dividends or distributions; provided, however, that neither (x) any requirement to allocate all or any portion of the Recapitalization Funding Payment to one or more particular SALIC Group Companies, nor (y) any restriction, condition, limitation or requirement imposed by a Governmental Authority, in effect as of the date hereof and listed in Section 5.3(d) of the SALIC Disclosure Schedule, shall be considered a Burdensome Condition. Without the prior written consent of Purchaser, SALIC shall not, and shall cause its Affiliates not to, take or refrain from or to agree to the taking or refraining from any action or to permit or suffer to exist any restriction, condition, limitation or requirement that would or would reasonably be expected to result, individually or in the aggregate, in a Burdensome Condition being imposed by a Governmental Authority.

(e) Except as set forth in Section 5.3(a), each party shall use its commercially reasonable efforts to obtain, as promptly as practicable after the date hereof, all consents and approvals, including any Governmental Authorization contemplated by this Section 5.3, and to

make any notifications, in each case that may be required by or of it in connection with the Transactions, including consenting to and complying with any condition imposed by any Governmental Authority on its grant of any such Governmental Authorization; provided that no SALIC Group Company shall be required to compensate any third party, commence or participate in litigation or offer or grant any accommodation (financial or otherwise) to any third party to obtain any such consent or approval; and provided, further, that for purposes of this Section 5.3(d), SALIC shall not be required to take any action with respect to any third party unless the taking of such action is required in order to satisfy any of the conditions set forth in Section 7.1 or 7.2 and such condition has not been waived by Purchaser.

Section 5.4 Employee Matters.

(a) On the Closing and for the remainder of 2018, Purchaser shall not take any action directly prohibiting the SALIC Group Companies' ability to provide to each Employee while in the employ of a SALIC Group Company (i) base compensation and annual bonus potential and (ii) Benefit Plans (other than severance benefits, which are addressed in Section 5.4(b)), which are no less favorable, in a material manner, than that which was provided to such Employee immediately prior to the Closing.

(b) Purchaser shall not take any action directly prohibiting the SALIC Group Companies' ability to provide any Employee whose employment is terminated for any reason, other than for cause, within twenty-four (24) months after the Closing a severance benefit package substantially similar to the severance benefit package that would be provided under the applicable severance plan for the SALIC Group Companies or any other contractual severance obligations as in effect for such Employee immediately prior to the Closing and disclosed in Section 5.4(b) of the SALIC Disclosure Letter.

(c) From and after the Closing, Purchaser shall not take any action directly prohibiting the SALIC Group Company's ability to honor, pay, perform and satisfy any and all liabilities, obligations and responsibilities to or in respect of each Employee or former Employee under the terms of each employment or service agreement, retention plan and each other arrangement between such SALIC Group Company and any such Employee or former Employee, in each case as in effect or existing immediately prior to the Closing and disclosed in Section 5.4(c) of the SALIC Disclosure Letter.

(d) Prior to Closing, Purchaser shall consult with, and seek the recommendations of, the Chief Executive Officer and Chief Financial Officer of SALIC, with respect to (i) a plan for the retention, following the Closing, of Employees and (ii) the terms and conditions of the employment packages and employee benefits to be made available to Employees the Purchaser elects to retain.

(e) Notwithstanding the foregoing, this Section 5.4 is not intended to and shall not give any third party, including any Employee or any agent or representative thereof any right to (i) enforce the provisions of this Section 5.4, (ii) require Purchaser or the SALIC Group Companies to continue to employ any Employee, or (iii) require Purchaser or the SALIC Group Companies to continue any Benefit Plan beyond the time when it otherwise lawfully could be terminated or modified.

(f) Notwithstanding the foregoing, each of the parties acknowledges and agrees that nothing in this Section 5.4 is intended to or shall (i) without limiting Purchaser's obligations above, limit Purchaser's ability to manage the SALIC Group Companies, in consultation with management of the SALIC Group Companies, in Purchaser's sole discretion on and after the Closing, or (ii) require Purchaser to contribute any funds to any of the SALIC Group Companies or incur any liability in satisfaction of the obligations set forth in this Section 5.4.

Section 5.5 Further Assurances. The parties shall, subject to the terms and conditions of this Agreement (a) execute and deliver, or shall cause to be executed and delivered, such documents, certificates, agreements and other writings and shall take, or shall cause to be taken, such further actions as may be reasonably required or requested by either party to carry out the provisions of this Agreement and consummate or implement expeditiously the Transactions, and (b) shall refrain from taking any actions that could reasonably be expected to impair, delay or impede the Closing.

Section 5.6 Resignations. SALIC shall cause the directors and, to the extent specified in writing by Purchaser at least thirty (30) calendar days prior to the Closing Date, other officers, of each of the SALIC Group Companies, to resign such position or positions, effective as of the Closing (the "Resignations"). Any such resignation that is not furthered by a reappointment to the same or similar position shall be deemed an involuntary resignation for purposes of severance and employment agreement terms.

Section 5.7 Insurance. Purchaser acknowledges and agrees that all insurance coverage for the SALIC Group Companies under policies of the SRGL Group Companies shall terminate as of the Closing and, following the Closing, no claims may be brought or maintained against any policy of the SRGL Group Companies in respect of the SALIC Group Companies regardless of whether the events underlying such claim arose or were first discovered prior to or following the Closing.

Section 5.8 D&O Liabilities.

(a) 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 present and former director and officer of each of the SALIC Group Companies (collectively, the "Indemnified D&O Parties") 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.

(b) 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 beneficiaries under an existing policy of directors' and officers' liability insurance in accordance with the requirements set forth in this Section 5.8(b), 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 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.

Section 5.9 Orkney Re II. Purchaser and SALIC shall cooperate in good faith to complete with Assured Guaranty (UK) Ltd., prior to Closing, the winding up, restructuring or other termination relating to the Orkney Re II facility (it being understood that such winding up, restructuring or other termination shall not be a condition to the Closing).

Section 5.10 Abandonment of SFL Capital Stock SALIC shall use commercially reasonable efforts to obtain an Order of the Bankruptcy Court abandoning all of SALIC's right, title and interest in all capital stock or share capital of SFL, enforceable as of a date no later than the Closing Date (the "Abandonment Order"), or to cause any capital stock or share capital of SFL held by any SALIC Group Company to no longer be held by any SALIC Group Company. Purchaser acknowledges and agrees that the transfer of any capital stock or share capital of SFL held by any SALIC Group Company to the Distribution Trust on or prior to the Closing Date with the approval of the Bankruptcy Court pursuant to the Confirmation Order or another Final Order will satisfy the SALIC Parties' obligations as set forth in this Section 5.10.

Section 5.11 Notification of Certain Matters. From the date hereof until the Closing, to the extent the SALIC Parties have such Knowledge, the SALIC Parties shall promptly notify Purchaser in writing of: (i) any circumstance, event or action the existence, occurrence or taking of which (a) has had or could reasonably be expected to have, individually or in the aggregate, a SALIC Material Adverse Effect, (b) has resulted in or could reasonably be expected to result in any representation or warranty made by SALIC hereunder or under any other Ancillary Agreement not being true and correct or (c) could reasonably be expected to result in the failure of any of the conditions set forth in Article VII to be satisfied; (ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the Transactions, provided that, if the SALIC Parties are restricted by any confidentiality or non-disclosure obligation that would prevent the SALIC Parties from providing such notice, the SALIC Parties will provide Purchaser with sufficient information, including, the nature of the confidentiality or non-disclosure obligation, the nature of such consent, the type of transaction to which such consent relates, the nature of the counterparty alleging to have such consent right, and any other information reasonably necessary for Purchaser to evaluate such Person's alleged consent right; (iii) any notice or other communication from any Governmental Authority in connection with the Transactions; and (iv) any Actions commenced or threatened against, relating to or involving or otherwise affecting any SALIC Group Company that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.9 or that relates to the consummation of the Transactions. Purchaser's receipt of information pursuant to this Section 5.11 or otherwise shall not operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by SALIC in this Agreement or the other Ancillary Agreement.

Section 5.12 Subsequent Financial Statements.

(a) SALIC shall prepare and deliver to Purchaser as soon as reasonably practicable audited consolidated financial statements of SALIC and its Subsidiaries at and for the 12-month periods ended December 31, 2017 and 2016, together with the report of the independent auditor of SALIC thereon, including a balance sheet and the related statements of operations, cash flows and changes in stockholders' equity (the "Subsequent Audited GAAP Financial Statements"), and if the report of the independent auditor of SALIC on the Subsequent Audited GAAP Financial Statements identifies any material weakness, SALIC shall remedy or resolve such material weakness to the reasonable satisfaction of Purchaser prior to the Closing. From the date hereof until the Closing, SALIC shall deliver to Buyer, as soon as reasonably practicable after the end of the applicable quarter, unaudited quarterly financial statements of the type and scope described in Section 3.7(a) (together with the Subsequent Audited GAAP Financial Statements, the "Subsequent GAAP Financial Statements").

(b) From the date hereof until the Closing, SALIC shall deliver to Purchaser reasonably promptly following the filing thereof, all Statutory Statements, in each case prepared and/or filed after the date hereof and prior to the Closing Date.

(c) From the date hereof until the Closing, SALIC shall, and shall cause each of the SALIC Subsidiaries to, (i) provide to Purchaser, as soon as reasonably practicable after the end of each fiscal month, a monthly management report in scope and detail consistent with those monthly management reports that have been historically prepared by such SALIC Group Company and delivered to SALIC or SRGL, as applicable, and (ii) prepare, and deliver to Purchaser, as soon as reasonably practicable after the end of each fiscal month, a monthly balance sheet as of the last day of such month, in scope and detail consistent with the monthly balance sheets that have been historically prepared by such SALIC Group Company.

Section 5.13 Terminating Intercompany Agreements. Subject to the right of the SALIC Parties to reject pursuant to section 365 of the Bankruptcy Code those Terminating Intercompany Agreements to which a Debtor is a party and that are Executory Contracts, the SALIC Parties shall, and shall cause the SALIC Group Companies, as applicable, to terminate any Terminating Intercompany Agreement to which any SALIC Group Company is a party on or prior to Closing.

ARTICLE VI

BANKRUPTCY MATTERS

Section 6.1 Bankruptcy Court Filings and Approvals.

(a) Not later than two (2) Business Days after the Agreement Date, the Debtors shall file voluntary petitions for relief commencing a case under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

(b) Not later than two (2) Business Days after the Petition Date, the Debtors shall file and serve (i) the Bidding Procedures Motion and (ii) the RIA/PSA Assumption Motion, each in form and substance reasonably acceptable to the Debtors and Purchaser.

(c) The Debtors shall use reasonable best efforts to cause the Bankruptcy Court to enter the Bidding Procedures Order on or prior to the date that is twenty-one (21) days after the Petition Date, and the RIA Order and the PSA Order on or prior to the date that is thirty-five (35) days after the Petition Date.

(d) The Debtors shall use reasonable best efforts to cause the Bankruptcy Court to enter the Disclosure Statement Order and the Winning Bidder Order (which, for the avoidance of doubt, may be incorporated as part of the Disclosure Statement Order) on or prior to the date that is ninety (90) days after the Petition Date.

(e) The Debtors shall give notice under the Bankruptcy Code of the request for the relief specified in the Bidding Procedures Motions, RIA/PSA Assumption Motion, the Disclosure Statement Motion, of the Confirmation Hearing and the Effective Date, any request to assume or reject all Contracts, and any bar date motions, to all creditors and parties in interest entitled to notice thereof pursuant to the Bankruptcy Code, the Bankruptcy Rules, the local rules of the Bankruptcy Court, and Orders of the Bankruptcy Court, including all Persons that have asserted Encumbrances against each of either Debtor's assets, and all non-debtor parties to the Assumed Contracts.

(f) Within thirty (30) days after the Petition Date, the Debtors shall file a motion with the Bankruptcy Court seeking to establish the Claims Bar Date for any Person, other than a "governmental unit" as defined in Section 101(27) of the Bankruptcy Code, to occur on a day within ninety (90) days of the Petition Date.

(g) Each of the SALIC Parties and Purchaser agrees that it will promptly take such actions as are reasonably requested by the other parties to assist in obtaining entry of (i) the Bidding Procedures Order, (ii) the RIA Order, (iii) the PSA Order, and, (iv) unless and until such time that a Person other than Purchaser has been designated the Winning Bidder in accordance with the Bidding Procedures, the Winning Bidder Order, the Disclosure Statement Order, the Sale Order and the Confirmation Order.

(h) The SALIC Parties and Purchaser acknowledge that this Agreement and the Transactions are subject to Bankruptcy Court approval.

(i) SALIC agrees that between the date of this Agreement and the entry of the Bidding Procedures Order, neither it nor any of its Affiliates nor any of their respective Representatives shall, and that it shall direct its and their respective key employees and Representatives (including any investment banker, attorney or accountant retained by it or any of its Affiliates) not to, directly or indirectly, initiate, solicit, entertain, encourage, negotiate, accept or discuss any proposal or offer of an Alternative Transaction from any Person or group of Persons other than Purchaser and its Affiliates, or provided any non-public or other information to any third party in connection therewith, or enter into any agreement, arrangement or understanding requiring it to abandon, terminate, delay or fail to consummate the Transactions. Notwithstanding the foregoing, Purchaser agrees and acknowledges, that between the date of this Agreement and the entry of the Bidding Procedures Order, that (i) the board of directors of SRGL shall be permitted to initiate contact with or solicit any inquiries, proposals or offers by, respond to any unsolicited inquiries, proposals or offers submitted by, and enter into any

discussions or negotiations with, any Person (in addition to Purchaser and its Affiliates, agents and Representatives) related to any proposed Debt Financing (a “SRGL Debt Financing”), and (ii) SRGL (including its directors and officers) may consider such proposed SRGL Debt Financing as an Alternative Transaction. Immediately upon the execution of this Agreement, SALIC and its Affiliates, and any of their Representatives shall, and SALIC shall direct its and their respective key employees and Representatives (including any investment banker, attorney or accountant retained by it or any of its Affiliates) to, suspend any and all existing discussions or negotiations with any Person or group of Persons regarding an Alternative Transaction, in each case except as permitted by the immediately preceding sentence. Additionally, SALIC represents and warrants to Purchaser that it is not party to or bound by any agreement with respect to an Alternative Transaction as of the date hereof. The SALIC Parties shall, within two Business Days of receipt by the SALIC Parties or their Affiliates of an Alternative Transaction, provide Purchaser with the material terms and conditions of any such Alternative Transaction. Following entry of the Bidding Procedures Order, any such contacts, solicitations or encouragements shall be in accordance with the terms of the Bidding Procedures Order.

(j) The SALIC Parties shall to the extent reasonably practicable, give Purchaser advance notice and proposed drafts of all pleadings, motions, Orders, other papers, hearings, and other proceedings relating to this Agreement and the Transactions, and shall provide Purchaser and its counsel with a reasonable opportunity to review such papers prior to filing with the Bankruptcy Court.

(k) After entry of the Sale Order, to the extent Purchaser is the Winning Bidder at the Auction, neither the Debtors nor Purchaser shall take any action which is intended to, or fail to take any action the intent of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order.

(l) After entry of the Confirmation Order, to the extent Purchaser is the Winning Bidder at the Auction, neither the Debtors nor Purchaser shall take any action which is intended to, or fail to take any action the intent of which failure to act is to, result in the reversal, voiding, modification or staying of the Confirmation Order.

(m) In the event an appeal is taken or a stay pending appeal is requested from any Bankruptcy Court Approval or Foreign Court Approval, Debtors shall immediately notify Purchaser of such appeal or stay request. Debtors agree to take all action as may be reasonable and appropriate to defend against any such appeal or stay request, and Purchaser agrees to cooperate with, and support such efforts by, the Debtors. Additionally, the Debtors and Purchaser agree to use their reasonable efforts to obtain an expedited resolution of such appeal or stay request. For the avoidance of doubt, nothing herein shall preclude the parties hereto from consummating the Transactions if the Confirmation Order and Sale Order shall have been entered and have not been stayed and the applicable Debtor and Purchaser, each acting in their respective sole and absolute discretion, waive in writing the condition that the Confirmation Order and Sale Order be a Final Order.

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.1 Conditions to the Obligations of Purchaser and SALIC. The obligations of the parties to effect the Closing are subject to the satisfaction (or written waiver by each party hereto) as of the Closing of the following conditions:

(a) No Injunction or Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Applicable Law or Order that is in effect on the Closing Date and prohibits the consummation of the Transactions, and no Action by any Governmental Authority seeking the imposition of any such Order shall be pending or threatened in writing by any Governmental Authority.

(b) Entry of the Confirmation Order. The Confirmation Order shall have been entered by the Bankruptcy Court and shall be a Final Order.

(c) Entry of the Sale Order. The Sale Order shall have been entered by the Bankruptcy Court and shall be a Final Order.

(d) Entry of RIA Order. The RIA Order shall have been entered by the Bankruptcy Court and shall be a Final Order.

(e) Entry of PSA Order. The PSA Order shall have been entered by the Bankruptcy Court and shall be a Final Order.

(f) Entry of the Disclosure Statement Order. The Disclosure Statement Order shall have been entered by the Bankruptcy Court.

(g) Entry of the Winning Bidder Order. The Winning Bidder Order shall have been entered by the Bankruptcy Court.

(h) Entry of the Bidding Procedures Order. The Bidding Procedures Order shall have been entered by the Bankruptcy Court.

(i) Foreign Court Approvals. All Foreign Court Approvals shall have been obtained and any Orders granting the Foreign Court Approvals shall not have been modified, stayed, reversed, revoked or vacated by the court which made such Order or any court with jurisdiction to grant such relief.

(j) Required Approvals. All Required Approvals (other than the Bankruptcy Court Approvals and Foreign Court Approvals) shall have been obtained and be in full force and effect (or any waiting period applicable thereto shall have been terminated or otherwise expired), in each case without the imposition of a Burdensome Condition.

Section 7.2 Conditions to the Obligations of Purchaser. The obligation of Purchaser to effect the Closing is subject to the satisfaction (or written waiver by Purchaser) as of the Closing of the following conditions:

(a) Warranties True as of the Closing Date. Except for the representations and warranties set forth in Sections 3.1, 3.2, 3.3(a), 3.4 and 3.18 (the “SALIC Fundamental Reps”), each of the representations and warranties of SALIC contained in Article III shall be true and correct (without giving effect to any limitations as to materiality or SALIC Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)), except for such failures of the representations and warranties to be true and correct as do not and would not reasonably be expected to have, in the aggregate, a SALIC Material Adverse Effect. The SALIC Fundamental Reps shall be true and correct (without giving effect to any limitations as to materiality or SALIC Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)). Purchaser shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of SALIC.

(b) Compliance with Agreements and Covenants. (i) SALIC shall have performed and complied with all of the covenants, obligations and agreements contained in this Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects and (ii) SHI shall have performed and complied with all of the covenants, obligations and agreements of SHI contained in the Plan Support Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects. Purchaser shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of SALIC.

(c) SRGL Shares. SRGL shall have surrendered to SALIC for cancellation all SRGL Shares and all such SRGL Shares so surrendered shall have been cancelled, except for one such SRGL Share (the “Remaining SRGL Share”), which shall not be surrendered for cancellation or otherwise cancelled until immediately following the Closing as contemplated by Section 2.4(j).

(d) SALIC Material Adverse Effect. There shall not have occurred a SALIC Material Adverse Effect which has not been cured within fifteen (15) Business Days after SALIC’s receipt of written notice thereof from Purchaser.

(e) Secretary’s Certificate. A certificate of the secretary, assistant secretary or equivalent Person of SALIC, dated the Closing Date, certifying resolutions of the board of directors of SALIC approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the Transactions (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of SALIC).

(f) Removal of SFL. The SALIC Parties shall have obtained the Abandonment Order, or the Confirmation Order shall provide for all capital stock or share capital of SFL held by any SALIC Group Company to be transferred to the Distribution Trust upon the occurrence of the Effective Date.

(g) Employment Agreements. The Employment Agreements shall have been executed and delivered by the parties thereto and shall be valid and in full force and effect as of the Closing.

(h) Closing Date Plan Distributions. The Closing Date Plan Distributions shall not exceed the Plan Funding Payment.

Section 7.3 Conditions to the Obligations of SALIC. The obligations of SALIC to effect the Closing are subject to the satisfaction (or written waiver by SALIC) as of the Closing of the following conditions:

(a) Warranties True as of the Closing Date. Except for the representations and warranties set forth in Sections 4.1, 4.2, and 4.7 (the “Purchaser Fundamental Reps”), each of the representations and warranties of Purchaser contained in Article IV shall be true and correct (without giving effect to any limitations as to materiality or Purchaser Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)), except for such failures of the representations and warranties to be true and correct as do not and would not reasonably be expected to have, in the aggregate, a Purchaser Material Adverse Effect. The Purchaser Fundamental Reps shall be true and correct (without giving effect to any limitation as to materiality or Purchaser Material Adverse Effect) as of the date hereof and as of the Closing Date as if made anew as of such date (except to the extent such representations and warranties expressly relate to an earlier date (in which case, as of such earlier date)). SALIC shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of Purchaser.

(b) Covenants. Purchaser shall have performed and complied with all of its covenants, obligations and agreements contained in this Agreement to be performed and complied with by it on or prior to the Closing Date, in all material respects. SALIC shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of Purchaser.

(c) Secretary’s Certificate. A certificate of the secretary, assistant secretary or equivalent Person of Purchaser, dated the Closing Date, certifying resolutions of the board of directors of Purchaser approving and authorizing the execution, delivery and performance of this Agreement and the consummation of the Transactions (together with an incumbency and signature certificate regarding the officer(s) signing on behalf of Purchaser).

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Closing (the date on which this Agreement terminates in accordance with its terms, the “Termination Date”):

(a) with the mutual written consent of Purchaser and SALIC;

(b) by either the SALIC Parties or Purchaser:

(i) if the Closing shall not have occurred on or before the one hundred and eightieth (180th) calendar day after the date of entry of the Winning Bidder Order (the

“Outside Closing Date”); provided, that if, as of the Outside Closing Date, all conditions to this Agreement shall have been satisfied or waived (other than those that are satisfied by action taken at the Closing) other than the conditions set forth in Section 7.1(j), then Purchaser, by written notice to the SALIC Parties, may extend the Outside Closing Date to a date no later than sixty (60) calendar days after the initial Outside Closing Date; provided further, that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Outside Closing Date or such later date;

(ii) if any Governmental Authority shall have issued an Order, decree or ruling or taken any other action (and such Order, decree, ruling or other action shall have become final and nonappealable), or if any Applicable Law shall have been enacted, that permanently restrains, enjoins or otherwise prohibits the Transactions; provided, however, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to any party whose failure to comply with Section 5.3 has caused or resulted in such action or inaction;

(iii) if SALIC enters into a definitive agreement with respect to an Alternative Transaction because Purchaser is not the Winning Bidder at the Auction; provided, however, that if Purchaser is the Back-Up Bidder, then Purchaser may not terminate this Agreement pursuant to this Section 8.1(b)(iii) until the earlier of the first Business Day that is at least (x) thirty (30) days after the date of the entry of the Confirmation Order approving an Alternative Transaction, and (y) sixty-five (65) days after entry of the Winning Bidder Order;

(iv) if SRGL, SALIC or SHI enters into a definitive agreement with respect to an Alternative Transaction constituting an SRGL Debt Financing in accordance with and as contemplated in Section 6.1(i);

(v) upon termination of the Restructuring Implementation Agreement; provided, however, that the right to terminate this Agreement under this Section 8.1(b)(v) shall not be available to the SALIC Parties if either SALIC Party breached its obligations under the Restructuring Implementation Agreement and such breach caused or resulted in the termination of the Restructuring Implementation Agreement;

(vi) if either Chapter 11 Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code, and neither such dismissal nor conversion expressly contemplates the Transactions provided for in this Agreement; or

(vii) if a Governmental Authority shall have commenced a DDOJ Proceeding against SRUS;

(c) by the SALIC Parties, if:

(i) Purchaser shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set

forth in Article VII and (B) has not been or is incapable of being cured by Purchaser within ten (10) calendar days after its receipt of written notice thereof from the SALIC Parties; or

(ii) (A) all of the conditions set forth in Article VII (other than conditions that by their terms are to be satisfied at the Closing) have been satisfied or waived (it being agreed that any conditions that are not so satisfied due to a breach by Purchaser of any representation, warranty or covenant contained in this Agreement shall be deemed to be satisfied for purposes of this clause (A)), (B) Purchaser fails to consummate the Closing within three (3) Business Days after the date on which the Closing is required to occur pursuant to Section 2.4 (assuming the satisfaction of conditions deemed satisfied in accordance with the immediately preceding clause (A)) and (C) the SALIC Parties have notified Purchaser in writing that the SALIC Parties are ready, willing and able to consummate the Closing;

(d) by Purchaser, if:

(i) SALIC shall have breached or failed to perform any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Article VII and (B) has not been or is incapable of being cured by SALIC within ten (10) calendar days after its receipt of written notice thereof from Purchaser;

(ii) The Chapter 11 Cases are not filed within two (2) Business Days after the Agreement Date;

(iii) SALIC has not provided evidence to Purchaser within forty-five (45) days after the Petition Date that the Bermuda Court and/or the Cayman Court have approved SRGL's entry into the Restructuring Implementation Agreement to the extent such approvals are required in connection with the Winding Up Proceedings;

(iv) Either of the Bidding Procedures Motion or the RIA/PSA Assumption Motion has not been filed within two (2) Business Days after the Petition Date;

(v) The Bidding Procedures Order has not been entered by the Bankruptcy Court within twenty (21) days after the Petition Date;

(vi) The RIA Order or the PSA Order has not been entered by the Bankruptcy Court within thirty (35) days after the Petition Date;

(vii) The Disclosure Statement and Chapter 11 Plan have not been filed within sixty (60) days after the Petition Date, it being understood by the parties that the Disclosure Statement, Chapter 11 Plan and exhibits and schedules thereto may be to some extent incomplete and subject to revision if the Winning Bidder Order has not yet been entered at the time of filing;

(viii) If the SALIC Parties have not filed with the Bankruptcy Court a motion seeking entry of the Abandonment Order within sixty (60) days after the Petition Date;

(ix) The Bankruptcy Court shall not have entered the Disclosure Statement Order and the Winning Bidder Order on or prior to the date that is one hundred (100) days after the Petition Date;

(x) The Bankruptcy Court has not entered the Confirmation Order and the Sale Order on or prior to the date that is forty-five (45) days after the entry of the Disclosure Statement Order;

(xi) A trustee or examiner with expanded powers is appointed in either of the Chapter 11 Cases;

(xii) The Debtors withdraw, or modify in any respect that is materially adverse to Purchaser's rights under this Agreement, the Bidding Procedures Motion without the consent of Purchaser;

(xiii) The Debtors withdraw, or modify in any respect that is materially adverse to Purchaser's rights under this Agreement or the Plan Sponsorship Agreement, the Chapter 11 Plan without the consent of Purchaser; or

(xiv) There shall have occurred any event, occurrence, condition or change that, individually or in the aggregate, has had or would reasonably be expected to have a SALIC Material Adverse Effect.

(e) The party seeking to terminate this Agreement pursuant to this Section 8.1 (other than Section 8.1(a)) shall give prompt written notice of such termination to the other party hereto.

Section 8.2 Effect of Termination.

(a) Subject to Section 8.4, if this Agreement is terminated pursuant to Section 8.1, this Agreement shall become void and of no effect with no liability on the part of any party hereto; provided, however, that if (i) Purchaser shall have terminated this Agreement and shall have suffered loss as a result of a material breach of this Agreement by SALIC or SHI and (ii) such loss is the result of a third party claim against Purchaser, then such termination shall not relieve SALIC or SHI of liability for such breach of this Agreement with respect to such third party claim.

(b) To the extent permitted by Applicable Law, no party hereto shall assert, and each party hereto waives, any Claim against any party hereto, such party's Affiliates or any Representatives of such party or such party's Affiliate (solely in such capacity) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Ancillary Agreements, the Transactions or any agreement or instrument contemplated by any of the foregoing.

(c) Notwithstanding Section 8.2(a), if this Agreement is terminated pursuant to Section 8.1, then:

(i) each party will return or destroy all documents, workpapers and other material of any other party relating to the Transactions, whether so obtained before or after the execution of this Agreement, to the party furnishing the same;

(ii) if this Agreement is terminated (i) jointly by Purchaser and SALIC pursuant to Section 8.1(a), (ii) by Purchaser or the SALIC Parties pursuant to Sections 8.1(b), or (iii) by Purchaser pursuant to Sections 8.1(d), then Purchaser shall be entitled to receive, and, to the extent necessary the SALIC Parties shall cause the Deposit Escrow Agent to return to Purchaser, the Deposit Escrow Amount within five (5) Business Days of the Termination Date; and

(iii) if this Agreement is terminated by the SALIC Parties pursuant to Section 8.1(c), then SALIC shall be entitled to receive, and, to the extent necessary, Purchaser shall cause the Deposit Escrow Agent to deliver to SALIC, the Deposit Escrow Amount within five (5) Business Days of the Termination Date.

Section 8.3 Break-Up Fee; Expense Reimbursement Amount.

(a) If (i) this Agreement is terminated by any party pursuant to Section 8.1(b)(iii), Section 8.1(b)(iv) or Section 8.1(b)(v), or (ii) Purchaser terminates this Agreement pursuant to Section 8.1(d)(i), then SALIC shall pay in cash to Purchaser, (A) in the case of termination pursuant to Section 8.1(b)(iii) or Section 8.1(b)(iv), upon the closing of such Alternative Transaction, and (B) in the case of termination pursuant to Section 8.1(b)(v) or Section 8.1(d)(i), not later than five (5) Business Days following such termination, a break-up fee in an amount (such amount, the “Break-Up Fee”) equal to 2% of the sum of (x) the Plan Funding Payment, plus (y) the Recapitalization Funding Payment by wire transfer of immediately available funds to the account specified by Purchaser to SALIC in writing; provided, however, that with regards to a termination of this Agreement by any party pursuant to Section 8.1(b)(v), SALIC shall only be obligated to pay the Break-Up Fee to Purchaser, if the circumstances giving rise to such termination under Section 8.1(b)(v) was that the Restructuring Implementation Agreement was terminated pursuant to Section 10.2(e) thereof due to a material default of either SALIC Party of such SALIC Party’s obligations under the Restructuring Implementation Agreement.

(b) If this Agreement is terminated in accordance with the terms set forth in Section 8.1 (other than any termination by either of the SALIC Parties pursuant to Section 8.1(b)(i), Section 8.1(b)(ii) or Section 8.1(c), if in any of the foregoing cases, the circumstances giving rise to, or entitling the SALIC Parties to effect, any such termination were caused by or the result of a breach by Purchaser of any of its obligations hereunder), then SALIC shall pay to Purchaser in cash not later than five (5) Business Days following receipt of documentation supporting the request for reimbursement of out-of-pocket costs, fees and expenses, an amount equal to the reasonable out-of-pocket costs, fees and expenses incurred by Purchaser through the date of termination of this Agreement (including fees and expenses of legal, accounting and financial advisors) in connection with the Transaction, including such fees and expenses incurred in connection with legal and actuarial due diligence and consideration and pursuit of the Transactions and with the development, execution, delivery and approval by the Bankruptcy Court of this Agreement and the Transactions (without regard to any limitation or expense sharing contemplated in the 10/3/2017 Letter), which amount shall in no event exceed

\$1,500,000 (the “Expense Reimbursement Amount”), in each case by wire transfer of immediately available funds to an account specified by Purchaser to SALIC in writing. Notwithstanding the foregoing, the aggregate of the Expense Reimbursement Amount and Break-Up Fee paid to Purchaser shall not exceed \$1,500,000.

(c) To the fullest extent permissible under the Bankruptcy Code, the obligation of SALIC to pay the Break-Up Fee and the Expense Reimbursement Amount as provided herein shall be entitled to superpriority administrative expense status pursuant to Sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code, senior to all other general administrative expense claims and superpriority administrative expense claims granted such status pursuant to Sections 503(b)(1) and 507(a)(2).

(d) SALIC agrees and acknowledges that Purchaser’s due diligence, efforts, negotiation, and execution of this Agreement have involved substantial investment of management time and have required significant commitment of financial, legal, and other resources by Purchaser and its Affiliates, and that such due diligence, efforts, negotiation, and execution has provided value to SALIC and, in SALIC’s reasonable business judgment, is necessary for the preservation of the value of the Debtors’ estates. SALIC further agrees and acknowledges that the Break-Up Fee and Expense Reimbursement Amount are reasonable in relation to Purchaser’s efforts, Purchaser’s lost opportunities from pursuing the Transactions, and the magnitude of the Transactions. The provision of the Break-Up Fee and the Expense Reimbursement Amount is an integral part of this Agreement, without which Purchaser would not have entered into this Agreement.

Section 8.4 Survival of Break-Up Fee and Expense Reimbursement. If this Agreement is terminated under the circumstances set forth in Sections 8.3(a) or 8.3(b) that would otherwise give rise to a contractual obligation under this Agreement to pay the Break-Up Fee or Expense Reimbursement Amount, then Purchaser’s right to enforce payment of the Break-Up Fee and Expense Reimbursement Amount (subject, to the extent required, to entry of an Order of the Bankruptcy Court authorizing and directing such payment or payments, which Order may be the Bidding Procedures Order) shall survive the termination of this Agreement.Fees and Expenses. Except as otherwise expressly provided in this Agreement and in the 10/3/2017 Letter whether or not the Transactions are consummated, all direct and indirect costs and expenses incurred in connection with this Agreement and the Transactions shall be borne by the party incurring such expenses; provided, however, that Purchaser shall bear the costs described in Section 5.3(b).

MISCELLANEOUS

Section 9.1 No Survival of Representations and Warranties. Except as otherwise provided in this Agreement, the representations, warranties, covenants and agreements of SALIC and Purchaser contained in or made pursuant to this Agreement or in any certificate furnished pursuant to this Agreement (other than those covenants and agreements contained herein that by their terms apply or are to be performed in whole or in part after the Closing Date, which shall survive in accordance with their terms) shall terminate at, and be of no further force and effect following, the Closing.

Section 9.2 Notices. All notices, requests, claims, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation of receipt if sent by facsimile or email; in each case to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person:

To SALIC or SHI:

Post Office Box HM 2939
Hamilton HM MX, Bermuda
Telephone: (441) 298-4375
Facsimile: (441) 295-7576
Email: Gregg.Klingenberg@scottishre.com
Attention: Gregg Klingenberg

with copies (which shall not constitute notice to SALIC for the purposes of this Section 9.2) to:

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
Attention: Stephen G. Rooney, Esq.
Francis R. Monaco, Esq.

Hogan Lovells US LLP
875 Third Avenue
New York, New York 10022
Telephone: (212) 918-5560
Facsimile: (212) 918-3100
Email: peter.ivanick@hoganlovells.com
Attention: Peter Ivanick, Esq.

Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street, 16th Floor
P.O. Box 1347
Wilmington, Delaware 19899-1347
Telephone: (302) 351-9229
Facsimile: (302) 425-4663
Email: eschwartz@MNAT.com

gwerkheiser@MNAT.com
Attention: Eric D. Schwartz, Esq.
Gregory W. Werkheiser, Esq.

To Purchaser:

HSCM Bermuda Fund Ltd.
c/o Hudson Structured Capital Management Ltd.
One Dock Street, Suite 404
Stamford, Connecticut 06902
Telephone: (203) 975-4859
Email: ajay.mehra@hscm.com
Attention: Ajay Mehra, General Counsel

with a copy (which shall not constitute notice to Purchaser for the purposes of this Section 9.2) to:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Telephone: (212) 839-7365
Facsimile: (212) 839-5599
Email: dmanfredi@sidley.com
lattanasio@sidley.com
Attention: Dennis M. Manfredi, Esq.
Lee S. Attanasio, Esq.

Section 9.3 Amendment; Modification and Waiver. Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed, in the case of an amendment, by the parties, or in the case of a waiver, by the party hereto against whom the waiver is to be effective. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations under it may be directly or indirectly assigned, delegated, sublicensed or transferred by any of the parties, in whole or in part, to any other Person (including any bankruptcy trustee) by operation of law or otherwise, whether voluntarily or involuntarily, without the prior written consent of the other party, and any attempted or purported assignment in violation of this Section 9.4 will be null and void. Notwithstanding the foregoing, (a) Purchaser may assign its rights hereunder to an Affiliate of Purchaser without the prior written consent of SALIC, and (b) Purchaser may assign its rights hereunder by way of security in connection with any financing obtained by Purchaser or its Affiliates in connection with the Transactions and such secured party may assign such rights by way of exercise of remedies, in each case, without the prior written consent of SALIC, provided that no such assignment will relieve Purchaser of its

obligations hereunder. Subject to the two immediately preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 9.5 Entire Agreement. This Agreement, the Ancillary Agreements, along with the Schedules and Exhibits hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, except for the Confidentiality Agreement which will remain in full force and effect until the Closing at which point it shall automatically terminate.

Section 9.6 No Third Party Beneficiaries. Other than the parties, the Distribution Trustee and the Distribution Trust (as to the Distribution Trustee and the Distribution Trust, solely as to the DT Post-Closing Rights), and the Indemnified D&O Parties (as to such Indemnified D&O Parties solely as to Section 5.12 hereof), and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns, nothing expressed or implied in this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities upon any Person.

Section 9.7 Public Disclosure. The parties shall agree in writing on the form and content of any initial press release and, except with the prior written consent of the other party hereto (which consent shall not be unreasonably withheld, delayed or conditioned), shall not issue any other press release or other public statement or communication with respect to this Agreement or the Transactions other than filings made in the Bankruptcy Court, Bermuda Court or Cayman Islands Court; provided that each party hereto may, without the prior written consent of the other party hereto, issue such communication or make such public statement as may be required by Applicable Law or stock exchange rules, in which case the party required to make the communication or statement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

Section 9.8 Disclosure Schedules. Disclosures on the Purchaser Disclosure Schedule or the SALIC Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections of this Agreement, and any disclosure set forth on any section of a Disclosure Schedule shall be deemed to be disclosed by the party hereto delivering such Disclosure Schedule for all sections of this Agreement and all other sections of such Disclosure Schedule to the extent that it is readily apparent that such disclosure is applicable to such other sections of this Agreement or such other sections of such Disclosure Schedule; provided, however, that no disclosure shall qualify any SALIC Fundamental Rep or Purchaser Fundamental Rep unless it is set forth in the specific Disclosure Schedule, or the section or subsection of the Disclosure Schedule, corresponding to such SALIC Fundamental Rep or Purchaser Fundamental Rep. The headings contained in a Disclosure Schedule are for convenience of reference only and shall not be deemed to modify or influence the interpretation of the information contained in such Disclosure Schedule or this Agreement. The inclusion of any information in any section of a Disclosure Schedule shall not be deemed to be an admission or acknowledgment by the party hereto delivering such Disclosure Schedule or otherwise imply that such information is required to be listed in any section of such Disclosure Schedule or that any such matter rises to a SALIC Material Adverse Effect or Purchaser Material Adverse Effect,

as applicable, or is material to or outside the Ordinary Course of Business. Matters reflected in a Disclosure Schedule are not necessarily limited to matters required by this Agreement to be reflected in such Disclosure Schedule. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. All references in a Disclosure Schedule to the enforceability of agreements with third parties, the existence or non-existence of third-party rights, the absence of breaches or defaults by third parties, or similar matters or statements, are intended only to allocate rights and risks between Purchaser and SALIC and were not intended to be admissions against interests, give rise to any inference or proof of accuracy, be admissible against either party to this Agreement by any Person who is not a party to this Agreement, or give rise to any claim or benefit to any Person who is not a party to this Agreement. The disclosure in a Disclosure Schedule of any allegation, threat, notice or other communication shall not be deemed to include disclosure of the truth of the matter communicated. In addition, the disclosure of any matter in a Disclosure Schedule is not to be deemed an admission that such matter actually constitutes noncompliance with, or a violation of Applicable Law, any Order or Governmental Authorization or Contract or other topic to which such disclosure is applicable. In no event shall the disclosure of matters disclosed in a Disclosure Schedule or, in the case of SALIC, the Electronic Data Rooms, be deemed or interpreted to constitute or broaden a representation, warranty, obligation, covenant, condition or agreement of the party hereto delivering such Disclosure Schedule except to the extent provided in this Agreement.

Section 9.9 Governing Applicable Law and Jurisdiction.

(a) Except to the extent governed by the Bankruptcy Code, this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement or the Ancillary Agreements, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined in such court(s); provided that if the Bankruptcy Court does not have (or abstains from exercising) jurisdiction, then the courts of the State of Delaware, sitting in New Castle County, and of the United States District Court for the District of Delaware, and any appellate court from any thereof shall have exclusive jurisdiction with respect to any of the foregoing and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such Delaware state court or, to the fullest extent permitted by applicable law, in such Delaware venue federal court. In addition, each of the parties hereto (i) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court; (ii) agrees that it will not bring any Proceeding relating to this Agreement in any court other than the above-named courts; and (iii) agrees that it will not seek to assert by way of motion, as a defense or otherwise, that any such Proceeding (A) is brought in an inconvenient forum, (B) should be

transferred or removed to any court other than one of the above-named courts, (C) should be stayed by reason of the pendency of some other proceeding in any court other than one of the above-named court, or (D) that this Agreement or the subject matter hereof may not be enforced in or by the above-named courts. Each party hereto agrees that service of process upon such party in any such Proceeding shall be effective if notice is given in accordance with Section 9.2.

Section 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY FOR ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH, TERMINATION OR VALIDITY THEREOF OR ANY TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NEITHER THE OTHER PARTY HERETO NOR ITS REPRESENTATIVES, AGENTS OR ATTORNEYS HAVE REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY HERETO UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY HERETO MAKES THIS WAIVER VOLUNTARILY AND (D) EACH PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS OF THIS SECTION 9.10. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 9.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to constitute an original, but all of which shall constitute one and the same agreement, and may be delivered by facsimile or other electronic means intended to preserve the original graphic or pictorial appearance of a document.

Section 9.12 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Transactions be consummated as originally contemplated to the greatest extent possible.

Section 9.13 Specific Performance. The parties agree that irreparable harm would occur and that the parties would not have an adequate remedy at law if any of the provisions of this Agreement were not performed in accordance with their specific terms on a timely basis or were otherwise breached. It is accordingly agreed that, without posting bond or other undertaking, the parties shall be entitled to injunctive or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any

court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. If any such action is brought in equity to enforce the provisions of this Agreement, no party hereto will allege, and each party hereto hereby waives the defense or counterclaim, that there is an adequate remedy at law. The parties further agree that (a) by seeking any remedy provided for in this Section 9.13, a party hereto shall not in any respect waive its right to seek any other form of relief that may be available to such party hereto under this Agreement and (b) nothing contained in this Section 9.13 shall require any party hereto to institute any action for (or limit such party's right to institute any action for) specific performance under this Section 9.13 before exercising any other right under this Agreement.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**SCOTTISH ANNUITY & LIFE INSURANCE
COMPANY (CAYMAN) LTD.**

By: 
Name: Gregg Klingenberg
Title: Chief Executive Officer

SCOTTISH HOLDINGS, INC.

By: Thomas J. Keller
Name: Thomas J. Keller
Title: EVP, Chief Financial Officer

HSCM BERMUDA FUND LTD.,

**By: HUDSON STRUCTURED CAPITAL
MANAGEMENT LTD., its Manager**



By: _____

Name: Michael Millette

Title: Managing Partner

EXHIBIT A

[Bidding Procedures]

EXHIBIT B

[Form of Bidding Procedures Order]

EXHIBIT C

[Plan Term Sheet]

**SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD. AND
SCOTTISH HOLDINGS, INC. PLAN TERM SHEET**

January 28, 2018

This Plan Term Sheet (together with the exhibits and schedules attached hereto, as each may be amended, restated, supplemented, or otherwise modified from time to time, the “Term Sheet”) sets forth the principal terms of a proposed plan of reorganization (the “Chapter 11 Plan”) for Scottish Annuity & Life Insurance Company (Cayman) Ltd. (“SALIC”) and Scottish Re Holdings Inc. (“SHI,” and together with SALIC, the “Debtors” or “SALIC Parties”). The SALIC Parties and HSCM Bermuda Fund Ltd., a Bermuda limited company (“Purchaser”) have executed: (a) that certain Stock Purchase Agreement, dated January 28, 2018 (together with all exhibits, schedules and other ancillary documents, as each may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms thereof, the “Stock Purchase Agreement”), to which this Term Sheet is an exhibit; and (b) that certain Plan Sponsorship Agreement, dated January 28, 2018 (together with all exhibits, schedules and other ancillary documents, as each may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms thereof, the “Plan Sponsorship Agreement”). In addition, the SALIC Parties and Scottish Re Group Limited, an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands (“SRGL”), with a permit to operate in Bermuda where Joint Provisional Liquidators (as defined in the Stock Purchase Agreement) have been appointed, after consultation with the Joint Provisional Liquidators and SRGL obtaining their consent, have executed that certain Restructuring Implementation Agreement, dated January 28, 2018 (together with all exhibits, schedules and other ancillary documents, as each may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms thereof, the “Restructuring Implementation Agreement”).

The restructuring transactions described in the Stock Purchase Agreement, the Plan Sponsorship Agreement and the Restructuring Implementation Agreement will be implemented, in part, through cases (each a “Chapter 11 Case,” and together, the “Chapter 11 Cases”) to be commenced under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the “Bankruptcy Code”), in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). This Term Sheet is intended to be attached as an exhibit to and incorporated in the Plan Sponsorship Agreement and the Stock Purchase Agreement.

THIS TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF ANY PLAN OF REORGANIZATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, ONLY WILL BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY AND OTHER APPLICABLE LAWS.

THIS TERM SHEET DOES NOT ADDRESS ALL TERMS THAT WOULD BE REQUIRED IN CONNECTION WITH ANY POTENTIAL RESTRUCTURING AND ENTRY INTO OR THE CREATION OF ANY BINDING AGREEMENT IS SUBJECT TO THE EXECUTION OF DEFINITIVE DOCUMENTS IN FORM AND SUBSTANCE CONSISTENT

WITH THIS TERM SHEET AND OTHERWISE REASONABLY SATISFACTORY IN ALL RESPECTS TO THE DEBTOR AND THE PLAN SPONSOR. THIS TERM SHEET HAS BEEN PRODUCED FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY AND IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES.

CHAPTER 11 PLAN TERM SHEET OVERVIEW

<p>PSA Parties and Related Party Definitions:</p>	<p>“<u>Debtors</u>” has the meaning ascribed to such term in the Preamble to this Term Sheet.</p> <p>“<u>Joint Liquidators</u>” means the duly appointed liquidators in the winding up proceeding SRGL has commenced before the Supreme Court of Bermuda and/or any liquidators that may be duly appointed for SRGL in the parallel winding up proceeding SRGL has commenced before Grand Court of the Cayman Islands, Financial Services Division.</p> <p>“<u>Plan Sponsor</u>” means the Purchaser or, if the Purchaser is not the Winning Bidder (as defined in the Bidding Procedures) as determined in accordance with the Bidding Procedures, the Winning Bidder.</p> <p>“<u>Purchaser</u>” has the meaning ascribed to such term in the Preamble to this Term Sheet.</p> <p>“<u>SALIC</u>” has the meaning ascribed to such term in the Preamble to this Term Sheet.</p> <p>“<u>SALIC Non-Debtor Subsidiaries</u>” means SFL and SALIC Subsidiaries (other than SHI).</p> <p>“<u>SHI</u>” has the meaning ascribed to such term in the Preamble to this Term Sheet.</p> <p>“<u>SRGL</u>” has the meaning ascribed to such term in the Preamble to this Term Sheet.</p>
<p>Additional Definitions:</p>	<p>Capitalized terms not otherwise defined in this Term Sheet (including its Preamble and Annex 1) have the meanings ascribed to such terms in the Stock Purchase Agreement or, if not defined therein, the Restructuring Implementation Agreement. To the extent of any conflict between this Term Sheet and the Plan Sponsorship Agreement, this Term Sheet will govern and control.</p>
<p align="center">CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS</p>	
<p>Administrative Expense Claims, Priority Tax Claims and Priority Claims:</p>	<p>Unless a holder of an Allowed Administrative Expense Claim, Allowed Priority Tax Claim or Allowed Priority Claim agrees to a lesser treatment, on the Effective Date or as soon as reasonably practicable thereafter, each holder of such an Allowed Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed Claim, cash equal to the full amount of its Claim.</p>
<p>Other Secured Claims:</p>	<p>Unless a holder of an Allowed Other Secured Claim agrees to a lesser treatment, on the Effective Date or as soon as reasonably practicable</p>

	<p>thereafter, each holder of an Allowed Other Secured Claim will, at the option of the Debtors or the Plan Trustee, as applicable, (a) be reinstated as against any collateral or proceeds thereof held by the Distribution Trust, (b) with the consent of the Plan Sponsor, receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim, cash equal to the full amount of its claim, or (c) with the consent of the Plan Sponsor, receive delivery of the collateral security any such claim and payment of any interest required under section 506(b) of the Bankruptcy Code.</p>
<p>SHI TruPS and General Unsecured Claims:</p>	<p><u>SHI TruPS Claims:</u> Unless a holder of an Allowed SHI TruPS Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SHI TruPS Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SHI TruPS Claim, its pro rata share (calculated based on the aggregate amount of Allowed SHI TruPS Claims and Allowed SHI General Unsecured Claims) of the SHI Unsecured Recovery Pool.</p> <p><u>SHI General Unsecured Claims:</u> Unless a holder of an Allowed SHI General Unsecured Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SHI General Unsecured Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SHI General Unsecured Claim, its pro rata share (calculated based on the aggregate amount of Allowed SHI TruPS Claims and Allowed SHI General Unsecured Claims) of the SHI Unsecured Recovery Pool.</p> <p><u>Classification:</u> To the extent permissible under the Bankruptcy Code and reasonably determined by the Debtors and the Plan Sponsor to be conducive to obtaining confirmation of the Chapter 11 Plan, the Chapter 11 Plan should provide for separate classification of SHI TruPS Claims and any SHI General Unsecured Claims.</p>
<p>SALIC TruPS and General Unsecured Claims:</p>	<p><u>SALIC TruPS Claims:</u> Unless a holder of an Allowed SALIC TruPS Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each holder of an Allowed SALIC TruPS Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SALIC TruPS Claim, its pro rata share (calculated based on the aggregate amount of Allowed SALIC TruPS Claims and Allowed SALIC General Unsecured Claims) of the SALIC Unsecured Recovery Pool.</p> <p><u>SALIC General Unsecured Claims:</u> Unless a holder of an Allowed SALIC General Unsecured Claim agrees to a lesser treatment, on or as soon as reasonably practicable following the Effective Date, each</p>

	holder of an Allowed SALIC General Unsecured Claim will receive, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for such Allowed SALIC General Unsecured Claim, its pro rata share (calculated based on the aggregate amount of Allowed SALIC TruPS Claims and Allowed SALIC General Unsecured Claims) of the SALIC Unsecured Recovery Pool.
	<u>Classification:</u> To the extent permissible under the Bankruptcy Code and reasonably determined by the Debtors and the Plan Sponsor to be conducive to obtaining confirmation of the Chapter 11 Plan, the Chapter 11 Plan should provide for separate classification of SALIC TruPS Claims and any SALIC General Unsecured Claims.
Inter-Debtor Claims:	All Claims held by either Debtor against the other Debtor (such Claims, “ <u>Inter-Debtor Claims</u> ”) shall be disallowed and extinguished in their entirety. No property shall be received or retained under the Chapter 11 Plan on account of such Inter-Debtor Claims.
Intercompany Non-Debtor Claims:	For the avoidance of doubt, except as otherwise provided herein with respect to Assumed Contracts, all Claims of whatever nature held by any SALIC Non-Debtor Subsidiary against either Debtor shall be classified (to the extent required in connection with the Chapter 11 Plan) and treated as Administrative Expense Claims, Priority Tax Claims, Priority Claim, Other Secured Claims, SHI TruPS Claims, SHI General Unsecured Claims, SALIC TruPS Claims or SALIC General Unsecured Claims, as applicable, under the terms of the Chapter 11 Plan.
SHI Existing Equity Interests:	All Equity Interests held by SALIC in SHI will be reinstated.
SALIC Existing Equity Interests:	<p>In accordance with the terms of the Restructuring Implementation Agreement, the Plan Sponsorship Agreement and the Stock Purchase Agreement, prior to the Effective Date, all Equity Interests (after giving effect to the SALIC Share Subdivision) held by SRGL in SALIC (“<u>Existing SALIC Shares</u>”), except for one (1) Existing SALIC Share, will be surrendered to SALIC and thereafter cancelled. Accordingly, immediately prior to the Effective Date, SRGL will hold one (1) Existing SALIC Share with a US\$0.001 par value (the “<u>Remaining SRGL Share</u>”).</p> <p>Upon the occurrence of the Effective Date: (a) 19,999,999,999 shares of US\$0.001 par value stock in Reorganized SALIC (the “<u>New SALIC Shares</u>”) will be issued to the Plan Sponsor; and (b) SRGL will surrender the Remaining SRGL Share to Reorganized SALIC for no additional consideration.</p> <p>Promptly following the Effective Date, the Remaining SRGL Share will be canceled by Reorganized SALIC with the consent of SRGL as set forth in the Restructuring Implementation Agreement.</p>

GENERAL PLAN PROVISIONS	
Sale of Reorganized SALIC Equity Interests:	<p>Pursuant to the Chapter 11 Plan and the Stock Purchase Agreement, on the Effective Date, Reorganized SALIC will issue to the Plan Sponsor 19,999,999,999 shares of US\$0.001 par value New SALIC Shares, which shall be deemed fully paid and non-assessable upon issuance.</p> <p>Pursuant to and subject to the terms and conditions set forth in the Stock Purchase Agreement, in consideration of its contemplated receipt of the New SALIC Shares and other good and valuable consideration, the Purchaser will pay, on the Effective Date, the Purchase Price (as defined in the Stock Purchase Agreement).</p> <p>The Chapter 11 Plan and the Confirmation Order shall each provide that the issuance of any equity securities in connection therewith, including the New SALIC Shares, will be exempt from securities laws to the fullest extent permitted by section 1145 of the Bankruptcy Code.</p>
Plan Distribution Trust:	<p>Pursuant to the Chapter 11 Plan and a liquidation trust agreement (the terms of which are to be determined, but which shall be acceptable to the Debtors and reasonably acceptable to the Purchaser), on the Effective Date, a liquidating trust (the “<u>Distribution Trust</u>”) will be established on terms and conditions intended to qualify and be treated as a grantor trust for U.S. federal income tax purposes pursuant to Sections 671 through 677 of the Internal Revenue Code of 1986. The Debtors shall appoint the initial trustee of the Distribution Trust (the “<u>Distribution Trustee</u>”), which person or entity shall be reasonably acceptable to the Plan Sponsor.</p> <p>The beneficiaries of the Distribution Trust shall be (i) the holders of Other Secured Claims, Administrative Expense Claims, Priority Claims and Priority Tax Claims that have not received through the Closing Date Plan Distributions made on account of such Claims all distributions to which the holders of such Claims are entitled under the Chapter 11 Plan, and (ii) the holders of SHI TruPS Claims, SHI General Unsecured Claims, SALIC TruPS Claims and SALIC General Unsecured Claims.</p> <p>Upon the Effective Date, the Distribution Trust shall be funded with the Plan Funding Payment, net of the Closing Date Plan Distributions and any other amounts required to be disbursed from the Plan Funding Payment upon the occurrence of the Effective Date.</p> <p>In addition, upon the Effective Date, the following shall be contributed and transferred to the Distribution Trust: (i) to the extent contemplated by the Confirmation Order, all capital stock or share capital of SFL held by any SALIC Group Company; (ii) all SALIC/SRGL Claims; and (iii) all DT Post-Closing Rights.</p>

<p>Application of Plan Funding Payment; Establishment and Funding of SALIC and SHI Unsecured Recovery Pools and other Distribution Reserves:</p>	<p>Pursuant to the Chapter 11 Plan and the Stock Purchase Agreement, upon the Effective Date, the Plan Funding Payment shall be allocated as follows: (a) first, to fund all Closing Date Plan Distributions required under the Chapter 11 Plan to be made to holders of Allowed Other Secured Claims, Allowed Administrative Expense Claims, Allowed Priority Claims and Allowed Priority Tax Claims on or as soon as practicable after the Effective Date to the extent that such distributions are not otherwise fully funded from the unrestricted cash then available to SALIC and SHI; (b) second, to fund a professional fee reserve in an amount that the Debtors estimate 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 (the “<u>Professional Fee Reserve</u>”); and (c) third, to fund a reserve in an amount estimated by the Debtors, after consultation with the putative Plan Trustee and the Plan Sponsor, to be necessary to cover the costs of administration of Distribution Trust (the “<u>Trust Administration Reserve</u>”).</p> <p>The portion of the Plan Funding Payment remaining after the Closing Date Plan Distributions, the Professional Fee Reserve and the Trust Administration Reserve each have been fully funded shall constitute funds available for the SALIC Unsecured Recovery Pool and the SHI Unsecured Recovery Pool (“<u>Available Funds</u>”).</p> <p>The portion of the Available Funds to be allocated to the SALIC Unsecured Recovery Pool and the SHI Unsecured Recovery Pool will be determined by the Debtors prior to confirmation the Chapter 11 Plan, subject to the consent of the Purchaser (such consent not to be unreasonably withheld); <u>provided, however</u>, that no more than seventy-five percent (75%) of the Available Funds and no less than twenty-five percent (25%) of the Available Funds shall be allocated to either of the Recovery Pools.</p>
<p>Tax Matters:</p>	<p>To the extent possible, the Restructuring contemplated by this Term Sheet shall be structured so as to obtain the most beneficial tax structure for the Reorganized Debtors and the holders of the Reorganized SALIC Equity Interests as reasonably determined by the Debtors and the Plan Sponsor.</p>
<p>Claims Resolution Matters:</p>	<p>Other than as set forth in the Restructuring Implementation Agreement, prior to the Effective Date of the Chapter 11 Plan, the Debtors shall not enter into any agreements with holders of Claims or Equity Interests relating to the allowance, estimation, validity, extent or priority of such Claims or Equity Interests, or the classification and treatment of such Claims or Equity Interests under the Chapter 11 Plan, without the consent of the Purchaser (such consent not to be unreasonably withheld), except for (i) claims which the Debtors are authorized to pay pursuant to an applicable first day order, (ii) undisputed Administrative</p>

	Expense Claims arising postpetition in the ordinary course of business, and (iii) Claims for which the allowed amount is less than US\$100,000. For the avoidance of doubt, on and after the Effective Date, the Distribution Trustee may enter into any such agreements with holders of Claims and Equity Interests without the consent of the Plan Sponsor.
Executory Contracts:	Except as otherwise ordered by the Bankruptcy Court, on the Effective Date, the Debtors: (a) will assume all Executory Contracts required or otherwise designated by the Plan Sponsor to be assumed pursuant to the Stock Purchase Agreement; and (b) will reject all Executory Contracts required or otherwise designated by the Plan Sponsor to be rejected pursuant to the Stock Purchase Agreement.
Board of Reorganized SALIC:	The initial board of directors of Reorganized SALIC shall be selected by the Plan Sponsor in its sole discretion.
Other Governance Matters/Reporting Obligations:	Pursuant to the Chapter 11 Plan, all corporate governance documents related to each of the Reorganized Debtors, including, but not limited to, the charter, bylaws and/or other organizational documents, shall be in form and substance acceptable to the Plan Sponsor in its sole discretion.
Retained Causes of Action:	The Chapter 11 Plan shall contain customary provisions regarding revesting in the Reorganized Debtors of all causes of action, other than those expressly released pursuant to the Chapter 11 Plan.
Releases and Exculpation:	The Chapter 11 Plan shall include, to the extent permitted by law, customary release and exculpation provisions in favor of (i) the Debtors, (ii) the Plan Sponsor, (iii) the Purchaser (if not ultimately the Plan Sponsor), (iv) the trustees of the trusts established pursuant to the TruPS Declarations, (v) the indenture trustees under the TruPS Indentures, (vi) the Joint Liquidators, (vii) any official committee of creditors appointed by the United States Trustee in the Chapter 11 Cases and the members thereof (in such capacity only), and (viii) for each of the entities identified in the preceding clauses (i) through (vii), each entity's respective current and former affiliates, current and former officers, managers, directors, equity holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, subsidiaries, principals, members, employees, agents, independent contractors, managed accounts or funds, management companies, fund advisors, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such in their capacities as such.
Injunction/Discharge:	The Chapter 11 Plan and Confirmation Order shall contain discharge and injunction provisions that are satisfactory to the Debtors and the Plan Sponsor.
Conditional Transfer	On the Effective Date, to the extent not previously abandoned by order

of SFL Equity Interests to Distribution Trust:	of the Bankruptcy Court, all Equity Interests held by SALIC in SFL shall be contributed to the Distribution Trust.
Conditions to Confirmation and Effectiveness:	<p>The Chapter 11 Plan shall contain and be subject to usual and customary conditions to confirmation and effectiveness (as applicable), as well as such other conditions that are reasonably satisfactory to the Debtors and the Plan Sponsor, including the following:</p> <ul style="list-style-type: none"> • The satisfaction or waiver in accordance with the Stock Purchase Agreement of all conditions to closing of the Stock Purchase Agreement. • The Bankruptcy Court shall have entered a Disclosure Statement Order in form and substance reasonably acceptable to the Debtors and the Plan Sponsor. • Except as provided in the immediately succeeding bullet, the Chapter 11 Plan and all documents contained in any Plan Supplement, including any exhibits, schedules, amendments, modifications or supplements thereto, and all other Restructuring Documents shall have been negotiated, executed, delivered and filed with the Bankruptcy Court in substantially final form and in form and substance reasonably acceptable to the Debtors and Plan Sponsor. • With respect to the Restructuring Implementation Agreement, (i) the RIA Order shall have been entered by the Bankruptcy Court and be a Final Order, (ii) all necessary Foreign Court Approvals shall have been obtained and remain in full force and effect, and (iii) the Restructuring Implementation Agreement shall not have been terminated and shall be in full force and effect. • With respect to the Plan Sponsorship Agreement, (i) the PSA Order shall have been entered by the Bankruptcy Court and be a Final Order, and (ii) the Plan Sponsorship Agreement shall not have been terminated and shall be in full force and effect (unless the Plan Sponsorship Agreement has been terminated because, pursuant to the Bidding Procedures Order, another bidder has superseded the Purchaser as the Plan Sponsor). • The Bankruptcy Court shall have entered a Confirmation Order in form and substance reasonably acceptable to the Debtors and the Plan Sponsor and the Confirmation Order shall be a Final Order. • The Debtors and Plan Sponsor shall have obtained all authorizations, consents, regulatory approvals, rulings, waivers or other documents that are necessary to implement and

	<p>effectuate the Chapter 11 Plan and Stock Purchase Agreement.</p> <ul style="list-style-type: none"> • SRGL’s winding up proceedings before the Supreme Court of Bermuda and its parallel winding up proceeding before the Grand Court of the Cayman Islands, Financial Services Division shall not have been dismissed without the consent of the Debtors and the Plan Sponsor. • SRUS shall not have become the subject of a pending DDOI Proceeding.
<p>OTHER PROVISIONS</p>	
<p>Director and Officer Indemnification:</p>	<p>Any obligations of the Debtors pursuant to their organizational documents to indemnify current (as of the Petition Date) officers, directors, agents, and/or employees (i) shall not be discharged or impaired by confirmation of the Chapter 11 Plan or any terms thereof and (ii) shall be deemed and treated as executory contracts to be assumed by the Debtors under the Chapter 11 Plan.</p> <p>Director and officer insurance will continue in place on existing terms for the directors and officers of each of the Debtors who served in such capacity at any time on or after the Petition Date. After the Effective Date, the Reorganized Debtors shall not terminate or otherwise reduce the coverage under any director and officer insurance policies (including any “tail policy”) then in effect. To the extent permitted under applicable law, current directors and officers are to receive first access to available insurance. Such directors and officers also shall be indemnified by the Reorganized Debtors to the extent of such insurance.</p>
<p>Definitive Documents:</p>	<p>As soon as reasonably practicable, the Debtors and Purchaser will execute definitive documentation implementing the Restructuring in form and substance materially consistent with this Term Sheet</p>

Term Sheet Annex 1

[Additional Definitions]

“Entity” means an “entity” as defined in section 101(15) of the Bankruptcy Code.

“Equity Interest” means all outstanding ownership interests in an Entity, including any interest evidenced by common or preferred stock, a limited liability company or other membership or partnership interest or unit, a warrant, an option, or any other right to acquire or otherwise receive any ownership interest in such Entity, or any right to payment or compensation based upon any such interest, whether or not such interest is owned by the holder of such right to payment or compensation.

“Plan Sponsorship Agreement” has the meaning ascribed to such term in the Preamble to the Term Sheet.

“Professionals” means (a) any Entity employed in the Chapter 11 Cases pursuant to section 327, 328, 363 or 1103 of the Bankruptcy Code or otherwise and (b) any Entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

“PSA Order” means an order of the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and Purchaser granting the RIA/PSA Assumption Motion with respect to the Plan Sponsorship Agreement and authorizing the Debtors’ assumption of the Plan Sponsorship Agreement on terms consistent with those requested in the RIA/PSA Assumption Motion.

“Recovery Pool” means either the SALIC Unsecured Recovery Pool or the SHI Unsecured Recovery Pool

“Reorganized” means, in reference to a Debtor, such Debtor from and after the Effective Date.

“Restructuring Implementation Agreement” has the meaning ascribed to such term in the Preamble to this Term Sheet.

“SALIC General Unsecured Claim” means any Claim against SALIC that is not an Other Secured Claim, Administrative Expense Claim, Priority Tax Claim, Priority Claim, Inter-Debtor Claim or Intercompany Non-Debtor Claim.

“SALIC Share Subdivision” means the subdivision by SALIC of each US\$1.00 par value Existing SALIC Share into 1,000 US\$0.001 par value shares. The SALIC Share Subdivision was made on January 19, 2018, pursuant to a duly authorized written shareholder resolution from SRGL.

“SALIC TruPS Claim” means any TruPS Claim against SALIC.

“SALIC Unsecured Recovery Pool” means that portion of Available Funds reserved for distribution to the holders of Allowed SALIC General Unsecured Claims and Allowed SALIC TruPS Claims under the terms of the Chapter 11 Plan.

“SHI General Unsecured Claim” means any Claim against SHI that is not an Other Secured Claim, Administrative Expense Claim, Priority Tax Claim, Priority Claim, Inter-Debtor Claim or Intercompany Non-Debtor Claim.

“SHI TruPS Claim” means any TruPS Claim against SHI.

“SHI Unsecured Recovery Pool” means that portion of Available Funds reserved for distribution to the holders of Allowed SHI General Unsecured Claims and Allowed SHI TruPS Claims under the terms of the Chapter 11 Plan.

“Stock Purchase Agreement” has the meaning ascribed to such term in the Preamble to the Term Sheet.