

**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 DEBTORS' MOTION FOR: (A) ORDER AUTHORIZING
DEBTORS' ASSUMPTION OF RESTRUCTURING IMPLEMENTATION
AGREEMENT AND GRANTING RELATED RELIEF; AND (B) ORDER
AUTHORIZING DEBTORS' ASSUMPTION OF PLAN SPONSORSHIP
AGREEMENT AND GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that on January 31, 2018, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the **Debtors' Motion For: (A) Order Authorizing Debtors' Assumption Of Restructuring Implementation Agreement And Granting Related Relief; And (B) Order Authorizing Debtors' Assumption Of Plan Sponsorship Agreement And Granting Related Relief** (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 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. ONLY PARTIES WHO HAVE FILED A TIMELY OBJECTION WILL BE HEARD AT THE 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.

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

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**IN THE UNITED STATES BANKRUPTCY COURT
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In re

SCOTTISH HOLDINGS, INC., et al.,

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DEBTORS' MOTION FOR: (A) ORDER AUTHORIZING DEBTORS' ASSUMPTION OF RESTRUCTURING IMPLEMENTATION AGREEMENT AND GRANTING RELATED RELIEF; AND (B) ORDER AUTHORIZING DEBTORS' ASSUMPTION OF PLAN SPONSORSHIP AGREEMENT AND GRANTING RELATED RELIEF

Scottish Holdings, Inc. ("SHI") and Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC"), the above-captioned debtors and debtors in possession (together, the "Debtors"), hereby move (the "Motion") for: (i) entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed RIA Order"), authorizing the Debtors to assume the Restructuring Implementation Agreement attached as Exhibit 1 to the Proposed RIA Order (the "Restructuring Implementation Agreement" or "RIA"), and granting related relief; and (ii) entry of an order, substantially in the form attached hereto as **Exhibit B** (the "Proposed PSA Order"), authorizing the Debtors to assume the Plan Sponsorship Agreement attached as Exhibit 1 to the Proposed PSA Order (the "Plan Sponsorship Agreement" or "PSA") and granting related relief. In support of the Motion, the Debtors incorporate by reference the *Declaration of Gregg Klingenberg in Support of First Day Relief*, dated January 28, 2018 [D.I. 3] (the "First Day Declaration") and the supplemental declaration of Gregg Klingenberg as contemporaneously filed with this Motion (the "Supplemental Declaration"), 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.

Jurisdiction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The bases for the relief requested herein are sections 105(a) and 365(a) of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).
4. Pursuant to Rule 9013-1(f) of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final order or judgment absent the consent of the parties.

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 Code. As of the date of this Motion, no trustee, examiner or statutory committee has been appointed in these Chapter 11 Cases.
7. Detailed descriptions of the Debtors and their businesses, as well as the facts and circumstances supporting this Motion and the Chapter 11 Cases, are set forth in greater detail in the First Day Declaration and the Supplemental Declaration, as fully incorporated by reference herein.

Overview of Scottish Re and Its Business

8. SALIC and SHI are, respectively, direct and indirect wholly-owned subsidiaries of 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. SRGL is not a Debtor in these Chapter 11 Cases, but, as described more fully below, has voluntarily commenced winding up proceedings in the Cayman Islands and Bermuda. SALIC, like SRGL, is an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands. SALIC’s direct, wholly-owned subsidiary, SHI, is a corporation organized and existing under the laws of the State of Delaware. SHI, in turn, owns all of the issued and outstanding common stock of Scottish Re (U.S.), Inc. (“SRUS”). SRUS, an entity organized and existing as a domestic stock insurer under the laws of the state of Delaware and regulated by the Delaware Department of Insurance, is neither a Debtor in these Chapter 11 Cases, nor subject to any pending liquidation, rehabilitation or other delinquency proceeding before the Delaware Department of Insurance or any other regulator with jurisdiction over it.²

9. SALIC and certain of its direct and indirect subsidiaries, including SRUS, are engaged in the reinsurance of life insurance, annuities and annuity-type products (the “SALIC Group Business”). These products are written by life insurance companies and other financial institutions primarily located in the United States. In early 2008, Scottish Re ceased writing new business and notified existing clients that it 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 its legacy reinsurance policies.

² SRGL, SALIC, SHI, SRUS and certain of their direct and indirect subsidiaries and affiliates are sometimes referred to herein as “Scottish Re”.

10. As described more fully in the First Day Declaration, from 2002 to 2004, SHI and its non-debtor affiliate, Scottish Financial (Luxembourg) S.á.r.l. (“SFL”), a Luxembourg organized private company, between them sponsored five offerings of trust preferred securities (“TruPS”) with an aggregate liquidation amount of \$129.5 million.³ In 2013-14, via several privately-negotiated aftermarket transactions, SRGL acquired and currently holds \$43 million in aggregate liquidation amount of the TruPS from three of the SHI sponsored TruPS offerings.

11. In the first quarter of 2013, SHI and SFL began invoking their right under the TruPS transaction documents to defer quarterly interest payments in connection with their respective TruPS issuances. As of December 31, 2017, SHI and its non-debtor affiliate, SFL, had accrued and deferred TruPS-related interest payments in the total amount of approximately \$31.1 million. Interest deferred in connection with the SRGL-held TruPS accounts for approximately \$11.1 million of the \$31.1 million total deferred interest as of December 31, 2017.

12. SALIC, as lender, and SRGL, as borrower, are party to that certain Revolving Credit Agreement, dated September 20, 2009, as amended, novated, supplemented, extended or restated from time to time. Interest accrues at a rate equal to the interest rate on 10-Year U.S. Treasury Notes. As of December 31, 2017, SRGL was indebted to SALIC under the Revolving Credit Agreement for principal and accrued interest in the approximate amount of \$77,505,389.

13. In addition, SALIC is obligated on certain contractual agreements with certain of SALIC’s direct and indirect operating subsidiaries. For example, SALIC is party to certain net

³ As a technical matter, the actual TruPS are preferred beneficial interests in what is typically a Delaware or Connecticut statutory trust formed by the sponsoring company. It is these TruPS that are offered for sale to investors. The bulk of the proceeds the trust realizes from the issuance of the TruPS to investors, in turn, are remitted by the trust to the sponsoring company in exchange for junior subordinated debentures issued to the trust by the company. Additionally, the sponsoring company typically issues guarantees for the benefit of the TruPS trust and the holders of the TruPS. Further, it is not uncommon in such transactions for a parent entity or another affiliate to guarantee TruPS related obligations, as SALIC did here.

worth maintenance agreements with several of these operating subsidiaries, whereby SALIC agreed to provide support to allow such subsidiaries to meet their financial obligations.

Scottish Re's Restructuring Efforts

14. In recent years, Scottish Re has suffered negative financial results driven 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, as of the Petition Date, Scottish Re had nearly exhausted the ability to defer interest payment obligations in connection with the TruPS. Absent the filing of these Chapter 11 Cases and the imposition of the automatic stay, all of the deferred interest would be payable by no later than the end of the first quarter of 2018. The Debtors do not project sufficient available capital to satisfy the deferred interest when due.

15. As part of Scottish Re's ongoing efforts to address its financial situation, in April 2017, SALIC 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 or a capital raise. KBW contacted approximately fifty potential strategic and financial buyers and investors regarding both potential out-of-court or in-court transactions. Over twenty potential buyers or investors expressed interest and executed non-disclosure agreements to gain access to a confidential data room with additional information on the Debtors. Unfortunately, none of the parties contacted by KBW was willing to pursue a transaction with the Debtors, given their current capital structure. However, a small number of potential transaction partners, including Hudson Structured Capital Management Ltd. (directly or through one or more of its funds, "HSCM" or "Purchaser"), were willing to consider a potential

transaction with the Debtors, conditioned on the Debtors seeking bankruptcy relief to right-size the Debtors' balance sheet as part of such a transaction.

16. Out of these candidates for a potential transaction in the context of a chapter 11 proceeding, the Debtors, with the assistance of KBW and their legal advisors, identified HSCM's proposal as the one most likely to maximize value for the benefit of the Debtors, their creditors and their other stakeholders. Extensive, arms'-length negotiations between the Debtors and HSCM followed, eventually culminating in the parties' execution of the Stock Purchase Agreement, dated January 28, 2018 (together with its exhibits and schedules, as amended from time to time, the "Stock Purchase Agreement" or "SPA").⁴

17. Meanwhile, on May 17, 2017, SRGL 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"). SRGL also 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.

18. 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

⁴ A copy of the Stock Purchase Agreement (excluding its disclosure schedules), as attached as Exhibit B to the Debtors' Motion 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, filed contemporaneously with this Motion.

connection with the Bermuda Winding Up Proceeding. 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” or “JPLs”). On January 30, 2018, upon SRGL’s application, the Bermuda Court made a winding up order for SRGL and granted the Joint Provisional Liquidators wider powers as set forth in the Bermuda Act.

19. SRGL is also requesting that the Cayman Islands Court make a winding up order and appoint Mr. McKenna and Ms. Fisher as joint official liquidators in the Cayman Islands Winding Up Proceeding (in such capacity following the making of the winding up orders in the Bermuda Winding Up Proceeding and the Cayman Islands Winding Up Proceeding, and without personal liability, the “Joint Official Liquidators”), the effect of which will be to displace the powers of the board of SRGL. The hearing on SRGL’s application to the Cayman Islands Court is scheduled for February 15, 2018.⁵

The Restructuring Transactions

20. The Debtors believe that there is value in their reinsurance business, but that the value is insufficient to satisfy the Debtors’ TruPS-related obligations, including principal, interest and other obligations incurred for the debentures issued in connection with the TruPS transactions (collectively, “TruPS Obligations”). The Debtors, therefore, anticipate restructuring their business in a sale to be accomplished through a plan of reorganization containing terms consistent with the Plan Term Sheet annexed as Exhibit C to the Stock Purchase Agreement (the

⁵ As used herein, the term “Joint Liquidators” may, as appropriate to the applicable context, refer to the Joint Provisional Liquidators or Joint Official Liquidators.

“Plan”), with HSCM or another winning bidder selected through a Court supervised auction process acting as the plan sponsor. The Debtors contemplate that the Chapter 11 Plan, among other things, will settle, resolve and discharge all of the Debtors’ funded indebtedness, including the Debtors’ TruPS Obligations. This transaction is expected to generate value that can be distributed under the Plan to holders of allowed claims, including the TruPS Obligations.

21. Scottish Re is a multi-national enterprise. SHI’s non-debtor subsidiary, SRUS, operates as a Delaware reinsurance company. SHI’s parent, SALIC, operates as a Cayman Islands reinsurance company. It is the combination of these two segments of Scottish Re’s business operating together that historically has been the source of much of the enterprise value of the company.

22. The proposed restructuring transaction recognizes this reality and is designed to maximize value available to Scottish Re’s creditors through the creative use of these Chapter 11 Cases and the Winding Up Proceedings. To that end, the restructuring transaction contemplates that several coordinated steps will be taken before this Court, the Bermuda Court and the Cayman Islands Court. The Stock Purchase Agreement, the Plan Sponsorship Agreement and the Restructuring Implementation Agreement set forth, among other things, the steps that will be taken in furtherance of the restructuring transactions.

The Stock Purchase Agreement

23. Immediately prior to the commencement of these Chapter 11 Cases, the Debtors and HSCM executed the Stock Purchase Agreement. The Stock Purchase Agreement contemplates that, if HSCM is the winning bidder after the conclusion of a Court-supervised marketing and auction process, upon closing of the Stock Purchase Agreement and the effective date of the Plan (to occur simultaneously), HSCM will acquire effective ownership of

reorganized SALIC and its subsidiaries other than SFL.⁶ 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's surrender to reorganized SALIC of its sole remaining SALIC ordinary share.

24. This transaction structure is designed to ensure that the transaction will be recognized and fully enforceable as to SALIC under applicable Cayman Islands law. The Debtors understand, after consultation with Cayman Islands counsel, that HSCM's acquisition of reorganized SALIC (assuming HSCM is the Winning Bidder for SALIC after completion of the Court-supervised competitive bidding process) cannot be accomplished consistent with Cayman Islands law by using the more expedient method, often employed in chapter 11 reorganization cases, of simply canceling all existing equity interests and issuing new equity interests to creditors or an acquiror of the company. SALIC, as noted above, is a wholly-owned subsidiary of SRGL, a holding company organized under the laws of the Cayman Islands. SALIC's ordinary shares, therefore, constitute assets of SRGL. The Debtors are informed that Cayman Islands law will not recognize any "cancellation" of those assets by a foreign (*i.e.*, non-Cayman Islands) court. In addition, Cayman Islands law does not permit a Cayman Islands chartered company to accept the surrender of all of its shares when the effect of doing so would be to leave the company with no issued shares other than treasury shares.⁷

⁶ SFL is a special purpose entity that has no operations and *de minimis* assets. The restructuring transactions with HSCM contemplate that, on or before the Closing, all equity interests in SFL will be abandoned by SALIC or, if that is not possible, transferred to the liquidating trust to be established under the Plan.

⁷ Section 37B(1) of the Companies Law (2016 Revision) of the Cayman Islands provides: "Subject to any express provisions of the company's memorandum or articles of association to the contrary, a company may accept the surrender for no consideration of any fully paid share (including a redeemable share) ***unless, as a result of the surrender, there would no longer be any issued shares of the company other than shares held as treasury shares.***" (emphasis added).

25. In view of the limitations of Cayman Islands law, the Debtors and HSCM have agreed to structure HSCM's acquisition of reorganized SALIC through multiple, discreet steps, including: (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 by SALIC of new ordinary shares to HSCM at closing of the SPA (which will also be the Effective Date of the Plan); and (c) immediately after closing, SRGL's surrender to reorganized SALIC of its sole remaining SALIC ordinary share. This structure is designed to ensure that at all relevant times, at least one ordinary share of SALIC will remain issued and outstanding.

26. As a result, SRGL will retain an ownership interest in SALIC, through ownership of at least a single share until immediately after the closing of the Stock Purchase Agreement, making SRGL's continued cooperation and participation in the restructuring transaction, as SALIC's sole shareholder, is critical to its success. As discussed more fully below, a principal purpose served by the Restructuring Implementation Agreement is to secure that cooperation by, and participation of, SRGL in the contemplated restructuring transaction.

27. The purchase price to be funded by HSCM under the Stalking Horse SPA has three principal components. 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 from HSCM) to fund (a) the unpaid costs of administration of the Debtors' Chapter 11 Cases, (b) the costs of implementation of the Plan, and (c) distributions to the holders of claims allowed in the Chapter 11 Cases, all in accordance with the terms of the Plan.⁸ Second, HSCM will pay an additional \$12.5 million (the "Recapitalization Funding Payment") upon the effective date of the Plan and the closing of the Stalking Horse SPA to

⁸ The Stock Purchase Agreement contemplates that a liquidating trust will be established under the Plan to, among other things, administer claims and make distributions to holders of allowed claims.

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. 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 SPA or that HSCM otherwise designates for the Debtors' assumption pursuant to the terms thereof.

The Restructuring Implementation Agreement

28. Also contemporaneously with their execution of the SPA, just prior to the Petition Date, the Debtors and SRGL executed the Restructuring Implementation Agreement. 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. The RIA contains, among other things, undertakings by SRGL to seek an order from the Cayman Islands Court authorizing the Joint Official Liquidators to cause SRGL to undertake its obligations under the Restructuring Implementation Agreement, including to surrender the existing ordinary shares of SALIC held by SRGL in two stages so that new shares can be issued to the Purchaser (or another Plan Sponsor, if Purchaser is not the Winning Bidder), all in accordance with the terms of the RIA (which are consistent with those of the SPA). As noted above, the requirements of the law of the Cayman Islands, where SALIC is organized, make this an essential step for the Debtors to consummate the SPA.

29. Furthermore, the RIA sets forth agreements and stipulations regarding intercompany obligations between SRGL and SALIC and its subsidiaries, which again are necessary to the Debtors' ability to reorganize pursuant to, and maximize value from, the currently contemplated restructuring transactions.

30. The JPLs are not parties to the RIA (though they are third-party beneficiaries of certain of its provisions). Nevertheless, the JPLs participated in the preparation of the RIA and have authorized the Debtors to include in this Motion the following statement regarding the role the JPLs have played in connection with the RIA:

The JPLs were appointed on May 18, 2017, by the Bermuda Court with the power, among other things, to oversee and otherwise liaise with the board of SRGL and its stakeholders in determining the most appropriate manner of effecting a reorganization and/or refinancing of SRGL in conjunction with (a) proceedings commenced by it in both the Bermuda Court and the Cayman Islands Court, as well as (b) these Chapter 11 Cases. In that capacity, the JPLs have reviewed the RIA and in all the circumstances known to them at this time support the actions thereunder as representing the best plan available in the best interests of SRGL’s general body of unsecured creditors

31. On January 19, 2018, pursuant to a duly authorized written shareholder resolution from SRGL, each US\$1.00 par value ordinary share of SALIC was subdivided into 1,000 US\$0.001 par value ordinary shares (such event, the “SALIC Share Subdivision”). After giving effect to the SALIC Share Subdivision, SALIC’s authorized share capital is US\$20,000,000 divided into 20,000,000,000 ordinary shares having a par value of US\$0.001 each.

32. The following is a summary of additional material terms of the RIA:⁹

SUMMARY OF MATERIAL TERMS OF RIA	
Undertakings by SRGL	<ul style="list-style-type: none"> • To use its commercially reasonable efforts to reach agreement on the terms of and cooperate and assist in the preparation of the Share Surrender Documents and New SALIC Shares Issuance Documents on terms consistent in all material respects with the RIA; • Within five (5) Business Days after the latest of the date that (w) the RIA Order is entered and effective by its terms, (x) the Cayman Court Power is obtained and effective by its terms, (y) the Bermuda Court’s Winding Up Order is made and effective by its

⁹ This summary is provided for illustrative purposes only and is qualified in its entirety by reference to the RIA. In the event of any inconsistency, the RIA shall govern in all respects.

	<p>terms, and (z) if it is determined in good faith by SALIC, after consultation with Maples and Calder, that regulatory approval of CIMA is required, the date that SALIC receives regulatory approval from the Cayman Islands Monetary Authority (“CIMA”) for the Initial Shares Surrender, execute and deliver the Share Surrender Documents pertaining to the Initial Share Surrender;</p> <ul style="list-style-type: none"> • If either Winding Up Order or the receipt of the Cayman Court Power is appealed by any Person (or if any petition for higher court review or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any of such Orders) subject to rights otherwise arising from the RIA, at SRGL’s own cost and expense, use commercially reasonable efforts to defend against any such appeal, petition for higher court review, or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument; and • To execute and deliver any document or resolution, and give any notice, confirmation, consent, order, instruction or direction, make any application, filing, registration or announcement as may be reasonably necessary to support, facilitate, implement, consummate or otherwise effectuate the Share Surrender and New SALIC Shares Issuance in accordance with the Share Surrender Documents and New SALIC Shares Issuance Documents; provided in each case, that such actions are on terms in all material respects consistent with the RIA.
<p>Undertakings by SALIC Parties</p>	<ul style="list-style-type: none"> • The SALIC Parties each shall act in good faith and promptly take all actions reasonably necessary to support, facilitate, implement, consummate or otherwise effectuate the Restructuring Transactions in accordance with the terms of the RIA and the Restructuring Documents, including: <ul style="list-style-type: none"> • reasonably negotiating, preparing, and executing and delivering the Restructuring Documents on terms consistent in all material respects with the RIA and the SRGL Consent Rights prior to entering into, amending, supplementing or otherwise modifying any Specified Restructuring Document; • making commercially reasonable efforts, in consultation with Maples and Calder, to determine in good faith whether CIMA approval is required for the Initial Shares Surrender, and if CIMA approval is required for the Initial Shares Surrender, to obtain CIMA’s approval for the Initial Shares Surrender as expeditiously as practicable under the circumstances;

	<ul style="list-style-type: none"> • making commercially reasonable efforts (i) to provide draft copies of all documents, motions, orders, procedures, agreements and other papers the SALIC Parties intend to file with the Bankruptcy Court to the Joint Liquidators and the JL Advisors no later than three (3) calendar days prior to the date the SALIC Parties intend to file any such document, motion, order, procedure, agreement or other paper (other than the Disclosure Statement, the Chapter 11 Plan and other Restructuring Documents, which shall be provided within a longer reasonable time) and (ii) to consult in advance in good faith with the Joint Liquidators and the JL Advisors regarding the form and substance of any such proposed filing with the Bankruptcy Court and to the extent that any Joint Liquidator or JL Advisor is in attendance at the Auction, prior to designating the Winning Bidder; • executing and delivering any document and giving any notice, confirmation, consent, order, instruction or direction, making any application, filing, registration or announcement as may be necessary or desirable to support, facilitate, implement, consummate or otherwise effectuate the Restructuring Transactions, provided in each case, on terms that are in all material respects consistent with the RIA; • preparing for and filing for any legal process or proceedings and any supporting petitions or applications to any Governmental Authority, to support, facilitate, implement consummate or otherwise effectuate the Restructuring Transactions and Restructuring, in each case on terms that are in all material respects consistent with the RIA; and • upon the occurrence of the Effective Date of the Chapter 11 Plan and the closing of the SPA, effect the New SALIC Shares Issuance in accordance with the New SALIC Shares Issuance Documents. • The SALIC Parties shall use commercially reasonable efforts to obtain, comply with and maintain in full force and effect any necessary authorization required under any Applicable Law to: <ul style="list-style-type: none"> • enable each SALIC Party to perform its obligations under the Restructuring Steps and Restructuring Documents; and • if the RIA Order, PSA Order, Bidding Procedures Order, Disclosure Statement Order or Confirmation Order is appealed
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	<p>by any Person (or if any petition for higher court review or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any of such Order) subject to rights otherwise arising from the RIA, at the SALIC Parties' own cost and expense, use commercially reasonable efforts to defend against any such appeal, petition for higher court review, or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument.</p> <ul style="list-style-type: none"> • The SALIC Parties shall: <ul style="list-style-type: none"> • cause their officers and counsel and other advisors to be available for conference calls and meetings at commercially reasonable times and on commercially reasonable notice to consult with and provide updates to the Joint Liquidators and the JL Advisors regarding the Restructuring Transactions; and • promptly following receipt thereof and to the extent not publicly available, provide the JL Advisors with copies of all proposals, term sheets or other material correspondences related to the Restructuring Transactions.
<p>Restructuring Steps</p>	<ul style="list-style-type: none"> • Each SALIC Party will use commercially reasonable efforts: <ul style="list-style-type: none"> • to cause the Bankruptcy Court to enter the RIA Order within 35 days after the Petition Date; • to cause the Bankruptcy Court to enter the PSA Order within 35 days after the Petition Date; • to cause the Bankruptcy Court to enter the Bidding Procedures Order within 21 days after the Petition Date; • to cause the Bankruptcy Court to enter the Disclosure Statement Order within 90 days after the Petition Date; and • to cause the Bankruptcy Court to enter the Confirmation Order within 45 days after the Disclosure Statement Order is entered. • SRGL will use commercially reasonable efforts: <ul style="list-style-type: none"> • to request the Bermuda Court to make a Winding Up Order for SRGL, which shall include extending the powers of the Joint Provisional Liquidators, within 21 days after the Petition Date;

	<ul style="list-style-type: none"> • to pursue its pending application to the Cayman Islands Court for a Winding Up Order appointing John C. McKenna of Finance & Risk Services Ltd., and Eleanor Fisher of Kalo (Cayman) Limited as Joint Official Liquidators within 21 days after the Petition Date; and • to apply to the Cayman Islands Court to make the Cayman Court Power so that such Cayman Court Power is fully enforceable by its terms by no later than 35 days after the Petition Date.
<p>SALIC Claims; Distributions on Account Thereof in Winding Up Proceedings</p>	<ul style="list-style-type: none"> • Subject to the completion of the Initial Shares Surrender, SRGL acknowledges and agrees that: <ul style="list-style-type: none"> • SRGL is unconditionally liable, without defense, counterclaim, offset or setoff of any kind to SALIC on account of the SALIC/SRGL Revolver Claims in an amount not less than US\$77,505,389, plus additional interest, fees and other charges that may have accrued or may accrue on or after January 1, 2018; • as of the Agreement Date it may be indebted to SALIC or other SALIC Group Companies for certain SALIC Group Services Claims; provided, however, that the Parties agree that any such SALIC Group Services Claims existing as of the Agreement Date do not exceed US\$100,000 in the aggregate; and • SALIC, in connection with the Winding Up Proceedings (but not otherwise), shall receive, on account of the SALIC Claims, equal and ratable treatment and distributions with other unsecured claims against SRGL, if any, excluding only any such unsecured claims that are part of a preferred class of claims under applicable Bermuda or Cayman Islands Law. • The RIA is without prejudice to the right of SRGL, in accordance with applicable Bermuda and Cayman Islands law governing the Winding Up Proceedings, to reserve such amounts, if any, that SRGL or the Joint Liquidators reasonably determine in good faith to be necessary to fund the reasonable fees and expenses of SRGL, the Joint Liquidators, and the JL Advisors in connection with the Winding Up Proceedings and any Chapter 15 proceedings in respect thereof and any other amounts that SRGL or the Joint Liquidators are permitted to retain under Cayman Islands and Bermuda law, including the Companies (Winding Up) Rules 1982 or the Companies Act 1981; and Cayman Islands law, including

	the Companies Law (2016 Revision), the Companies Winding Up Rules 2008 (as amended) or Cayman Islands common law.
SRGL TruPS Claims and Holdings; Distributions on Account Thereof in Chapter 11 Cases	<ul style="list-style-type: none"> • Subject to the completion of the Initial Shares Surrender, the SALIC Parties acknowledge and agree that as of the Agreement Date: (a) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$20,000,000, plus deferred interest as of December 31, 2017 in the amount of US\$5,025,241.00, plus additional interest, fees and other charges that may accrue, in SHST II; (b) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$10,000,000, plus deferred interest as of December 31, 2017 in the amount of US\$2,506,585, plus additional interest, fees and other charges that may accrue, in GPIC; (c) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$13,000,000, plus deferred interest as of December 31, 2017, in the amount of US\$3,175,458, plus additional interest, fees and other charges that may accrue, in SHST III; (d) SALIC is unconditionally liable under the TruPS Parent Guarantees issued in connection with the SRGL TruPS Holdings in an amount not less than the aggregate of the amounts set forth in clauses (a), (b) and (c) above, without defense, counterclaim, offset or setoff of any kind, which liability is an unsecured, nonpriority Claim against SALIC; (e) SHI is unconditionally liable under the TruPS Sponsor Guarantees issued in connection with the SRGL TruPS Holdings in an amount not less than the aggregate of the amounts set forth in clauses (a), (b) and (c) above, without defense, counterclaim, offset or setoff of any kind, which liability is an unsecured, nonpriority Claim against SHI. The foregoing stipulated amounts are the aggregate amounts that may be asserted on account of the SRGL TruPS Claims, whether by SRGL on account of its SRGL TruPS Holdings or by any trustee or other fiduciary under any TruPS Document acting on behalf or for the benefit of the SRGL TruPS Holdings. • Subject to the completion of the Initial Shares Surrender, the SALIC Parties acknowledge and agree that the treatment afforded the SRGL TruPS Claims under the Plan shall be consistent with that set forth in the Plan Term Sheet and not materially disparate from the treatment to be afforded to Other TruPS Claims under the Plan.
Limitations	Notwithstanding any other provision of the RIA, nothing in the RIA or the Restructuring Documents shall require any Party or the Joint Liquidators to (whether by action or omission) breach, or procure the

	<p>breach of (in each case provided that such breach cannot be avoided or removed by taking commercially reasonable steps):</p> <ul style="list-style-type: none"> • any Applicable Law; • any obligations of the Joint Liquidators or their respective financial or legal advisors pursuant to, in the case of the Joint Liquidators appointed by the Bermuda Court, the Companies Act 1981 and Companies (Winding Up) Rules 1982 of Bermuda and any Orders of the Bermuda Court and in the case of the Joint Liquidators appointed by the Cayman Islands Court (as applicable), the Companies Law (2016 Revision) and the Companies Winding up Rules 2008 (as amended) of the Cayman Islands and any Orders of the Cayman Islands Court; • any Order, judgment or direction of any relevant court or Governmental Authority; or • any fiduciary duties owed by a Party (or such Party’s officers, directors or managers) or Joint Liquidator under Applicable Law.
<p>Enforcement by Third Parties</p>	<p>There are no third party beneficiaries under the RIA, except that:</p> <ul style="list-style-type: none"> • The Joint Liquidators shall be express third party beneficiaries to the RIA and entitled, as if they were a party to the RIA, to enforce and enjoy the benefit of all limitations, exclusions, undertakings and covenants in their favor and in favor of SRGL contained in the RIA, from which the Joint Liquidators will continue to benefit notwithstanding their discharge from office as Joint Liquidators of SRGL; • Each of the Joint Liquidators’ firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of Article 15 (<i>Joint Liquidators’ Liability</i>) as if they were a party to the RIA; • any person who from time to time is appointed as a liquidator of SRGL (including pursuant to an order of the Bermuda Court and/or the Cayman Islands Court) shall be entitled to rely on, enforce and enjoy the benefit of the rights granted to the Joint Liquidators under the RIA and any such person and his or her firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of Article 15 (<i>Joint Liquidators’ Liability</i>) as if they were a party to the RIA; and • The Plan Sponsor or Purchaser, as applicable, is an intended third-

	<p>party beneficiary of and may enforce Article 3 (<i>Undertakings by SRGL</i>), Article 4 (<i>Undertakings by SALIC Parties</i>), Article 5 (<i>Restructuring Steps</i>), any provision of Article 10 (<i>Termination</i>) requiring prior notice to or prior written consent of the Purchaser or Plan Sponsor, Article 12 (<i>Confidentiality and Announcements</i>), and Article 14 (<i>Enforcement by Third Parties</i>).</p>
<p>Termination of the RIA; Effects thereof; Automatic Stay Modification Relating Thereto</p>	<ul style="list-style-type: none"> • The rights of the Parties to terminate the RIA are set forth in Sections 10.1, 10.2 and 10.3 thereof. • Section 10.5 sets forth the effects of termination of the RIA, including the identification of which provisions of the RIA will survive its termination. • Section 10.6 sets forth the Parties’ agreement with respect to the modification of any automatic stays in the Chapter 11 Cases or the Winding Up Proceedings relating to termination of the RIA.

The Plan Sponsorship Agreement

33. Concurrently with the Stock Purchase Agreement, the Debtors and HSCM also executed the Plan Sponsorship Agreement. The PSA functions to among, other things, ensure that the Debtors and HSCM are appropriately coordinating their actions, cooperating with, and supporting one another in other aspects of the restructuring outside of the scope of the Stock Purchase Agreement, including in connection with the Winding Up Proceedings for SRGL.

34. The following is a summary of the material terms of the PSA:¹⁰

SUMMARY OF MATERIAL TERMS OF PSA	
<p>Implementation of the Restructuring</p>	<p><u>US Restructuring</u>. The Restructuring will be implemented as to the SALIC Parties through each SALIC Party’s filing of a voluntary petition for relief under chapter 11 of the Bankruptcy Code, the filing of any and all other documents necessary to commence its Chapter 11 Case, and each SALIC Party’s prosecution of its Chapter 11 Case in accordance with the PSA, the SPA, and its fiduciary obligations under Applicable Law. The Plan Sponsor will support confirmation of the Chapter 11 Plan on terms consistent with those set forth in the Plan</p>

¹⁰ This summary is provided for illustrative purposes only and is qualified in its entirety by reference to the PSA. In the event of any inconsistency, the PSA shall govern in all respects.

	<p>Term Sheet, including but not limited to the release and exculpation provisions of the Chapter 11 Plan for the benefit of the SALIC Group Companies, the Purchaser, SRGL, the Joint Liquidators and their respective Affiliates and Representatives.</p> <p><u>Bermuda/Cayman Restructuring.</u> The Restructuring will be implemented as to SRGL through the continued prosecution of the Bermuda Proceeding and the Cayman Islands Proceeding in accordance with the RIA. The SALIC Parties shall cooperate fully and in good faith in connection with the Foreign Proceedings and use commercially reasonable efforts to support SRGL's requests for entry of the Winding Up Orders and the Foreign Court Approvals.</p>
<p>Further Agreements of the Plan Sponsor</p>	<p>Following the Effective Date, the Plan Sponsor agrees that it will defer, and will cause Reorganized SALIC and Reorganized SHI to defer, to the Distribution Trustee as to the timing and circumstances of closing of the Chapter 11 Cases and will cooperate with the Distribution Trustee, and cause Reorganized SALIC and Reorganized SHI to cooperate with the Distribution Trustee, in connection with the closing of the Chapter 11 Cases (including by filing a motion to close one or both of the Chapter 11 Cases at the request of the Distribution Trustee, the reasonable cost of which will be borne by the Distribution Trust); <u>provided, however</u>, that if the Distribution Trustee shall fail to pay from the assets of the Distribution Trust any statutory fees incurred pursuant to 28 U.S.C. § 1930(a)(6) in connection with the Chapter 11 Cases after the Effective Date as and when due and such payment default is not cured within twenty-eight (28) days after the Distribution Trustee's receipt of written notice thereof from the Purchaser, Reorganized SALIC or Reorganized SHI, then the Purchaser, Reorganized SALIC and/or Reorganized SHI, as applicable, shall be entitled to move the Bankruptcy Court to close the Chapter 11 Cases pursuant to section 350 of the Bankruptcy Code without the Distribution Trustee's consent to the filing of such motion.</p>
<p>Further Agreements of the SALIC Parties</p>	<p>For the duration of the Plan Sponsor Period, the SALIC Parties further agree that they shall:</p> <ul style="list-style-type: none"> • Convene conference calls, on reasonable advance notice, with the Plan Sponsor and the Plan Sponsor Advisors, which calls will include the management and the financial and legal advisors of the SALIC Parties; • Provide reasonable access to the respective management and advisors of the SALIC Parties for the purposes of evaluating the finances and operations of the SALIC Group Companies, ensuring the SALIC Parties' compliance with the PSA, the SPA and the

	<p>RIA, and participating in the planning and implementation aspects of the Restructuring;</p> <ul style="list-style-type: none"> • Timely file a formal objection to any motion filed with the Bankruptcy Court or any other proceeding commenced by any party seeking: (1) entry of an order (a) directing the appointment of an examiner or a trustee, (b) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code or (c) dismissing the Chapter 11 Cases; (2) entry of an order modifying or terminating the SALIC Parties' exclusive right to file and/or solicit acceptances of a plan of reorganization; or (3) Other relief that would be inconsistent with the Chapter 11 Plan, the Plan Term Sheet, the PSA, the SPA, the RIA or other Restructuring Documents; and • Not dispute that the giving of notice of termination by any Party pursuant to PSA or the SPA shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the SALIC Parties hereby waive, the applicability of the automatic stay to the giving of such notice).
Fiduciary Duties	<p>Notwithstanding anything to the contrary in the PSA, (i) nothing in the PSA shall require the SALIC Parties or any directors or officers of the SALIC Parties to take any action, or to refrain from taking any action, that would breach, or be inconsistent with, its or their fiduciary obligations under Applicable Law, and (ii) to the extent that such fiduciary obligations require the SALIC Parties or any directors or officers of the SALIC Parties to take any such action, or refrain from taking any such action, they may do so without incurring any liability to any Party under the PSA. Notwithstanding anything to the contrary in the PSA, nothing in the PSA shall create any additional fiduciary obligations on the part of the SALIC Parties or any directors or officers of any SALIC Party that did not exist prior to the execution of the PSA.</p>
Termination of PSA	<p>The PSA may be terminated by the Parties' mutual agreement or if the other Party to the PSA has materially breached its obligations under the PSA and such breach remains uncured for a period of ten (10) Business Days following delivery of a notice thereof in accordance with Section 14 of the PSA.</p>

Relief Requested

35. By this Motion, the Debtors request, pursuant to sections 105(a) and 365(a) of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006, entry of: (a) the Proposed RIA Order,

substantially in the form attached as **Exhibit A**, (i) authorizing the Debtors to assume the Restructuring Implementation Agreement and perform their obligations thereunder, and (ii) granting related relief; and (b) the Proposed PSA Order, substantially in the form attached as **Exhibit B**, (i) authorizing the Debtors to assume the Plan Sponsorship Agreement and perform their obligations thereunder, and (ii) granting related relief.

Basis for Relief Requested

36. Section 365(a) of the Bankruptcy Code provides that a debtor in possession, “subject to the court’s approval, may assume or reject an executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Courts reviewing a debtor’s decision to assume or reject an executory contract or unexpired lease apply a business judgment standard. *See In re Caribbean Petroleum Corp.*, 444 B.R. 263, 268 (Bankr. D. Del. 2010) (“Courts normally leave the decision to reject a contract to the debtor’s sound business judgment.”); *In re Armstrong World Indus.*, 348 B.R. 136, 162 (D. Del. 2006) (explaining that courts defer to a debtor’s business judgment to reject a contract under 11 U.S.C. § 365(a)); *In re Federated Dep’t. Stores, Inc.*, 131 B.R. 808, 811 (S.D. Ohio 1991) (“Courts traditionally have applied the business judgment standard in determining whether to authorize the rejection of executory contracts and unexpired leases”). Debtors are allowed considerable discretion in determining whether to assume or reject an executory contract. *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (“A debtor’s decision to reject an executory contract must be summarily affirmed unless it is the product of bad faith, or whim or caprice”).

37. Once “the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986);

see also Computer Sales Int'l, Inc. v. Fed. Mogul (In re Fed. Mogul Global, Inc.), 293 B.R. 124, 126 (Bankr. D. Del. 2003) (explaining that under the business judgment standard, a court should defer to debtor's contract rejection, "unless that decision is the product of bad faith or a gross abuse of discretion"). Rather, there is "a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." *Gantler v. Stephens*, 965 A.2d 695, 705-06 (Del. 2009); *In re Cent. Jersey Airport Servs., LLC*, 282 B.R. 176, 183 (Bankr. D.N.J. 2002) (holding that "the debtor can reasonably take . . . a business risk if in its sound business judgment, it is worth the risk").

38. Indeed, the business judgment standard "embodies the deference that is accorded to managerial decisions of a board of directors." *Omnicare, Inc. v. NCS Healthcare, Inc.*, 818 A.2d 914, 928 (Del. 2003). Accordingly, so long as a debtor exercises "reasonable" business judgment, a court should approve the proposed assumption or rejection. *See, e.g., NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984); *Group of Inst. Inv'rs v. Chi., Milwaukee, St. Paul & Pac. R.R.*, 318 U.S. 523, 550 (1943); *In re Mkt. Square Inn, Inc.*, 978 F. 2d 116, 121 (3d Cir. 1992) (the "resolution of [the] issue of assumption or rejection will be a matter of business judgment by the bankruptcy court"); *Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39-40 (3d Cir. 1989); *Glenstone Lodge, Inc. v. Buckhead Am. Corp. (In re Buckhead Am. Corp.)*, 180 B.R. 83, 88 (D. Del. 1995).

39. The assumption of the PSA and RIA by these Debtors is a sound exercise of the Debtors' business judgment and is justified under the circumstances. The PSA outlines the necessary obligations of the Plan Sponsor and the Debtors to consummate the restructuring transactions. The RIA facilitates the restructuring of the Debtors and the contemplated

restructuring transactions by establishing the necessary steps to surrender the existing ordinary shares of SALIC held by SRGL so that new shares can be issued to the Purchaser or Plan Sponsor, whichever is applicable. The requirements of Cayman Islands law makes the surrender of SALIC's ordinary shares in two stages an essential step for the Debtors to consummate the Stock Purchase Agreement. The RIA further sets forth agreements and stipulations regarding 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.

40. The PSA and RIA are the products of good faith negotiations between the parties and govern essential steps in the Debtors' Restructuring process. Moreover, the signing of the PSA and RIA was undertaken only after careful consideration by the Debtors' management and board of directors in consultation with their financial and legal advisors.

41. Based on the foregoing, the Debtors respectfully submit that they have exercised reasonable business judgment in their decision to assume the PSA and RIA. Accordingly, the Court should grant the relief requested.

Waiver of Bankruptcy Rules Regarding Notice and Stay of an Order

42. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and any stay of an order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h), 7062, 9014 or otherwise for all of the reasons described above.

Notice

43. The Debtors have provided notice of this Motion to: (a) the United States Trustee; (b) the Debtors' largest unsecured creditors on a consolidated basis as identified in their chapter 11 petitions; (c) the Delaware Department of Insurance; (d) the Joint Provisional Liquidators of

Scottish Re Group Limited; (e) the Delaware Secretary of State; (f) the Delaware State Treasury; (g) the Internal Revenue Services; (h) the Securities and Exchange Commission; and (i) any party that has requested notice 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.

No Prior Request

44. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as is just and proper.

January 31, 2018

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

Wilmington, Delaware

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Proposed Counsel for Debtors and Debtors in Possession

Exhibit A

Proposed RIA Order

**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

**ORDER AUTHORIZING DEBTORS TO ASSUME RESTRUCTURING
IMPLEMENTATION AGREEMENT AND GRANTING RELATED RELIEF**

Upon the *Debtors' Motion For: (A) Order Authorizing Debtors' Assumption Of Restructuring Implementation Agreement And Granting Related Relief; And (B) Order Authorizing Debtors' Assumption Of Plan Sponsorship Agreement And Granting Related Relief* [D.I. ____] (the "Motion"), insofar as such Motion seeks authorization for the above-captioned debtors and debtors-in-possession (together, the "Debtors") to assume the Restructuring Implementation Agreement attached hereto as Exhibit 1 (the "RIA");² and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

relief requested in the Motion (the "Hearing"); and upon consideration of the First Day Declaration, the record of the Hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors' estates, their creditors and other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED, as set forth herein.
2. The Debtors are authorized to: (a) assume the RIA in its entirety and, effective as of the date of entry of this Order, the RIA is hereby assumed pursuant to section 365(a) of the Bankruptcy Code; (b) comply with the terms of the RIA; and (c) take any and all actions necessary to implement the terms of the RIA (except for actions that require further orders of the Court).
3. The RIA shall be binding and specifically enforceable against the parties thereto in accordance with its terms.
4. The Debtors are authorized to pay all fees and expenses contemplated under the RIA, in accordance with their terms, which fees and expenses should not be subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether contractual, equitable, or otherwise), counterclaims, crossclaims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity, and to otherwise perform under the terms of the RIA.

5. The failure to describe specifically or include any particular provision of the RIA in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the RIA be assumed by the Debtors in its entirety.

6. The Debtors are authorized, but not directed, to enter into amendments to, modifications of or waivers of terms of the RIA, from time to time as necessary, subject to the terms and conditions set forth in the RIA and without further order of the Court. Within two (2) Business Days of the effective date of each such amendment, the Debtors will file a notice attaching a copy of any such amendments with the Court.

7. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

8. To the extent the automatic stay provisions of section 362 of the Bankruptcy Code would otherwise apply, such provisions are vacated and modified to permit the delivery of any Termination Notice pursuant to the RIA.

9. Except for the rights of the Joint Liquidators and the Purchaser and except as expressly stated within the RIA, the RIA shall be solely for the benefit of the parties thereto and no other person or entity shall be a third-party beneficiary to the RIA. Except as expressly provided in the RIA, no entity, other than the parties to the RIA shall have any right to seek or enforce specific performance under the RIA agreement.

10. The failure of any party to seek relief or otherwise exercise its rights and remedies under this Order, the RIA, or applicable law, as the case may be, shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of any of the parties.

11. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

13. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Date: _____, 2018

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

RIA

RESTRUCTURING IMPLEMENTATION AGREEMENT

**By and Among
Scottish Re Group Limited (Joint Provisional Liquidators Appointed)**

And

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

THIS RESTRUCTURING IMPLEMENTATION AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

THIS RESTRUCTURING IMPLEMENTATION AGREEMENT (as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, together with the exhibits and schedules attached hereto (as each may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms hereof, the “**Agreement**”) is made on January 28, 2018 (the “**Agreement Date**”) between the following parties (collectively, the “**Parties**”):

- (a) **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 herein) have been appointed;
- (b) **Scottish Annuity & Life Insurance Company (Cayman) Ltd.**, an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands (“**SALIC**”); and
- (c) **Scottish Holdings, Inc.**, a corporation organized and existing under the laws of the state of Delaware (“**SHI**”).

RECITALS

- (A) SALIC and certain of its direct and indirect subsidiaries, including Scottish Re (U.S.), Inc. (“**SRUS**”), are engaged in the reinsurance of life insurance, annuities and annuity-type products (the “**SALIC Group Business**”).
- (B) SRGL, SALIC, SHI and certain of their affiliates have undertaken an evaluation of strategic alternatives and have determined to effectuate a restructuring of themselves and the SALIC Group Business with the assistance of their legal and financial advisors on the terms set forth in the Restructuring Documents (as defined below) (the “**Restructuring**”).
- (C) On May 17, 2017, SRGL (i) commenced a winding up proceeding (the “**Bermuda Winding Up Proceeding**”) in the Supreme Court of Bermuda (the “**Bermuda Court**”) by filing a petition (the “**Bermuda Winding Up Petition**”) seeking its winding up pursuant to Part XIII of the Bermuda Companies Act 1981 and other applicable Bermuda law, and (ii) commenced a parallel winding up proceeding (the “**Cayman Islands Winding Up Proceeding**,” and together with the Bermuda Winding Up Proceeding, the “**Winding Up Proceedings**”) in 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**”) seeking its winding up under Cayman Islands law.

- (D) 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.
- (E) 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 (as defined herein) for SRGL in connection with the Bermuda Winding Up Proceeding.
- (F) The Parties contemplate that, following the execution of this Agreement, (i) upon the application by SRGL, the Bermuda Court will make a winding up order for SRGL and will grant the Joint Provisional Liquidators wider powers as set forth in the Bermuda Act, and (ii) the Cayman Islands Court will make a winding up order and appoint Mr. McKenna and Ms. Fisher as joint official liquidators in the Cayman Islands Winding Up Proceeding (in such capacity following the making of the winding up orders in the Bermuda Winding Up Proceeding and the Cayman Islands Winding Up Proceeding, and without personal liability, the “**Joint Official Liquidators**”), the effect of which will be to displace the powers of the board of SRGL.
- (G) On January 19, 2018, pursuant to a duly authorized written shareholder resolution from SRGL, each US\$1.00 par value Ordinary Share (as defined herein) was subdivided into 1,000 US\$0.001 par value Ordinary Shares (such event, the “**SALIC Share Subdivision**”). After giving effect to the SALIC Share Subdivision, as of the Agreement Date, SALIC’s authorized share capital is US\$20,000,000 divided into 20,000,000,000 Ordinary Shares having a par value of US\$0.001 each.
- (H) As of the Agreement Date, SRGL owns one-hundred percent (100%) of the Ordinary Shares.
- (I) As of the Agreement Date, SALIC owns one-hundred percent (100%) of the issued and outstanding common stock of SHI.
- (J) As of the Agreement Date, SHI owns one-hundred percent (100%) of the issued and outstanding common stock of SRUS.
- (K) In furtherance of the Restructuring, SALIC and SHI each contemplate filing a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”).
- (L) In furtherance of the Restructuring, contemporaneously with the Parties’ entry into this Agreement, HSCM Bermuda Fund Ltd., a Bermuda limited company (“**Purchaser**”),

SALIC and SHI are entering into (i) the Stock Purchase Agreement (as defined herein) and (ii) the Plan Sponsorship Agreement (as defined herein).

- (M) This Agreement sets forth the Parties' understanding concerning certain of the steps and actions relating to SRGL and its businesses and property required to effectuate the Restructuring and the Restructuring Transactions (as defined herein).
- (N) The agreements and undertakings of the Parties made, subject to and in accordance with the terms of this Agreement and other applicable Restructuring Documents (as defined herein), include: (i) SRGL's diligent prosecution of its requests for Orders of the Bermuda Court and the Cayman Islands Court granting the Winding Up Petitions; (ii) SRGL's consent to, support for and cooperation with the Restructuring Transactions, including the Initial Shares Surrender, the Final Share Surrender and the New SALIC Shares Issuance (each as defined herein); (iii) SRGL's diligent prosecution of an application to the Cayman Islands Court to authorize the Joint Liquidators to cause SRGL to undertake its obligations under this Agreement and the Share Surrender Documents; (iv) the SALIC Parties' timely commencement and diligent prosecution of their Chapter 11 Cases on terms consistent with this Agreement; (v) an agreement between SRGL and the SALIC Parties allowing their respective intercompany claims; (vi) agreements among SRGL (including the Joint Liquidators), the SALIC Parties and the Purchaser as to certain releases, limitations of liability and exculpatory provisions, which shall be set forth in the Chapter 11 Plan and the Confirmation Order; and (vii) additional agreements and undertakings in furtherance of the contemplated Restructuring and Restructuring Transactions.

THE PARTIES, intending to be legally bound and in consideration for the mutual undertakings provided by each of the other Parties hereto, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby AGREE as follows:

1 DEFINITIONS; INTERPRETATION

1.1 As used in this Agreement, the following terms have the meanings set forth below:

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

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

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

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

“**Cayman Court Power**” means an Order made by the Cayman Islands Court

authorizing the Joint Liquidators to cause SRGL to undertake its obligations under this Agreement and the Share Surrender Documents.

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

“**CIMA**” means the Cayman Islands Monetary Authority.

“**Claim**” means (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable, secured or unsecured; or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. As against any SALIC Party, the term “**Claim**” shall have a meaning coextensive with that of the term “**Claim**” as defined in section 101(5) of the Bankruptcy Code.

“**Existing SALIC Shares**” means any and all Ordinary Shares that SALIC is authorized to issue, whether prior to (when such Existing SALIC Shares had a par value of US\$1.00 per share) or after (when such Existing SALIC Shares have a par value of US\$0.001 per share) giving effect to the SALIC Share Subdivision.

“**Final Share Surrender**” means the surrender by SRGL to Reorganized SALIC of any and all Ordinary Shares in the possession, custody or control of SRGL for cancellation, which surrender and cancellation shall occur immediately after the closing of the Stock Purchase Agreement, but in all events not later than one (1) Business Day after the closing of the Stock Purchase Agreement.

“**Initial Shares Surrender**” means the surrender by SRGL to SALIC of all but one (1) of the Existing SALIC Shares in accordance with the Share Surrender Documents, and after giving effect to the SALIC Share Subdivision. Following the Initial Shares Surrender, SRGL shall hold one (1) US\$0.001 par value Ordinary Share, and 19,999,999,999 unissued Ordinary Shares shall remain in SALIC’s authorized capital. The Initial Shares Surrender shall be completed on or before the fifth (5th) Business Day after the latest of the date that (w) the RIA Order is entered and effective by its terms, (x) the Cayman Court Power is made and effective by its terms, (y) the Bermuda Court’s Winding Up Order is made and effective by its terms, and (z) if it is determined in good faith by SALIC, after consultation with Maples and Calder, that regulatory approval of CIMA is required, the date that SALIC receives CIMA’s regulatory approval for the Initial Shares Surrender. Additionally, the Initial Shares Surrender shall be completed in a manner and on terms consistent with this Agreement and the Stock Purchase Agreement in all material respects.

“**JL Advisors**” means Robin J. Mayor, Conyers Dill & Pearman, (441) 299-4929, robin.mayor@conyersdill.com; Aristos Galatopoulos, Maples and Calder, (345) 814-5241, aristos.galatopoulos@maplesandcalder.com; Ned S. Schodek, Shearman & Sterling LLP, (212) 848-7052, ned.schodek@shearman.com; as the same may be replaced from time to time and collectively with any other advisors retained by the Joint Liquidators.

“**Joint Liquidators**” means the Joint Provisional Liquidators and the Joint Official Liquidators and shall also be construed so as to include any other Person(s) who from time to time may be appointed by either the Bermuda Court or the Cayman Islands Court as a liquidator over SRGL (whether as provisional or official liquidator and whether with full or limited powers), in such capacity and without personal liability.

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

“**Joint Provisional Liquidators**” means (a) the individuals (initially John C. McKenna of Finance & Risk Services Ltd., and Eleanor Fisher of Kalo (Cayman) Limited) appointed by the Bermuda Court as joint provisional liquidators for SRGL in connection with the Bermuda Winding Up Proceeding and, (b) such individuals or their successors to whom the Bermuda Court may grant wider powers, and, in each case, in such capacity and without personal liability.

“**Limitations**” has the meaning ascribed to such term in Article 9 (*Limitations*) of this Agreement.

“**New SALIC Shares**” means 19,999,999,000 shares of US\$0.001 par value Ordinary Shares in Reorganized SALIC to be issued through the New SALIC Shares Issuance.

“**New SALIC Shares Issuance**” means the authorization and issuance by SALIC, upon the occurrence of the Effective Date of the Chapter 11 Plan and the closing of the Stock Purchase Agreement, of the New SALIC Shares as fully-paid, free and clear to the Plan Sponsor pursuant to the terms and conditions of the Stock Purchase Agreement, the Plan Sponsorship Agreement, the Chapter 11 Plan, the Share Surrender Documents and the New SALIC Shares Issuance Documents. The New SALIC Share Issuance shall occur in a manner and on terms consistent with this Agreement and the Stock Purchase Agreement in all material respects.

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

“**Ordinary Shares**” means the ordinary shares of SALIC.

“**Other TruPS Claims**” means all TruPS Claims other than the SRGL TruPS Claims.

“**Parties**” has the meaning set forth in the Preamble; provided, however, that from and after the Effective Date of the Chapter 11 Plan, any reference to a SALIC Party as a “Party” shall be construed to include the Distribution Trustee (or similar estate representative appointed under the Chapter 11 Plan) to the extent of the DT Post-Closing Rights.

“**Plan Sponsor**” means the Purchaser or such other Person that is determined pursuant to the Winning Bidder Order to be the Winning Bidder if such Person’s Winning Bid contemplates sponsorship of a plan of reorganization for the SALIC Parties.

“**Plan Sponsorship Agreement**” means that certain Plan Sponsorship Agreement, dated as of January 28, 2018, by and among SALIC, SHI, and Purchaser, substantially in the form as attached hereto as **Exhibit A**, 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. In the event that the Purchaser is not the Winning Bidder, the term “**Plan Sponsorship Agreement**” as used in this Agreement shall be deemed to refer to the plan sponsorship agreement that is executed by and among SALIC, SHI and the Person that is the Winning Bidder and that embodies the bid that is designated as the Winning Bid. The Plan Sponsorship Agreement shall be consistent in all material respects with this Agreement and subject to the SRGL Consent Rights.

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

“**Restructuring**” has the meaning set forth in the Recitals.

“**Restructuring Documents**” means the Specified Restructuring Documents, collectively with this Agreement, the RIA/PSA Motion, the Bidding Procedures Motion, the Bidding Procedures Order, the Disclosure Statement Motion, the Disclosure Statement, the Disclosure Statement Order, the Winning Bidder Order and the Organizational Documents. The Restructuring Documents shall, unless otherwise expressly indicated herein, be consistent in all material respects with this Agreement.

“**Restructuring Steps**” means the undertakings of the Parties hereto and other Persons party to applicable Restructuring Documents and the associated deadlines for completing them, each as set forth in Article 5 (*Restructuring Steps*) of this Agreement.

“**Restructuring Transactions**” means the transactions necessary to the Restructuring on terms set forth in the Restructuring Documents, including (i) completion of the Initial Shares Surrender, the New SALIC Shares Issuance and the Final Share Surrender, and (ii) consummation of the Stock Purchase Agreement and the Chapter 11 Plan.

“**SALIC Claims**” means the SALIC/SRGL Revolver Claims and the SALIC Group Services Claim.

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

“**SALIC Group Services Claims**” means all Claims arising out of or relating to the provision of information technology, legal, administrative and other services by any

SALIC Group Company to or for the benefit of SRGL. For purposes of this Agreement, the aggregate SALIC Group Services Claims shall not exceed US\$100,000.

“**SALIC Parties**” means SALIC and SHI, whether prior to the Petition Date or as debtors in their respective Chapter 11 Cases; provided, however, that from and after the Effective Date of the Chapter 11 Plan, any reference to a “SALIC Party” or “SALIC Parties” shall be construed to include the Distribution Trustee (or similar estate representative appointed under the Chapter 11 Plan) to the extent of the DT Post-Closing Rights.

“**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.

“**SALIC/SRGL Revolver Claims**” means all Claims against SRGL arising under or relating to the SRGL Revolver Facility and the SRGL Revolver Facility Documents, including Claims for principal, interest, charges, fees and expenses of attorneys and other professionals, and any other obligations arising thereunder or in connection therewith.

“**Share Surrender Documents**” means each of the documents, directions and resolutions reasonably required of SRGL to effectuate the Initial Shares Surrender and the Final Share Surrender. The Share Surrender Documents shall be in form and substance reasonably satisfactory to the Parties and otherwise subject to the SRGL Consent Rights.

“**Share Surrender**” means the Initial Shares Surrender together with Final Share Surrender, which will result in SRGL’s surrender of all Existing SALIC Shares.

“**Specified Restructuring Documents**” means the Stock Purchase Agreement, the Plan Term Sheet, the RIA Order, the Plan Sponsorship Agreement, the PSA Order, the Share Surrender Documents, the New SALIC Shares Issuance Documents, the Chapter 11 Plan, the Plan Supplement (to the extent that any documents contained therein adversely affect the Joint Liquidators, SRGL or the SRGL TruPS Claims), the Sale Order and the Confirmation Order. The Specified Restructuring Documents shall be consistent in all material respects with this Agreement and subject to the SRGL Consent Rights.

“**SRGL Consent Rights**” means a requirement for the SALIC Parties to obtain the written consent (which may be provided by email) of SRGL (such consent not to be unreasonably withheld) to (i) any Specified Restructuring Document not attached hereto, and (ii) any amendment or modification of a Specified Restructuring Document that would adversely affect the Joint Liquidators, SRGL or the SRGL TruPS Claims; provided, however, that an amendment or modification to a Specified Restructuring Document that may have the effect of reducing, but for the avoidance of doubt not eliminating, the anticipated recovery under the Chapter 11 Plan on account of any or all SRGL TruPS Claims shall not solely or primarily as a result of such amendment or

modification be subject to the SRGL Consent Rights unless such amendment or modification disproportionately and adversely affects the anticipated recovery under the Chapter 11 Plan on account of the SRGL TruPS Claims relative to anticipated recoveries under the Chapter 11 Plan for Other TruPS Claims.

“**SRGL TruPS Claims**” means all TruPS Claims relating to or arising out of any SRGL TruPS Holdings, whether such Claims are held by SRGL or by another Person (including any trustee) in a fiduciary capacity for SRGL’s benefit on account of its SRGL TruPS Holdings.

“**SRGL TruPS Holdings**” means any and all TruPS owned or held by SRGL as of the Agreement Date, including: (i) approximately US\$20.0 million of SHST II TruPS; (ii) approximately US\$10.0 million of GPIC TruPS; and (iii) approximately US\$13.0 million of SHST III TruPS.

“**Stock Purchase Agreement**” means that certain Stock Purchase Agreement, dated as of January 28, 2018, entered into by and among SALIC, SHI and the Purchaser, substantially in the form as attached hereto as **Exhibit B**, 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. In the event that the Purchaser is not the Winning Bidder, the term “**Stock Purchase Agreement**” as used in this Agreement shall be deemed to refer to the stock purchase agreement that is executed by and among SALIC, SHI and the Person that is the Winning Bidder and that embodies the Winning Bid. The Stock Purchase Agreement shall be consistent in all material respects with this Agreement and subject to the SRGL Consent Rights.

“**Termination Date**” means the date any termination of this Agreement is effective in accordance with Article 10 (*Termination*) hereof.

“**Termination Notice**” has the meaning set forth in Section 10.2 of this Agreement.

“**TruPS**” means:

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

(ii) the undivided beneficial interests, having an aggregate liquidation amount of US\$20,000,000.00, in Scottish Holdings, Inc. Statutory Trust II, a Connecticut statutory trust (“**SHST II**”), issued pursuant to that certain Amended and

Restated Declaration of Trust, dated as of October 29, 2003, among U.S. Bank National Association, as institutional trustee, the administrators of the issuer named therein, SHI as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “**SHST II TruPS**”);

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

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

(v) the undivided beneficial interests, having an aggregate liquidation amount of US\$50,000,000.00, in SFL Statutory Trust I, a Delaware statutory trust, issued pursuant to that certain Amended and Restated Declaration of Trust, dated as of December 15, 2004, among Wilmington Trust Company, as institutional trustee, the administrators of the issuer named therein, SFL as the sponsor of the issuer, and the holders from time to time of undivided beneficial interests in the assets of the issuer (the “**SFL TruPS**”).

“**TruPS Claims**” means Claims of any Person relating to or arising out of any TruPs, TruPS Junior Subordinated Debentures or TruPS Documents, including any Claims relating to or arising out of any TruPS Documents. For the avoidance of doubt, TruPS Claims shall include all of the Claims set forth in the preceding sentence that could be asserted by one or more of the several parties thereto without duplication.

“**TruPS Declarations**” means:

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

(ii) with respect to the SHST II TruPS, that certain Amended and

Restated Declaration of Trust by and among U.S. Bank National Association, as Institutional Trustee, Scottish Holdings, Inc., as Sponsor, and Paul Goldean and Oscar R. Scofield, as Administrators, dated as of October 29, 2003.

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

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

(v) with respect to the SFL TruPS, that certain Amended and Restated Declaration of Trust by and among Wilmington Trust Company, as Institutional Trustee, Wilmington Trust Company, as Delaware Trustee, Scottish Financial (Luxembourg) S.À.R.L., as Sponsor, and Paul Goldean and George Scott, as Administrators, dated as of December 15, 2004.

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

“TruPS Indentures” means:

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

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

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

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

as of May 12, 2004; and

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

“TruPS Junior Subordinated Debentures” means:

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

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

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

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

(v) with respect to the SFL TruPS, that certain Floating Rate Junior Subordinated Deferrable Interest Debenture between Scottish Financial (Luxembourg) S.À.R.L. and Wilmington Trust Company, due 2034.

“TruPS Parent Guarantees” means:

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

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

(iii) with respect to the GPIC TruPS, that certain Parent Guarantee Agreement by and between Scottish Annuity & Life Insurance Company (Cayman) Ltd. and JPMorgan Chase Bank, dated as of November 14, 2003;

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

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

“**TruPS Sponsor Guarantees**” means:

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

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

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

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

(v) with respect to the SFL TruPS, that certain Guarantee Agreement by and between Scottish Financial (Luxembourg) S.À.R.L and Wilmington Trust Company, dated as of December 15, 2004.

“**Winding Up Orders**” means: (a) the Order to be made by the Bermuda Court in the Bermuda Winding Up Proceedings that, among other things, will expand the powers and responsibilities of the Joint Provisional Liquidators such that they become Bermuda Full Powers Liquidators for SRGL; and (ii) the Order to be made by the Cayman Islands Court in the Cayman Islands Winding Up Proceeding that, among other things, will appoint Mr. McKenna and Ms. Fisher as the Joint Official Liquidators.

1.2 Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to such terms in the Stock Purchase Agreement, in the form attached hereto as **Exhibit B**.

1.3 In interpreting this Agreement, unless the context otherwise requires:

- (a) the headings to Articles are for convenience only and shall not affect the construction of anything in this Agreement;
- (b) references to Articles and Schedules are to be construed as references to the Articles of, and Schedules to, this Agreement, respectively;
- (c) references to the singular includes the plural and vice versa and

references to any gender includes the other genders;

- (d) a reference to “including” means including, without limitation;
- (e) references to a Party includes such Party’s successors-in-title, but does not include the Joint Liquidators;
- (f) reference to any statutory provision includes all prior and subsequent enactments, amendments and modifications relating to that provision and any subordinate legislation made under it; and
- (g) in the event that any additional SALIC Group Companies become debtors in Chapter 11 Cases that are commenced in the Bankruptcy Court with the consent of SRGL and SALIC and that are jointly administered with the Chapter 11 Cases of SALIC and SRGL, any reference in this Agreement to a “SALIC Party” or “SALIC Parties” shall be deemed to include reference to such additional SALIC Group Companies.

2 RECITALS

The above recitals are and shall be incorporated by reference in and made a part of this Agreement.

3 UNDERTAKINGS BY SRGL

Until the Termination Date:

3.1 SRGL shall:

- (a) to the extent not in agreed form prior to the date of this Agreement, use its commercially reasonable efforts to reach agreement on the terms of and cooperate and assist in the preparation of the Share Surrender Documents and New SALIC Shares Issuance Documents on terms consistent in all material respects with this Agreement;
- (b) within five (5) Business Days after the latest of the date that (w) the RIA Order is entered and effective by its terms, (x) the Cayman Court Power is obtained and effective by its terms, (y) the Bermuda Court’s Winding Up Order is made and effective by its terms, and (z) if it is determined in good faith by SALIC, after consultation with Maples and Calder, that regulatory approval of CIMA is required, the date that SALIC receives CIMA’s regulatory approval for the Initial Shares Surrender, execute and

deliver the Share Surrender Documents pertaining to the Initial Share Surrender;

- (c) if either Winding Up Order or the receipt of the Cayman Court Power is appealed by any Person (or if any petition for higher court review or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any of such Orders) subject to rights otherwise arising from this Agreement, at SRGL's own cost and expense, use commercially reasonable efforts to defend against any such appeal, petition for higher court review, or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument; and
- (d) execute and deliver any document or resolution, and give any notice, confirmation, consent, order, instruction or direction, make any application, filing, registration or announcement as may be reasonably necessary to support, facilitate, implement, consummate or otherwise effectuate the Share Surrender and New SALIC Shares Issuance in accordance with the Share Surrender Documents and New SALIC Shares Issuance Documents; provided in each case, that such actions are on terms in all material respects consistent with this Agreement.

3.2 Except as permitted by Section 3.3 of this Agreement, SRGL shall not:

- (a) take, encourage, assist or support (or procure that any other Person takes, encourages, assists or supports) any action which would, or would reasonably be expected to, breach or be inconsistent with the Restructuring Transactions, any Restructuring Document or this Agreement, including, without limitation, dismissing either Winding Up Proceeding; or
- (b) materially delay, impede, or prevent the implementation or consummation of the Restructuring (to the extent that the restructuring is being conducted in a manner otherwise consistent with this Agreement), including the Restructuring Steps and the Restructuring Transactions.

3.3 For the avoidance of doubt, this Article 3 is without prejudice to the ability of SRGL and its Representatives to participate in activities relating to a potential SRGL Debt Financing in accordance with Section 6.1(i) of the Stock Purchase Agreement, and nothing in this Agreement shall preclude SRGL or the Joint Liquidators from commencing and prosecuting any proceedings for SRGL under Chapter 15 of the Bankruptcy Code in furtherance of the Winding Up Proceedings.

3.4 Notwithstanding anything to the contrary in this Agreement, if the RIA Order has

not been entered and become effective by its terms by the 90th day after the Petition Date, SRGL may suspend all further performance under this Agreement until such time as the RIA Order has been entered and become effective by its terms.

4 UNDERTAKINGS BY SALIC PARTIES

Until the Termination Date:

- 4.1** The SALIC Parties each shall act in good faith and promptly take all actions reasonably necessary to support, facilitate, implement, consummate or otherwise effectuate the Restructuring Transactions in accordance with the terms of this Agreement and the Restructuring Documents, including:
- (a) reasonably negotiating, preparing, and executing and delivering the Restructuring Documents on terms consistent in all material respects with this Agreement and the SRGL Consent Rights prior to entering into, amending, supplementing or otherwise modifying any Specified Restructuring Document;
 - (b) making commercially reasonable efforts, in consultation with Maples and Calder, to determine in good faith whether CIMA approval is required for the Initial Shares Surrender, and if CIMA approval is required for the Initial Shares Surrender, to obtain CIMA's approval for the Initial Shares Surrender as expeditiously as practicable under the circumstances;
 - (c) making commercially reasonable efforts (i) to provide draft copies of all documents, motions, orders, procedures, agreements and other papers the SALIC Parties intend to file with the Bankruptcy Court to the Joint Liquidators and the JL Advisors no later than three (3) calendar days prior to the date the SALIC Parties intend to file any such document, motion, order, procedure, agreement or other paper (other than the Disclosure Statement, the Chapter 11 Plan and other Restructuring Documents, which shall be provided within a longer reasonable time) and (ii) to consult in advance in good faith with the Joint Liquidators and the JL Advisors regarding the form and substance of any such proposed filing with the Bankruptcy Court and to the extent that any Joint Liquidator or JL Advisor is in attendance at the Auction, prior to designating the Winning Bidder;
 - (d) executing and delivering any document and giving any notice, confirmation, consent, order, instruction or direction, making any application, filing, registration or announcement as may be necessary or

desirable to support, facilitate, implement, consummate or otherwise effectuate the Restructuring Transactions, provided in each case, on terms that are in all material respects consistent with this Agreement;

- (e) preparing for and filing for any legal process or proceedings and any supporting petitions or applications to any Governmental Authority, to support, facilitate, implement consummate or otherwise effectuate the Restructuring Transactions and Restructuring, in each case on terms that are in all material respects consistent with this Agreement; and
- (f) upon the occurrence of the Effective Date of the Chapter 11 Plan and the closing of the Stock Purchase Agreement, effect the New SALIC Shares Issuance in accordance with the New SALIC Shares Issuance Documents.

4.2 The SALIC Parties shall use commercially reasonable efforts to obtain, comply with and maintain in full force and effect any necessary authorization required under any Applicable Law to:

- (a) enable each SALIC Party to perform its obligations under the Restructuring Steps and Restructuring Documents; and
- (b) if the RIA Order, PSA Order, Bidding Procedures Order, Disclosure Statement Order or Confirmation Order is appealed by any Person (or if any petition for higher court review or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any of such Order) subject to rights otherwise arising from this Agreement, at the SALIC Parties' own cost and expense, use commercially reasonable efforts to defend against any such appeal, petition for higher court review, or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument.

4.3 The SALIC Parties shall:

- (a) cause their officers and counsel and other advisors to be available for conference calls and meetings at commercially reasonable times and on commercially reasonable notice to consult with and provide updates to the Joint Liquidators and the JL Advisors regarding the Restructuring Transactions; and
- (b) promptly following receipt thereof and to the extent not publicly available, provide the JL Advisors with copies of all proposals, term sheets or other material correspondences related to the Restructuring Transactions.

- 4.4** Except as provided in Section 4.5 of this Agreement, the SALIC Parties shall not:
- (a) take, encourage, assist or support (or procure that any other Person takes, encourages, assists or supports) any action which would, or would reasonably be expected to, breach or be inconsistent with the any of the Restructuring Transactions, any Restructuring Document or this Agreement;
 - (b) materially delay or impede, or prevent, the implementation or consummation of any Restructuring Transaction, the Winding Up Proceedings (to the extent that the Winding Up Proceedings are being conducted in a manner otherwise consistent with this Agreement) or any proceeding under chapter 15 of the Bankruptcy Code commenced by SRGL or the Joint Liquidators in furtherance of the Winding Up Proceedings; or
 - (c) following the Initial Shares Surrender, issue any New SALIC Shares other than in accordance with the New SALIC Shares Issuance or with prior written approval of SRGL.
- 4.5** For the avoidance of doubt, this Article 4 is without prejudice to the ability of any officer, director or employee of any SALIC Group Company that is also an officer or director of SRGL to participate in activities concerning a potential SRGL Debt Financing in accordance with Section 6.1(i) of the Stock Purchase Agreement.

5 RESTRUCTURING STEPS

- 5.1** Each of the Parties will use commercially reasonable efforts to accomplish the following:
- (a) by no later than one (1) Business Day after execution of this Agreement, SRGL will approve SALIC filing a voluntary Chapter 11 bankruptcy petition in the Bankruptcy Court by the deadline set forth in the Stock Purchase Agreement;
 - (b) by no later than one (1) Business Day after execution of this Agreement, SALIC will approve SHI filing a voluntary Chapter 11 bankruptcy petition in the Bankruptcy Court by the deadline set forth in the Stock Purchase Agreement; and
 - (c) by no later than the date of the applicable deadline set forth in the Stock Purchase Agreement, SALIC and SHI each will file voluntary Chapter

11 bankruptcy petitions in the Bankruptcy Court.

5.2 Each SALIC Party will use commercially reasonable efforts:

- (a) to cause the Bankruptcy Court to enter the RIA Order within 35 days after the Petition Date;
- (b) to cause the Bankruptcy Court to enter the PSA Order within 35 days after the Petition Date;
- (c) to cause the Bankruptcy Court to enter the Bidding Procedures Order within 21 days after the Petition Date;
- (d) to cause the Bankruptcy Court to enter the Disclosure Statement Order within 90 days after the Petition Date; and
- (e) to cause the Bankruptcy Court to enter the Confirmation Order within 45 days after the Disclosure Statement Order is entered.

5.3 SRGL will use commercially reasonable efforts:

- (a) to request the Bermuda Court to make a Winding Up Order for SRGL, which shall include extending the powers of the Joint Provisional Liquidators, within 21 days after the Petition Date;
- (b) to pursue its pending application to the Cayman Islands Court for a Winding Up Order appointing John C. McKenna of Finance & Risk Services Ltd., and Eleanor Fisher of Kalo (Cayman) Limited as Joint Official Liquidators within 21 days after the Petition Date; and
- (c) to apply to the Cayman Islands Court to make the Cayman Court Power so that such Cayman Court Power is fully enforceable by its terms by no later than 35 days after the Petition Date.

For the avoidance of doubt, the time periods for performing any of the actions set forth in this Article 5 may be extended by written agreement of the Parties without further approval of any Governmental Authority, but only to the extent consistent with the Stock Purchase Agreement or with the consent of the Purchaser.

5.4 Restructuring Documents. The Parties acknowledge and agree that:

- (a) To the fullest extent permissible under Applicable Law, the Cayman Court Power, the Winding Up Orders, the RIA Order, the Share Surrender Documents and the New SALIC Shares Issuance Documents

each must be in form and substance reasonably acceptable to each of the Parties and consistent in all material respects with this Agreement and the Stock Purchase Agreement, and otherwise subject to the SRGL Consent Rights;

- (b) All Restructuring Documents, other than those set forth in Section 5.4(a) above must be consistent in all material respects with this Agreement and the Stock Purchase Agreement;
- (c) To the fullest extent permissible under Applicable Law, as set forth more fully in the Plan Term Sheet, the Chapter 11 Plan shall contain mutual releases, limitations of liability, exculpatory provisions and related injunctive relief for the benefit of SRGL, the Joint Liquidators, the SALIC Parties, the Purchaser, the Plan Sponsor, their respective Affiliates and their respective Representatives, which provisions shall be in all respects consistent with this Agreement, the Stock Purchase Agreement and the Plan Sponsorship Agreement; and
- (d) The Specified Restructuring Documents are subject to the SRGL Consent Rights.

6 SALIC CLAIMS; DISTRIBUTIONS ON ACCOUNT THEREOF IN WINDING UP PROCEEDINGS

6.1 Subject to the completion of the Initial Shares Surrender, SRGL acknowledges and agrees that:

- (a) SRGL is unconditionally liable, without defense, counterclaim, offset or setoff of any kind to SALIC on account of the SALIC/SRGL Revolver Claims in an amount not less than US\$77,505,389, plus additional interest, fees and other charges that may have accrued or may accrue on or after January 1, 2018;
- (b) as of the Agreement Date it may be indebted to SALIC or other SALIC Group Companies for certain SALIC Group Services Claims; provided, however, that the Parties agree that any such SALIC Group Services Claims existing as of the Agreement Date do not exceed US\$100,000 in the aggregate; and
- (c) SALIC, in connection with the Winding Up Proceedings (but not otherwise), shall receive, on account of the SALIC Claims, equal and ratable treatment and distributions with other unsecured claims against SRGL, if any, excluding only any such unsecured claims that are part of a preferred class of claims under applicable Bermuda or Cayman Islands Law.

6.2 For the avoidance of doubt, this Agreement is without prejudice to the right of SRGL, in accordance with applicable Bermuda and Cayman Islands law governing the Winding Up Proceedings, to reserve such amounts, if any, that SRGL or the Joint Liquidators reasonably determine in good faith to be necessary to fund the reasonable fees and expenses of SRGL, the Joint Liquidators, and the JL Advisors in connection with the Winding Up Proceedings and any Chapter 15 proceedings in respect thereof and any other amounts that SRGL or the Joint Liquidators are permitted to retain under Cayman Islands and Bermuda law, including the Companies (Winding Up) Rules 1982 or the Companies Act 1981; and Cayman Islands law, including the Companies Law (2016 Revision), the Companies Winding Up Rules 2008 (as amended) or Cayman Islands common law.

7 SRGL TruPS CLAIMS AND HOLDINGS; DISTRIBUTIONS ON ACCOUNT THEREOF IN CHAPTER 11 CASES

7.1 Subject to the completion of the Initial Shares Surrender, the SALIC Parties acknowledge and agree that as of the Agreement Date: (a) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$20,000,000, plus deferred interest as of December 31, 2017 in the amount of US\$5,025,241.00, plus additional interest, fees and other charges that may accrue, in SHST II; (b) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$10,000,000, plus deferred interest as of December 31, 2017 in the amount of US\$2,506,585, plus additional interest, fees and other charges that may accrue, in GPIC; (c) SRGL holds undivided beneficial interests having an aggregate liquidated amount of approximately US\$13,000,000, plus deferred interest as of December 31, 2017, in the amount of US\$3,175,458, plus additional interest, fees and other charges that may accrue, in SHST III; (d) SALIC is unconditionally liable under the TruPS Parent Guarantees issued in connection with the SRGL TruPS Holdings in an amount not less than the aggregate of the amounts set forth in clauses (a), (b) and (c) above, without defense, counterclaim, offset or setoff of any kind, which liability is an unsecured, nonpriority Claim against SALIC; (e) SHI is unconditionally liable under the TruPS Sponsor Guarantees issued in connection with the SRGL TruPS Holdings in an amount not less than the aggregate of the amounts set forth in clauses (a), (b) and (c) above, without defense, counterclaim, offset or setoff of any kind, which liability is an unsecured, nonpriority Claim against SHI. The foregoing stipulated amounts are the aggregate amounts that may be asserted on account of the SRGL TruPS Claims, whether by SRGL on account of its SRGL TruPS Holdings or by any trustee or other fiduciary under any TruPS Document acting on behalf or for the benefit of the SRGL TruPS Holdings.

7.2 Subject to the completion of the Initial Shares Surrender, the SALIC Parties acknowledge and agree that the treatment afforded the SRGL TruPS Claims under the Chapter 11 Plan shall be consistent with that set forth in the Plan Term Sheet

and not materially disparate from the treatment to be afforded to Other TruPS Claims under the Chapter 11 Plan.

8 [RESERVED]

9 LIMITATIONS

Notwithstanding any other provision of this Agreement, nothing in this Agreement or the Restructuring Documents shall require any Party or the Joint Liquidators to (whether by action or omission) breach, or procure the breach of (in each case provided that such breach cannot be avoided or removed by taking commercially reasonable steps):

- 9.1** any Applicable Law;
- 9.2** without limiting the scope of Section 9.1 hereof, any obligations of the Joint Liquidators or their respective financial or legal advisors pursuant to, in the case of the Joint Liquidators appointed by the Bermuda Court, the Companies Act 1981 and Companies (Winding Up) Rules 1982 of Bermuda and any Orders of the Bermuda Court and in the case of the Joint Liquidators appointed by the Cayman Islands Court (as applicable), the Companies Law (2016 Revision) and the Companies Winding up Rules 2008 (as amended) of the Cayman Islands and any Orders of the Cayman Islands Court;
- 9.3** any Order, judgment or direction of any relevant court or Governmental Authority; or
- 9.4** any fiduciary duties owed by a Party (or such Party's officers, directors or managers) or Joint Liquidator under Applicable Law.

For the avoidance of doubt, a Party's failure to perform its obligations under this Agreement due to any of the limitations set forth in Sections 9.1 through 9.4 above (the "**Limitations**") may constitute a material breach of this Agreement entitling the other Parties to terminate this Agreement pursuant to Article 10 hereof; provided, however, that any such material breach shall not entitle other Parties to this Agreement to any damages or other relief under this Agreement.

10 TERMINATION

10.1 Mutual Voluntary Termination

This Agreement may be terminated with immediate effect by a signed writing executed by each of the Parties, subject, as to the SALIC Parties, to the prior written consent of the Purchaser.

10.2 Unilateral Termination by Any of the Parties

Any Party may terminate this Agreement without further approval by any Court or other Governmental Authority effective five (5) Business Days after such Party delivers written notice in accordance with Article 13 of this Agreement (such notice, a “**Termination Notice**”), with a copy delivered simultaneously to the Purchaser, of one or more of the following events:

- (a) except through the action or inaction (where such Party has a duty to act) of the Party issuing the Termination Notice, the Bermuda Court or Cayman Islands Court denies on a final basis to make a Winding Up Order for SRGL;
- (b) except through the action or inaction (where such Party has a duty to act) of the Party issuing the Termination Notice, either Winding Up Proceeding is dismissed with prejudice to re-filing a winding up proceeding for SRGL;
- (c) except through the action or inaction (where such Party has a duty to act) of the Party issuing the Termination Notice, the Cayman Islands Court denies on a final basis to grant the Cayman Court Power;
- (d) the board of directors or managers (or comparable governing body) or court-appointed fiduciary (including, in the case of SRGL, the Joint Liquidators), as applicable, of the Party has determined in good faith based upon advice of his, her or its counsel that continued performance under this Agreement would be inconsistent with the Limitations set forth in Article 9 of this Agreement; provided, however, that the SALIC Parties shall not deliver a Termination Notice on this basis without first providing the Purchaser with at least three (3) Business Days’ prior written notice of their intent to do so;
- (e) another Party is in material default of such Party’s obligations under this Agreement, including but not limited to a material breach of this Agreement resulting from failure to perform due to the Limitations, and, to the extent such default is capable of cure, such default has not been cured within 10 Business Days of the non-breaching Party’s provision of written notice of such default in accordance with Article 13 of this Agreement to the defaulting Party; provided, however, that the SALIC Parties shall not deliver a Termination Notice on this basis without the prior written consent of the Purchaser;
- (f) the RIA Order or Confirmation Order ceases to be in full force and effect, is reversed, stayed, vacated or subjected to a stay pending appeal

or is amended, supplemented or otherwise modified in any manner that materially and adversely alters or impairs the rights or obligations under this Agreement of the Party delivering such notice and the RIA Order or Confirmation Order, as applicable, has not been reinstated to its former full force and effectiveness within thirty (30) days after the occurrence of such event; or

- (g) the SALIC Parties or the Plan Sponsor terminates the Plan Sponsorship Agreement or the Stock Purchase Agreement pursuant to its terms; provided, however, that termination of the Plan Sponsorship Agreement and/or the Stock Purchase Agreement shall not constitute a basis to deliver a Termination Notice if a Person or Persons other than the Purchaser have been designated the Winning Bidder or Winning Bidders following the Auction and such Winning Bidder or Winning Bidders have executed transaction documents in connection with their Winning Bid or Winning Bids that in the aggregate are on terms and conditions not materially less favorable to the Party that would be delivering the Termination Notice than the terms and conditions contained in the Stock Purchase Agreement and Plan Sponsorship Agreement.

10.3 Unilateral Termination by SRGL

This Agreement may be terminated by SRGL effective, except as otherwise provided below, five (5) Business Days after SRGL's delivery of a Termination Notice to the SALIC Parties, with a copy delivered simultaneously to the Purchaser, each in accordance with Article 13 of this Agreement, if:

- (a) the Bankruptcy Court enters an Order denying the RIA/PSA Motion with prejudice to any future requests by the SALIC Parties in the Chapter 11 Cases to assume this Agreement or otherwise approve its material terms, and in such event the termination of this Agreement shall be automatically effective, without need for SRGL to deliver a Termination Notice, ten (10) Business Days after entry of such Order;
- (b) the closing under the SPA or the Effective Date of the Chapter 11 Plan has not occurred by March 31, 2019, and in such event the termination of this Agreement shall be automatically effective without need for SRGL to deliver a Termination Notice;
- (c) the Bankruptcy Court or any court of competent jurisdiction enters an Order granting relief inconsistent with this Agreement that eliminates or materially and adversely reduces anticipated distributions under the Chapter 11 Plan on account of SRGL TruPS Claims but does not comparably eliminate or materially reduce anticipated distributions under the Chapter 11 Plan on account of the Other TruPS Claims that are

similarly situated; or

- (d) the Bankruptcy Court enters or makes an Order (i) disallowing all or any substantial part of the SRGL TruPS Claims (including pursuant to section 502(d) of the Bankruptcy Code), (ii) recharacterizing as equity all or any substantial part of the SRGL TruPS Claims, (iii) subordinating all or any substantial part of the SRGL TruPS Claims to similarly situated Other TruPS Claims, (iv) reducing the SRGL TruPS Claims to an amount less than the stipulated amount of the SRGL TruPS Claims set forth in Section 7.1 of this Agreement or (v) otherwise subject the SRGL TruPS Claims to treatment that is materially inferior to the treatment that similarly situated Other TruPS Claims are receiving in the Chapter 11 Cases.

10.4 Unilateral Termination by SALIC Parties

This Agreement may be terminated by any SALIC Party effective five (5) Business Days after such SALIC Party's delivery of a Termination Notice to SRGL and the Joint Liquidators, with a copy to the Purchaser, each in accordance with Article 13 of this Agreement, if:

- (a) the Bermuda Court, the Cayman Islands Court or any court of competent jurisdiction enters an Order granting relief inconsistent with this Agreement that materially and adversely reduces the actual or anticipated distributions on account of SALIC/SRGL Revolver Claim relative to the actual or anticipated distributions to *pari passu* Claims in the Winding Up Proceedings; or
- (b) the Bermuda Court, the Cayman Islands Court or any other court of competent jurisdiction makes or enters an Order (i) disallowing all or a substantial part of the SALIC/SRGL Revolver Claim, (ii) recharacterizing as equity all or any substantial part of the SALIC/SRGL Revolver Claim, (iii) subordinating all or any substantial part of the SALIC/SRGL Revolver Claim to Claims that otherwise have similar priority of distribution in the Winding Up Proceedings, (iv) reducing the SALIC/SRGL Revolver Claim to an amount less than the stipulated amount of the SALIC/SRGL Revolver Claim set forth in Section 6.1 of this Agreement, or (v) otherwise subjecting the SALIC/SRGL Revolver Claim to treatment that is materially inferior to the treatment that *pari passu* Claims are receiving in the Winding Up Proceedings.

10.5 Effect of Termination

- (a) If this Agreement terminates in accordance with this Article 10 (*Termination*), the Parties shall immediately be released from all of their undertakings and other obligations under this Agreement, including any

acknowledgements, stipulations or other agreements pertaining to SRGL TruPS Claims and the SALIC Claims; provided, however, that such termination:

- (i) shall not limit or prejudice the rights of each Party against any other Party which relate to any Party's unexcused breaches of this Agreement; provided, further, that for the avoidance of doubt, no Party or Joint Liquidator shall have or incur any liability to any other Party or Joint Liquidator under this Agreement for any breach of any provision of this Agreement for which such Party or Joint Liquidator's performance was excused solely or primarily pursuant to Article 9 (*Limitations*) of this Agreement;
 - (ii) shall not limit the effectiveness of Article 1 (*Interpretation*), Section 4.6 (*Undertakings by the SALIC Parties*), Section 4.4(c) (*Undertakings by SALIC Parties*) (but as to Section 4.4(c), only if termination is pursuant to Section 10.2(e) on account of a SALIC Party's material default of its obligations under this Agreement), Section 10.5 (*Effect of Termination*), Article 11 (*Acknowledgement*), Article 12 (*Confidentiality and Announcements*), Article 13 (*Notices*), Article 14 (*Enforcement by Third Parties*), Article 15 (*Joint Liquidators' Liability*), Article 16 (*Governing Law*) and Article 17 (*General*); and
 - (iii) shall be without prejudice to any rights or obligations arising under or in connection with the SRGL TruPS Claims, the SALIC Claims, the SRGL Revolver Facility or SALIC/SRGL Revolver Facility Documents; provided, however, that if such termination takes place following the New SALIC Share Issuance, such termination shall not limit the effectiveness of Article 6 (*SALIC Claims; Distributions on Account Thereof in Winding Up Proceedings*) and Article 7 (*SRGL TruPS Claims and Holdings; Distributions on Account Thereof in Chapter 11 Cases*).
- (b) In the event that this Agreement is terminated in accordance with its terms after the Initial Shares Surrender has been completed (but before the New SALIC Shares Issuance has occurred) and such termination was for a reason other than pursuant to Section 10.2(e) on account of a breach of this Agreement by SRGL, then within five (5) Business Days after the termination of this Agreement is effective, (x) to the extent practicable, SALIC shall return to SRGL all Ordinary Shares previously surrendered by SRGL to SALIC as part of the Initial Shares Surrender, or (y) to the extent that the Ordinary Shares are no longer capable of being returned to SRGL, to the extent practicable, SALIC shall cause Ordinary Shares with like properties (including their par value) to be issued to SRGL

equal in number to the Ordinary Shares surrendered by SRGL.

10.6 Automatic Stays

To the fullest extent permitted under Applicable Law, the Parties agree that the delivery of a Termination Notice under this Agreement shall not be a violation of any applicable stay that automatically arises in connection with the Winding Up Proceedings or the Chapter 11 Cases (including the automatic stay of section 362 of the Bankruptcy Code) and, to the fullest extent permitted under Applicable Law, the Parties waive the applicability of any such stay to the giving of such Termination Notice.

11 ACKNOWLEDGEMENT

Notwithstanding any other provision herein, this Agreement is not and shall not be deemed to be an offer with respect to any securities or solicitation of votes for the acceptance of a plan of reorganization for purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. Any such offer or solicitation will be made only in compliance with all applicable securities laws and provisions of the Bankruptcy Code. The SALIC Parties will not solicit acceptances of the Chapter 11 Plan or any other plan of reorganization in any manner inconsistent with the Bankruptcy Code or applicable bankruptcy law and rules and orders of the Bankruptcy Court.

12 CONFIDENTIALITY AND ANNOUNCEMENTS

12.1 Subject to Section 12.2, each Party agrees to keep confidential and not disclose any information, including with respect to the Purchaser, that reasonably ought to be considered confidential received by any other Party in connection with this Agreement, the Restructuring Documents and the Restructuring.

12.2 Any Party may disclose any information that it is otherwise required to be kept confidential under this Article 12 (*Confidentiality and Announcements*):

- (a) to the extent that it is already in possession of such information or such information is generally known to the public (in each case, not as a result of a breach of any duty of confidentiality);
- (b) to its professional advisers, directors, employees and officers; provided, however, that such directors, employees and officers shall have been instructed to treat the information as commercially sensitive, confidential and privileged in accordance with the provisions of this Agreement;
- (c) to its auditors;
- (d) to the Plan Sponsor or any other prospective purchaser of some or all of

the stock or assets of the Debtors; provided, however, that the Plan Sponsor or such other prospective purchaser(s) shall execute a form of confidentiality agreement consistent with the terms of this Article 12 (*Confidentiality and Announcements*) as a precondition to accessing such information;

- (e) to Governmental Authorities or other Persons or entities to the extent that disclosure is required by Applicable Law;
- (f) to other Persons or entities to the extent disclosure is required or requested by a relevant regulatory body, tax authority, governmental authority or securities exchange;
- (g) with the prior written approval of the Party that provided the information; and
- (h) to the Joint Liquidators, who may disclose information that it is otherwise required to be kept confidential under this Article 12 (*Confidentiality and Announcements*) to the extent such disclosure is made in the exercise of the duties of the Joint Liquidators or to the extent such disclosure is required to enable the Joint Liquidators to properly carry out the duties of their office.

12.3 No announcement, statement, circulation, or other publicity in connection with this Agreement or its subject matter (unless otherwise permitted by this Agreement) shall be made by or on behalf of the Parties, without the prior written approval of the Parties (such approval not to be unreasonably withheld or delayed).

13 NOTICES

- 13.1** Any confirmation or notice given under this Agreement must be in writing in the English language and may be given in person or by hand, post, courier or email.
- 13.2** The contact details (names, mailing addresses (courier addresses, if different), contact person and title thereof, and email addresses) of the Parties, the Purchaser and the Joint Liquidators for all notices under this Agreement are as follows:

To SRGL:

Prior to the appointment of the Joint Official Liquidators:

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

After the appointment of the Joint Official Liquidators:

At the contact information for the Joint Liquidators set forth below.

To the Joint Liquidators:

Eleanor Fisher
Kalo (Cayman) Limited
PO Box 776
38 Market Street
Suite 4208, Canella Court
Camana Bay
Grand Cayman, KY1-9006
Telephone: (345) 814-4035
Email: efisher@kaloadvisors.com

John C. McKenna
Finance & Risk Services Ltd.
P.O. Box HM 321
Hamilton HM BX
Bermuda
Telephone: (441) 292-5526
Email: john.mckenna@frsl.bm

with copies (which shall not constitute notice to the Joint Liquidators for the purposes of this Article 13) to:

Robin J. Mayor
Conyers Dill & Pearman
Clarendon House
2 Church Street, Hamilton HM 11 Bermuda
Telephone: (441) 299-4929
Email: robin.mayor@conyersdill.com

Aristos Galatopoulos
Maples and Calder
PO Box 309, Ugland House South Church Street
KY1-1104 George Town
Grand Cayman
Cayman Islands
Telephone: (345) 814-5241
Email: aristos.galatopoulos@maplesandcalder.com

Ned S. Schodek
Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Telephone: (212) 848-7052
Email: ned.schodek@shearman.com

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 Article 13) to:

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 Article 13 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.

- 13.3** Any Party hereto and any Joint Liquidator may modify its contact details by providing written notice thereof to the other Parties and the Joint Liquidators in accordance with this Article 12, which such changes deemed to be effective three (3) Business Days after the date such notice is provided.
- 13.4** Any notice under this Agreement will be deemed to be given as follows:
- (a) if in person, at the time of delivery;
 - (b) if by inland post, three Business Days after being deposited in the post, postage prepaid in a correctly addressed envelope;
 - (c) if by international priority courier delivery, three days after delivery to such courier; or
 - (d) if by email or fax, when received in legible form.
- 13.5** For the purpose of this Agreement, an email notice will be treated as being in writing.
- 13.6** Any notice given to SRGL hereunder shall also be given to the Joint Liquidators, whether or not the Joint Liquidators are full powers liquidators at the time of the giving of such notice.

14 ENFORCEMENT BY THIRD PARTIES

There shall be no third party beneficiaries to this Agreement, except that:

- 14.1** The Joint Liquidators shall be express third party beneficiaries to this Agreement and entitled, as if they were a party to this Agreement, to enforce and enjoy the

benefit of all limitations, exclusions, undertakings and covenants in their favor and in favor of SRGL contained in this Agreement, from which the Joint Liquidators will continue to benefit notwithstanding their discharge from office as Joint Liquidators of SRGL;

- 14.2** Each of the Joint Liquidators' firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of Article 15 (*Joint Liquidators' Liability*) as if they were a party to this Agreement;
- 14.3** any person who from time to time is appointed as a liquidator of SRGL (including pursuant to an order of the Bermuda Court and/or the Cayman Islands Court) shall be entitled to rely on, enforce and enjoy the benefit of the rights granted to the Joint Liquidators under this Agreement and any such person and his or her firm, its members, partners, directors, officers, employees, agents, advisers and representatives shall be entitled to rely on, enforce and enjoy the benefit of Article 15 (*Joint Liquidators' Liability*) as if they were a party to this Agreement; and
- 14.4** The Plan Sponsor or Purchaser, as applicable, is an intended third-party beneficiary of and may enforce Article 3 (*Undertakings by SRGL*), Article 4 (*Undertakings by SALIC Parties*), Article 5 (*Restructuring Steps*), any provision of Article 10 (*Termination*) requiring prior notice to or prior written consent of the Purchaser or Plan Sponsor, Article 12 (*Confidentiality and Announcements*), and this Article 14 (*Enforcement by Third Parties*).

15 JOINT LIQUIDATORS' LIABILITY

Any Restructuring Documents to be executed by the Joint Liquidators (unless expressly otherwise stated therein) or other actions to be taken by the Joint Liquidators in furtherance of the Restructuring Transactions will be done by the Joint Liquidators solely in their capacity as Court-appointed agents of SRGL, acting without personal liability. The Joint Liquidators are not Parties to this Agreement and are third-party beneficiaries to this Agreement as set forth in Article 14 above, and neither the Joint Liquidators, nor any subsequent liquidator (whether appointed pursuant to an order of the Bermuda Court, the Cayman Islands Court or otherwise), nor any of their firm, partners, employees, advisers, representatives or agents shall incur any personal liability whatsoever under this Agreement (or any agreements or arrangements entered into pursuant to or referred to in this Agreement), howsoever arising.

16 GOVERNING LAW

- 16.1** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.
- 16.2** The Parties irrevocably agree that prior to the Petition Date only the Bermuda

Court or the Cayman Islands Court shall have jurisdiction to hear and determine any suit, action or proceeding and/or to settle any dispute which may arise out of or in connection with or in any way relate to this Agreement and which involves the rights, claims, duties or liability of SRGL or either Joint Liquidator. Each of the Parties irrevocably waives any objection which it might now or hereafter have to the Cayman Islands Court and the Bermuda Court being nominated as the forum to hear and determine any such suit, action or proceeding and/or any dispute.

- 16.3** The Parties irrevocably agree that, following the Petition Date and except as otherwise provided in Section 16.4, only the Bankruptcy Court shall have jurisdiction to hear and determine any suit, action or proceeding and/or to settle any dispute which may arise out of or in connection with or in any way related to this Agreement. Except as otherwise provided in Section 16.4, each of the Parties irrevocably waives any objection which it might now or hereafter have to the Bankruptcy Court being nominated as the forum to hear and determine any such suit, action or proceeding and/or any dispute.
- 16.4** Sections 16.2 and 16.3 shall in no way restrict or otherwise affect the supervisory jurisdiction of the Bankruptcy Court, the Bermuda Court or the Cayman Islands Court in relation to the respective bankruptcy or liquidation proceedings before those Governmental Authorities and each of those Governmental Authorities shall, among other things, retain exclusive jurisdiction to interpret their own orders. It is expressly understood and agreed by the Parties that the Joint Liquidators are not Parties to this Agreement and do not consent to and shall not be subject to the jurisdiction of the Bankruptcy Court and that only the Bermuda Court or the Cayman Islands Court shall have jurisdiction over any suits, actions, or proceedings naming the Joint Liquidators as parties and/or to settle any dispute which may arise out of or in connection with or in any way related to: (a) the exercise of SRGL of its rights under Section 10.2(a) or 10.2(c) to terminate this Agreement; (b) SRGL's failure to perform its obligations under this Agreement pursuant to Article 9; and (c) any interpretation of Section 12.2(h), Section 14.1, Section 14.2, Section 14.3 and Article 15 (*Joint Liquidators' Liability*). Each of the Parties irrevocably waives any objection which it might now or hereafter have to the Cayman Islands Court or the Bermuda Court being nominated as the forum to hear and determine any such suit, action or proceeding and/or any such dispute. Further, it is expressly understood and agreed by the Parties that the Share Surrender Documents and the New SALIC Shares Issuance Documents, shall be governed by the laws of the Cayman Islands and subject to the exclusive jurisdiction of the Cayman Islands Court.
- 16.5** The Bermuda Court, and if Cayman Islands Joint Official Liquidators are appointed by the Cayman Islands Court or an order winding up SRGL is made in the Cayman Islands, the Cayman Islands Court, shall have exclusive jurisdiction of any and all matters relating to the liquidation of SRGL and the powers and actions of the Joint Liquidators in those respective jurisdictions.

17 GENERAL

- 17.1** This Agreement may not be modified, amended or supplemented except in a writing executed by each of the Parties and the written consent of the Joint Liquidators.
- 17.2** This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns and transferees.
- 17.3** Failure by the Parties to require performance of any term or condition of this Agreement shall not prevent the subsequent enforcement of such term or condition nor shall such failure be deemed to be a waiver of any subsequent breach of this Agreement, or any right or remedy granted by this Agreement or by the general law in respect of such breach.
- 17.4** The terms of this Agreement represent the entire agreement between the Parties relating to the subject matter of this Agreement and this Agreement supersedes any previous arrangement between the Parties in relation to the matters dealt with in this Agreement.
- 17.5** This Agreement may be executed in hard copy, by original fax or by pdf copy in any number of counterparts, and by each of the Parties on separate counterparts, each of which so executed and delivered will be an original, but all counterparts will together constitute one and the same Agreement.

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

SCOTTISH RE GROUP LIMITED

By: 
Name: Gregg Klingenberg
Title: Chief Executive Officer

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

By: 

Name: Gregg Klingenberg

Title: Chief Executive Officer

SCOTTISH HOLDINGS, INC.


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

EXHIBIT A

PLAN SPONSORSHIP AGREEMENT

Exhibit A, Plan Sponsorship Agreement, Intentionally Omitted

See Plan Sponsorship Agreement attachment to the Motion

EXHIBIT B

STOCK PURCHASE AGREEMENT

Exhibit B, Stock Purchase Agreement, Intentionally Omitted

See Exhibit B to D.I. 27

Exhibit B

Proposed PSA Order

**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

**ORDER AUTHORIZING DEBTORS TO ASSUME PLAN SPONSORSHIP
AGREEMENT AND GRANTING RELATED RELIEF**

Upon the *Debtors' Motion For: (A) Order Authorizing Debtors' Assumption Of Restructuring Implementation Agreement And Granting Related Relief; And (B) Order Authorizing Debtors' Assumption Of Plan Sponsorship Agreement And Granting Related Relief* [D.I. ___] (the "Motion"), insofar as such Motion seeks authorization for the above-captioned debtors and debtors-in-possession (together, the "Debtors") to assume the Plan Sponsorship Agreement attached hereto as Exhibit 1 (the "PSA");² and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

requested in the Motion (the “Hearing”); and upon consideration of the First Day Declaration, the record of the Hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors’ estates, their creditors and other parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED, as set forth herein.
2. The Debtors are authorized to: (a) assume the PSA in its entirety and, effective as of the date of entry of this Order, the PSA is hereby assumed pursuant to section 365(a) of the Bankruptcy Code; (b) comply with the terms of the PSA; and (c) take any and all actions necessary to implement the terms of the PSA (except for actions that require further orders of the Court); *provided* that such actions shall not constitute a solicitation of acceptances or rejections of a plan pursuant to section 1125 of the Bankruptcy Code.
3. The PSA shall be binding and specifically enforceable against the parties thereto in accordance with its terms.
4. The Debtors are authorized to pay all fees and expenses contemplated under the PSA , in accordance with its terms, which fees and expenses should not be subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether contractual, equitable, or otherwise), counterclaims, crossclaims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity, and to otherwise perform under the terms of the PSA.

5. The failure to describe specifically or include any particular provision of the PSA in the Motion or this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the PSA be assumed by the Debtors in its entirety.

6. The Debtors are authorized, but not directed, to enter into amendments to, modifications of or waivers of terms of the PSA, from time to time as necessary, subject to the terms and conditions set forth in the PSA and without further order of the Court. Within two (2) Business Days of the effective date of each such amendment, the Debtors will file a notice attaching a copy of any such amendments with the Court.

7. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

8. To the extent the automatic stay provisions of section 362 of the Bankruptcy Code would otherwise apply, such provisions are vacated and modified to permit the delivery of any notice of termination pursuant to the PSA or the Stock Purchase Agreement.

9. Except for the rights of the Joint Liquidators and the Plan Sponsor and except as expressly stated within the PSA, the PSA shall be solely for the benefit of the parties thereto and no other person or entity shall be a third-party beneficiary to the PSA. Except as expressly provided in the PSA, no entity, other than the parties to the PSA shall have any right to seek or enforce specific performance under the PSA.

10. The failure of any party to seek relief or otherwise exercise its rights and remedies under this Order, the PSA, or applicable law, as the case may be, shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of any of the parties.

11. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

13. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

Date: _____, 2018

THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

PSA

THIS PLAN SPONSORSHIP AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

PLAN SPONSORSHIP AGREEMENT

January 28, 2018

This PLAN SPONSORSHIP AGREEMENT (including all exhibits and schedules attached hereto, and as may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof, this “**Agreement**”) is entered into by and among the following parties as of the date set forth immediately above:

- (a) **Scottish Annuity & Life Insurance Company (Cayman) Ltd.**, an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands (“**SALIC**”);
- (b) **Scottish Holdings, Inc.**, a Delaware corporation (“**SHI**,” and together with SALIC, the “**SALIC Parties**”); and
- (c) **HSCM Bermuda Fund Ltd.**, a Bermuda limited company (“**Plan Sponsor**,”) and collectively with the SALIC Parties, the “**Parties**”)

RECITALS

- (A) SALIC and certain of its direct and indirect subsidiaries, including Scottish Re (U.S.), Inc. (“**SRUS**”), are engaged in the reinsurance of life insurance, annuities and annuity-type products (the “**SALIC Group Business**”).
- (B) Scottish Re Group Limited, an exempted company limited by shares incorporated and existing under the laws of the Cayman Islands (“**SRGL**”), SALIC, SHI and certain of their affiliates have undertaken an evaluation of strategic alternatives and have determined to effectuate a restructuring of themselves and the SALIC Group Business with the assistance of their legal and financial advisors on the terms set forth in the Restructuring Documents (as defined below) (the “**Restructuring**”).
- (C) On May 17, 2017, SRGL (i) commenced a winding up proceeding (the “**Bermuda Winding Up Proceeding**”) in the Supreme Court of Bermuda (the “**Bermuda Court**”) by filing a petition (the “**Bermuda Winding Up Petition**”) seeking its winding up pursuant to Part XIII of the Bermuda Companies Act 1981 and other applicable Bermuda law, and (ii) commenced a parallel winding up proceeding (the “**Cayman Islands Winding Up Proceeding**,” and together with the Bermuda Winding Up Proceeding, the “**Winding Up Proceedings**”) in 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**”) seeking its winding up under Cayman Islands law.

- (D) 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.
- (E) 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 for SRGL in connection with the Bermuda Winding Up Proceeding (the “**Joint Provisional Liquidators**”).
- (F) The Parties contemplate that, following the execution of this Agreement, (i) upon the application by SRGL, the Bermuda Court will make a winding up order for SRGL and will grant the Joint Provisional Liquidators wider powers as set forth in the Bermuda Act, and (ii) the Cayman Islands Court will make a winding up order and appoint Mr. McKenna and Ms. Fisher as joint official liquidators in the Cayman Islands Winding Up Proceeding (in such capacity following the making of the winding up orders in the Bermuda Winding Up Proceeding and the Cayman Islands Winding Up Proceeding, and without personal liability, the “**Joint Official Liquidators**”), the effect of which will be to displace the powers of the Board of SRGL.
- (G) On January 19, 2018, pursuant to a duly authorized written shareholder resolution from SRGL, each US\$1.00 par value Ordinary Share (as defined herein) was subdivided into 1,000 US\$0.001 par value Ordinary Shares (such event, the “**SALIC Share Subdivision**”). After giving effect to the SALIC Share Subdivision, as of the Agreement Date, SALIC’s authorized share capital is US\$20,000,000 divided into 20,000,000,000 Ordinary Shares having a par value of US\$0.001 each.
- (H) As of the Agreement Date, SRGL owns one-hundred percent (100%) of the Ordinary Shares.
- (I) As of the Agreement Date, SALIC owns one-hundred percent (100%) of the issued and outstanding common stock of SHI.
- (J) As of the Agreement Date, SHI owns one-hundred percent (100%) of the issued and outstanding common stock of SRUS.
- (K) In furtherance of the Restructuring, contemporaneously with the Parties’ entry into this Agreement, SRGL, SALIC, SHI and the Joint Provisional Liquidators (to give their consent, not as a separate party thereto) have entered into that certain Restructuring Implementation Agreement, dated as of January 28, 2018 (as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, together with the exhibits and schedules attached thereto (as each

may be amended, restated, supplemented, or otherwise modified from time to time, in accordance with the terms thereof), the “**Restructuring Implementation Agreement**”), a copy of which is attached hereto as **Exhibit A**.

- (L) In furtherance of the Restructuring, the SALIC Parties have engaged in extensive good faith and arms’-length negotiations with the Plan Sponsor, with all parties represented by their own legal and other professional advisors.
- (M) As a result of such good faith and arms’-length negotiations, the Parties have reached agreement on the material terms of the Restructuring, including the following: (i) this Agreement; (ii) that certain stock purchase agreement by and among SALIC and the Plan Sponsor, as executed on the date hereof (including all exhibits and schedules attached thereto, and as may be amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, the “**Stock Purchase Agreement**”), a copy of which is attached hereto as **Exhibit B**; (iii) the proposed Bidding Procedures Order and Bidding Procedures (each as defined in the Stock Purchase Agreement and attached thereto as Exhibit A); and (iv) the Plan Term Sheet (as defined in the Stock Purchase Agreement and attached thereto as Exhibit C).
- (N) In furtherance of the Restructuring, SALIC and SHI each contemplate filing a voluntary petition for relief under Chapter 11 of title 11 of the United States Code (as amended, the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”).
- (O) The Parties desire to express to one another their mutual support and commitment in respect of the matters addressed by this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

AGREEMENT

Section 1. **Certain Definitions; Rules of Construction**

1.1 As used in this Agreement, the following terms have the meanings set forth below:

- (a) “**Agreement**” has the meaning set forth in the Preamble.
- (b) “**Agreement Date**” means the later of (x) the date set forth in the Preamble and (y) the first day on which all execution pages for the Parties have been executed and delivered to the other Parties to this Agreement.
- (c) “**Organizational Documents**” means the certificate or articles of incorporation, bylaws, or comparable organizational documents for Reorganized SALIC,

Reorganized SHI and other SALIC Group Companies to be effective on or after the Effective Date.

(d) **“Parties”** has the meaning set forth in the Preamble.

(e) **“Plan Sponsor”** has the meaning set forth in the Preamble.

(f) **“Plan Sponsor Advisors”** means (i) Sidley Austin LLP, as lead counsel to the Plan Sponsor, (ii) Young, Conaway, Stargatt & Taylor LLP, as Delaware counsel to the Plan Sponsor, (iii) Walkers, as Bermuda and Cayman Islands counsel to the Plan Sponsor, and (iv) Willis Towers Watson, advisor to the Plan Sponsor.

(g) **“Plan Sponsor Period”** means the period commencing on the Agreement Date and ending the earliest of (x) the date on which this Agreement is terminated in accordance with Section 5 hereof, and (y) the Effective Date.

(h) **“Purchased Shares”** means 19,999,999,999 Ordinary Shares with a par value US\$0.001 per share to be issued to Plan Sponsor through the New SALIC Shares Issuance.

(i) **“Restructuring”** has the meaning set forth in the Recitals.

(j) **“Restructuring Documents”** has the meaning set forth in Section 2.1 of this Agreement.

(k) **“SALIC Share Subdivision”** has the meaning ascribed to such term in the Recitals.

(l) **“Stock Purchase Agreement”** has the meaning set forth in the Recitals.

1.2 Capitalized terms not otherwise defined in this Agreement have the meanings ascribed to such terms in the Stock Purchase Agreement or, if not defined therein, in the Restructuring Implementation Agreement.

1.3 When a reference is made in this Agreement to a Section, Exhibit, Schedule, or Annex, such reference shall be to a Section, Exhibit, Schedule, or Annex, respectively, of or attached to this Agreement unless otherwise indicated. Unless the context of this Agreement otherwise requires, (a) words using the singular or plural number also include the plural or singular number, respectively, (b) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement, (c) the words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation,” and (d) the word “or” shall not be exclusive and shall be read to mean “and/or.”

Section 2. **Definitive Documentation.**

2.1 The definitive documents and agreements governing the Restructuring (collectively, the "**Restructuring Documents**") shall consist of:

- (a) This Agreement;
- (b) The Restructuring Implementation Agreement (**Exhibit A** hereto);
- (c) The Stock Purchase Agreement (**Exhibit B** hereto);
- (d) The Plan Term Sheet (in form and substance as attached to the Stock Purchase Agreement);
- (e) The RIA/PSA Assumption Motion;
- (f) The RIA Order;
- (g) The PSA Order;
- (h) The Bidding Procedures Motion;
- (i) The Bidding Procedures Order, including the Bidding Procedures (in form and substance as attached to the Stock Purchase Agreement);
- (j) The Share Surrender Documents;
- (k) The New SALIC Share Issuance Documents;
- (l) The Organizational Documents;
- (m) The Chapter 11 Plan (and all exhibits and schedules thereto);
- (n) The Plan Supplement;
- (o) The Disclosure Statement;
- (p) The Disclosure Statement Order;
- (q) The Winning Bidder Order (which may be part of the Disclosure Statement Order);
- (r) The Confirmation Order;
- (s) The Sale Order (which may be part of the Confirmation Order);
- (t) Any document or agreement executed or delivered in connection with any of the above.

2.2 Except for the Stock Purchase Agreement, the Restructuring Implementation Agreement, the Plan Term Sheet (in the form attached to the Stock Purchase Agreement), and the Bidding Procedures Order and Bidding Procedures (each in the form attached to the Stock Purchase Agreement), each of the Restructuring Documents remains subject to negotiation and completion and shall, upon completion, contain terms, conditions, representations, warranties, and covenants consistent with this Agreement and the Exhibits hereto and that: (a) with respect to the Specified Restructuring Documents, are reasonably acceptable to the SALIC Parties, the Plan Sponsor and, to the extent the SRGL Consent Rights apply, the Joint Official Liquidators; and (b) with respect to Restructuring Documents, other than the Specified Restructuring Documents, are reasonably acceptable to the SALIC Parties and the Plan Sponsor.

Section 3. **Implementation of the Restructuring.**

3.1 **US Restructuring.** The Restructuring will be implemented as to the SALIC Parties through each SALIC Party's filing of a voluntary petition for relief under chapter 11 of the Bankruptcy Code, the filing any and all other documents necessary to commence its Chapter 11 Case, and each SALIC Party's prosecution of its Chapter 11 Case in accordance with this Agreement, the Stock Purchase Agreement, and its fiduciary obligations under Applicable Law. The Plan Sponsor will support confirmation of the Chapter 11 Plan on terms consistent with those set forth in the Plan Term Sheet, including but not limited to the release and exculpation provisions of the Chapter 11 Plan for the benefit of the SALIC Group Companies, the Purchaser, SRGL, the Joint Liquidators and their respective Affiliates and Representatives.

3.2 **Bermuda/Cayman Restructuring.** The Restructuring will be implemented as to SRGL through the continued prosecution of the Bermuda Proceeding and the Cayman Islands Proceeding in accordance with the Restructuring Implementation Agreement. The SALIC Parties shall cooperate fully and in good faith in connection with the Foreign Proceedings and use commercially reasonable efforts to support SRGL's requests for entry of the Winding Up Orders and the Foreign Court Approvals.

Section 4. **Further Agreements of the Parties in Connection with the Chapter 11 Cases.**

4.1 **Further Agreements of the Plan Sponsor.**

(a) Following the Effective Date, the Plan Sponsor agrees that it will defer, and will cause Reorganized SALIC and Reorganized SHI to defer, to the Distribution Trustee as to the timing and circumstances of closing of the Chapter 11 Cases and will cooperate with the Distribution Trustee, and cause Reorganized SALIC and Reorganized SHI to cooperate with the Distribution Trustee, in connection with the closing of the Chapter 11 Cases (including by filing a motion to close one or both of the Chapter 11 Cases at the request of the Distribution Trustee, the reasonable cost of which will be borne by the Distribution Trust); provided, however, that if the Distribution Trustee shall fail to pay from the assets of the Distribution Trust any statutory fees incurred pursuant to 28 U.S.C. § 1930(a)(6) in connection with the Chapter 11 Cases after the Effective Date as and when due and such payment default is not cured within twenty-eight (28) days after the Distribution Trustee's receipt of written notice thereof from the

Purchaser, Reorganized SALIC or Reorganized SHI, then the Purchaser, Reorganized SALIC and/or Reorganized SHI, as applicable, shall be entitled to move the Bankruptcy Court to close the Chapter 11 Cases pursuant to section 350 of the Bankruptcy Code without the Distribution Trustee's consent to the filing of such motion.

4.2 Further Agreements of the SALIC Parties. Upon the terms and subject to the conditions of this Agreement and the Stock Purchase Agreement, the SALIC Parties agree that, for the duration of the Plan Sponsor Period, unless otherwise consented to in advance in writing by the Plan Sponsor, the SALIC Parties shall:

(a) Convene conference calls, on reasonable advance notice, with the Plan Sponsor and the Plan Sponsor Advisors, which calls will include the management and the financial and legal advisors of the SALIC Parties;

(b) Provide reasonable access to the respective management and advisors of the SALIC Parties for the purposes of evaluating the finances and operations of the SALIC Group Companies, ensuring the SALIC Parties' compliance with this Agreement, the Stock Purchase Agreement and the Restructuring Implementation Agreement and participating in the planning and implementation aspects of the Restructuring;

(c) Timely file a formal objection to any motion filed with the Bankruptcy Court or any other proceeding commenced by any party seeking (provided, that a draft of any such objection shall be provided to the Plan Sponsor at least two (2) Business Days in advance of filing):

(i) Entry of an order (A) directing the appointment of an examiner or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code or (C) dismissing the Chapter 11 Cases;

(ii) Entry of an order modifying or terminating the SALIC Parties' exclusive right to file and/or solicit acceptances of a plan of reorganization; or

(iii) Other relief that would be inconsistent with the Chapter 11 Plan, the Plan Term Sheet, this Agreement, the Stock Purchase Agreement, the Restructuring Implementation Agreement or other Restructuring Documents; and

(d) Not dispute that the giving of notice of termination by any Party pursuant to this Agreement or the Stock Purchase Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the SALIC Parties hereby waive, the applicability of the automatic stay to the giving of such notice).

4.3 Certain Conditions. The obligations of the Plan Sponsor and of the SALIC Parties set forth in Section **Error! Reference source not found.**4.1 and Section 4.2, respectively, are subject to the following conditions:

(a) This Agreement shall have become effective in accordance with its terms;

(b) The Stock Purchase Agreement shall have been fully executed and shall not have been terminated in accordance with the terms thereof; and

(c) The Restructuring Implementation Agreement shall have been fully executed and shall not have been terminated in accordance with the terms thereof.

Section 5. **Termination of Agreement.**

5.1 **Generally Applicable Termination Events.** This Agreement and the obligations of the Parties hereunder (i) shall terminate automatically and without further action of any Party if the Stock Purchase Agreement shall have been terminated in accordance with the terms thereof, and (ii) may be terminated at any time by mutual agreement between the SALIC Parties and the Plan Sponsor.

5.2 **Plan Sponsor Termination Events.** The Plan Sponsor may elect to terminate this Agreement, upon written notice to the SALIC Parties, delivered in accordance with Section 14 hereof, at any time if the SALIC Parties shall have breached this Agreement in any material respect and the Plan Sponsor shall have delivered written notice to the SALIC Parties of any such breach and such breach remains uncured for a period of ten (10) Business Days following such notice.

5.3 **SALIC Party Termination Events.** The SALIC Parties may elect to terminate this Agreement upon written notice to the Plan Sponsor, delivered in accordance with Section 14 hereof, if the Plan Sponsor shall have breached this Agreement in any material respect and the SALIC Parties shall have delivered written notice to the Plan Sponsor of any such breach and such breach remains uncured for a period of ten (10) Business Days following such notice.

5.4 **Effect of Termination.** Upon the termination of this Agreement in accordance with this Section 5, and except as provided in Section 11 (*Survival*) hereof, this Agreement shall forthwith become void and of no further force or effect and each Party shall, except as provided otherwise in this Agreement or the Stock Purchase Agreement, be immediately released from its liabilities, obligations, commitments, undertakings and agreements under or related to this Agreement and shall have all the rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Restructuring Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies that would have been available to it under Applicable Law.

Section 6. **Good Faith Cooperation and Further Assurances.**

6.1 During the Plan Sponsor Period, the Parties shall cooperate with each other in good faith and shall coordinate their activities (to the extent practicable and subject to the terms hereof), and shall take all actions reasonably required in respect of (a) all matters relating to their rights and obligations hereunder or under the Stock Purchase Agreement in respect of the SALIC Parties or otherwise in connection with their relationship with the Plan Sponsor, (b) all matters concerning the implementation of the Plan Term Sheet, and (c) the pursuit and support of the Restructuring Transactions (including confirmation of the Chapter 11 Plan and consummation of the Chapter 11 Plan and Stock Purchase Agreement).

6.2 Subject to any applicable confidentiality restrictions, the SALIC Parties shall (a) provide reasonable access to the books, records, facilities, management and advisors for the SALIC Group Companies, and (b) timely and reasonably provide detailed responses to all reasonable diligence requests of the Plan Sponsor or the Plan Sponsor Advisors, each in accordance with the terms of the Stock Purchase Agreement.

6.3 Subject to the terms hereof, each of the Parties shall take such action as may be reasonably necessary to carry out the purposes and intent of this Agreement, the Stock Purchase Agreement and the Restructuring Implementation Agreement, including making and filing any required governmental or regulatory filings and shall refrain from taking any action that would frustrate the purposes and intent of this Agreement, the Stock Purchase Agreement or the Restructuring Implementation Agreement.

6.4 During the Plan Sponsor Period, each Party hereby covenants and agrees (a) to negotiate in good faith the Restructuring Documents and (b) to execute (to the extent such Party is a party thereto) and otherwise support the Restructuring Documents. For the avoidance of doubt, during the Plan Sponsor Period, each Party agrees to (a) act in good faith and use commercially reasonable efforts to support and complete successfully the implementation of the Chapter 11 Plan and other Restructuring Transactions in accordance with the terms of this Agreement, the Stock Purchase Agreement and the Restructuring Implementation Agreement, (b) do all things reasonably necessary and appropriate in furtherance of consummating the Restructuring Transactions in accordance with, and within the time frames contemplated by this Agreement and the Stock Purchase Agreement, and (c) act in good faith and use commercially reasonable efforts to consummate the Restructuring Transaction as contemplated by this Agreement and the Stock Purchase Agreement.

Section 7. **Representations and Warranties.**

Each Party represents and warrants to the other Parties that the following statements are true, correct and complete as of the date hereof:

7.1 Such Party is validly existing and in good standing under the laws of the jurisdiction of incorporation of its organization and has all requisite corporate, limited liability company, partnership or similar authority to (1) enter into this Agreement, (2) carry out the transactions contemplated under this Agreement and (3) perform its obligations contemplated under this Agreement; and the execution and delivery of this Agreement and the performance of such Party's obligations under this Agreement have been duly authorized by all necessary corporate, limited liability company, partnership or other similar action on its part;

7.2 The execution, delivery and performance by such Party of this Agreement does not and will not (1) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries, (2) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party or (3) violate any order, writ, injunction, decree, statute, rule or regulation;

7.3 The execution, delivery and performance by such Party of this Agreement does not and will not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, except such filings as may be necessary and/or required for disclosure by the Securities and Exchange Commission (to the extent applicable) and in connection with the Chapter 11 Cases and the Winding Up Proceedings; and

7.4 This Agreement is a legally valid and binding obligation of such Party, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court.

Section 8. **Specific Performance/Remedies.**

It is understood and agreed by the Parties that money damages would not be a sufficient remedy for any breach by a Party of this Agreement and that a non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (including attorneys' fees and costs) as a remedy for any such breach, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Bankruptcy Court requiring any Party to comply promptly with any of its obligations hereunder.

Section 9. **Governing Law; Jurisdiction; Waiver of Jury Trial.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISIONS WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ANY LEGAL ACTION, SUIT, DISPUTE OR PROCEEDING ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS LOCATED IN THE STATE OF DELAWARE OR IN THE BANKRUPTCY COURT (FOR SO LONG AS ANY SUCH ACTION, SUIT, DISPUTE OR PROCEEDING IS WITHIN THE JURISDICTION OF THE BANKRUPTCY COURT) AND THE PARTIES HERETO IRREVOCABLY CONSENT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTIONS AS TO VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10. **Successors and Assigns; Severability.**

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives. If any provision of this Agreement, or the application of any such provision to any person or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or

unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof or the Agreement shall continue in full force and effect so long as the economic or legal substance of the Restructuring Transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the Restructuring Transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 11. **Survival of Agreement.**

Notwithstanding the termination of this Agreement pursuant to Section 5 hereof, the rights and obligations of the Parties in this Section 11 and in Sections 4.3, 5.4, 9, 10, 12, 13, 14, 15, 16, 17 and 19 shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof.

Section 12. **Relationship Among Parties.**

It is understood and agreed that, except as expressly provided in this Agreement or the Stock Purchase Agreement, none of the Parties: (a) has any duty of trust or confidence in any kind or form with each other; (b) has or owes any other duties (fiduciary or otherwise, except for the SALIC Parties' fiduciary duties under applicable law) whatsoever to each other or any other party; and (c) has commitments among or between them.

Section 13. **Conflicts Between this Agreement and Certain Restructuring Documents.**

In the event the terms and conditions as set forth in the Plan Term Sheet and this Agreement are inconsistent, the Plan Term Sheet shall control. In the event of any conflict among the terms and provisions of the Chapter 11 Plan, this Agreement and/or the Plan Term Sheet, the terms and provisions of the Chapter 11 Plan shall control. In the event of any conflict among the terms and provisions of the Confirmation Order, the Chapter 11 Plan, this Agreement and/or the Plan Term Sheet, the terms of the Confirmation Order shall control. Notwithstanding the foregoing, nothing contained in this Section 13 shall affect, in any way, the requirements set forth herein for the amendment of this Agreement.

Section 14. **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 Parties:

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 14) 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 Plan Sponsor:

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 Plan Sponsor for the purposes of this Section 14) 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 15. **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; provided, however, that no amendment, modification or waiver of any provision of this Agreement to which the SRGL Consent Rights apply shall be effective unless the Joint Liquidators have provided their written consent (such consent not to be unreasonably withheld). No failure or delay by any 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 16. **Transaction Expenses.**

The rights of the Plan Sponsor to the Break-Up Fee and Expense Reimbursement Amount are governed by the terms of the Stock Purchase Agreement. Except as provided by the Stock Purchase Agreement, each Party shall bear its own fees, costs and expenses incurred in connection with the negotiation, formulation, preparation, execution, delivery, implementation, consummation and enforcement of this Agreement and the Restructuring Transactions contemplated hereby.

Section 17. **Disclosure; Publicity.**

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 Restructuring Transactions other than filings made in the Chapter 11 Cases or the Winding Up Proceedings; 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 18. **Fiduciary Duties.**

Notwithstanding anything to the contrary herein, (i) nothing in this Agreement shall require the SALIC Parties or any directors or officers of the SALIC Parties to take any action, or to refrain from taking any action, that would breach, or be inconsistent with, its or their fiduciary obligations under Applicable Law, and (ii) to the extent that such fiduciary obligations require the SALIC Parties or any directors or officers of the SALIC Parties to take any such action, or refrain from taking any such action, they may do so without incurring any liability to any Party under this Agreement. Notwithstanding anything to the contrary herein, nothing in this Agreement shall create any additional fiduciary obligations on the part of the SALIC Parties or any directors or officers of any SALIC Party that did not exist prior to the execution of this Agreement.

Section 19. **Miscellaneous.**

19.1 **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by facsimile, e-mail or otherwise, which shall be deemed to be an original for the purposes of this Section.

19.2 **Headings.** The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

19.3 **Prior Negotiations; Entire Agreement.** This Agreement, including the exhibits and schedules hereto (including the Plan Term Sheet), and the other Restructuring Documents constitute the entire agreement of the Parties, and supersedes all other prior negotiations, with respect to the subject matter hereof, except that the Parties acknowledge that any confidentiality agreements (if any) heretofore executed between any of the SALIC Parties, and the Plan Sponsor or their respective legal and financial advisors shall continue in full force and effect.

19.4 **No Third-Party Beneficiaries.** Except for the rights of the Joint Liquidators to enforce the SRGL Consent Rights (where applicable) and except as expressly stated herein, this Agreement shall be solely for the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives, and no other person or Entity shall be a third-party beneficiary hereof.

19.5 **Time of the Essence.** Time is of the essence in the performance of each of the obligations of the Parties and with respect to all covenants and conditions to be satisfied by the Parties in this Agreement and all documents, acknowledgments and instruments delivered in connection herewith.

19.6 Representation by Counsel. Each Party acknowledges that it has been represented by, or provided a reasonable period of time to obtain access to and advice by, counsel with respect to this Agreement and the Restructuring Transactions contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

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

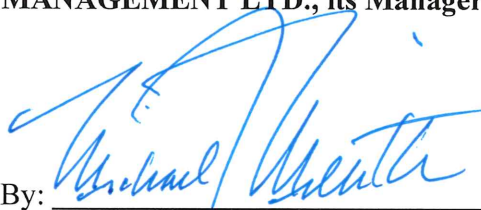
Title: Chief Executive Officer

SCOTTISH HOLDINGS, INC.

By: 
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

[Restructuring Implementation Agreement]

Exhibit A, Restructuring Implementation Agreement, Intentionally Omitted

See Restructuring Implementation Agreement attachment to the Motion

EXHIBIT B

[Stock Purchase Agreement]

Exhibit B, Stock Purchase Agreement, Intentionally Omitted

See Exhibit B to D.I. 27